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

ANNOUNCEMENT
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
UNDER THE SECURITIES AND FINANCIAL PRODUCTS TRANSACTIONS
FRAMEWORK AGREEMENT

References are made to the announcements of the Company dated 17 May 2017, 6 June 2017 and 22 June 2017 and the circular of the Company dated 7 June 2017 in relation to, among others, the Framework Agreement entered into between the Company and Galaxy Financial Holdings on 6 June 2017. The Framework Agreement will expire on 31 December 2019.

The Board announces that the Company and Galaxy Financial Holdings intend to enter into the Supplemental Agreement to extend the term of the Framework Agreement to 31 December 2022. Pursuant to the Framework Agreement (as extended by the Supplemental Agreement), the Group will continue to conduct securities and financial products transactions with Galaxy Financial Holdings Group on normal commercial terms in its ordinary course of business during the period up to 31 December 2022. The Group will conduct such transactions with Galaxy Financial Holdings Group on a voluntary and non-exclusive basis.

Galaxy Financial Holdings is the controlling shareholder of the Company holding approximately 51.16% of the total issued shares of the Company, and is therefore a connected person of the Company. As such, the transactions under the Framework Agreement (as extended by the Supplemental Agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios as defined under the Listing Rules in respect of each of (i) the cap amounts of the total net inflow and total net outflow of securities and financial products transactions (excluding financing transactions), and (ii) the maximum daily balance (including the accrued interest) of the financing provided by Galaxy Financial Holdings Group to the Group through collateralized securities repurchase transactions, are more than 5%, such transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.90 of the Listing Rules, financings provided by Galaxy Financial Holdings Group to the Group, other than collateralized securities repurchase transactions, are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements, as such transactions constitute financial assistance provided by a connected person for the benefit of the Group on normal commercial terms where no security over the assets of the Group is granted in respect of the financial assistance.

Somerley Capital Limited, a corporation licensed to carry out business in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions under the Framework Agreement (as extended by the Supplemental Agreement).

The Company will seek approval from the Independent Shareholders in respect of the transactions under the Framework Agreement (as extended by the Supplemental Agreement) at the forthcoming extraordinary general meeting. A circular containing, among other things, the details of the Framework Agreement and the Supplemental Agreement, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, and a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, will be dispatched to the shareholders on or about 3 December 2019. In view of Galaxy Financial Holdings' interest in the transactions under the Framework Agreement (as extended by the Supplemental Agreement), Galaxy Financial Holdings will abstain from voting at the extraordinary general meeting to approve the transactions under the Framework Agreement (as extended by the Supplemental Agreement).

BACKGROUND

References are made to the announcements of the Company dated 17 May 2017, 6 June 2017 and 22 June 2017 and the circular of the Company dated 7 June 2017 in relation to, among others, the Framework Agreement entered into between the Company and Galaxy Financial Holdings on 6 June 2017. The Framework Agreement will expire on 31 December 2019.

The Board announces that the Company and Galaxy Financial Holdings intend to enter into the Supplemental Agreement to extend the term of the Framework Agreement to 31 December 2022. Pursuant to the Framework Agreement (as extended by the Supplemental Agreement), the Group will continue to conduct securities and financial products transactions with Galaxy Financial Holdings Group on normal commercial terms in its ordinary course of business during the period up to 31 December 2022. The Group will conduct such transactions with Galaxy Financial Holdings Group on a voluntary and non-exclusive basis.

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT (AS EXTENDED BY THE SUPPLEMENTAL AGREEMENT)

Parties

- (i) The Company; and
- (ii) Galaxy Financial Holdings

Type of transactions

The Group will continue to conduct securities and financial products transactions with Galaxy Financial Holdings Group on normal commercial terms in its ordinary course of business, which mainly include:

- (i) Securities products with fixed income features – including, but not limited to, bonds, funds, trusts, wealth management products, asset management plans, assets securitization products, bond lending and borrowing, structured products, swaps, futures, forwards, options and other financial products with fixed income features;
- (ii) Fixed income related derivative products – including, but not limited to, interest rates and credit derivatives;
- (iii) Equity related products – including, but not limited to, trading and/or subscription of equities (including market-making activities on the National Equities Exchange and Quotation), funds, trusts, wealth management products, asset management products and equity derivatives such as income swaps, futures, options and convertible bonds;
- (iv) Financing transactions – financing transactions among financial institutions with or without guarantees/pledges including, but not limited to, repurchase, usufruct, asset securitization, holding of debt certificates such as commercial papers, income certificates, subordinated debts and corporate bonds; and
- (v) Other related securities and financial products transactions permitted by the regulatory authorities – including, but not limited to, futures, foreign exchange and bulk commodities trading and options.

Pricing basis

The securities and financial products transactions, whether conducted in the PRC interbank bond market, the PRC exchange market or the open-ended fund market, shall be conducted on normal commercial terms at the prevailing market prices or market rates of similar transactions with independent third parties. Transactions in the interbank bond market shall be conducted at the prices quoted in the interbank bond market; transactions in the exchange market shall be conducted at the prevailing market prices in the relevant stock exchanges; transactions in the open-ended fund market shall be priced based on the unit net value of fund products on the date of transaction. The pricings of such transactions are subject to the strict PRC regulatory supervision and the requirements of applicable PRC laws and regulations.

In terms of subscriptions by the Group of the securities and financial products issued by Galaxy Financial Holdings Group and subscription by Galaxy Financial Holdings Group of the securities and financial products issued by the Group, the price and other terms of the subscription shall be on normal commercial terms and same as those offered to all other investors at the time of their subscription. Such subscription price is determined by the financial institutions (or by the Group, where the securities and financial products are issued by the Group) which issued the securities and financial products after considering the fundamentals of the assets/businesses to be invested.

In terms of financing transactions, the parties shall conduct such transactions on normal commercial terms at the prevailing market prices or market rates of similar transactions with independent third parties. It is expected that the financing transactions under the Framework Agreement (as extended by the Supplemental Agreement) will mainly include the provision of financing by Galaxy Financial Holdings Group to the Group (including collateralized securities repurchase transactions). Collateralized securities repurchase involves the pledge of securities of the Group, including bonds, shares and structured funds as collateral, to obtain financing from Galaxy Financial Holdings Group, and the Group agrees to repay the funds obtained on a future date to release the pledge. Other than collateralized securities repurchase, the Group is not required to pledge its assets for other financing provided by Galaxy Financial Holdings Group to the Group.

The financing interest rate of collateralized securities repurchase shall be determined by the parties through arm's length negotiation based on the prevailing market price pursuant to the Company's internal policy *Implementing Rules for Management of Bonds Proprietary Trading Business* (《債券自營業務管理實施細則》). The market price is generally determined by reference to the weighted average financing interest rate of collateralized securities repurchase transactions with a similar duration on the date of transaction, and having regard to the supply and demand of capital in the market on the date of transaction and the weighted average financing interest rate of the preceding trading day. The weighted average financing interest rate is published by the China Foreign Exchange Trading System & National Interbank Funding Centre (中國外匯交易中心暨全國銀行間同業拆借中心, "NIFC") on a daily basis. The Group will ascertain from time to time that the terms (including the securities to be collateralized and financing period) and interest rates offered by Galaxy Financial Holdings Group are comparable to those offered to independent third party customers of Galaxy Financial Holdings Group (by obtaining terms and interest rates from other major commercial banks to ensure that such terms and interest rates are also comparable to those offered by other comparable financial institutions in the market), so as to ensure the terms and interest rates offered by Galaxy Financial Holdings Group are on normal commercial terms and in line with the prevailing market rates.

Term

Galaxy Financial Holdings is in the process of seeking approval from its board of directors with respect to the renewal of the Framework Agreement. The Company and Galaxy Financial Holdings will enter into the Supplemental Agreement after the approval from the board of directors of Galaxy Financial Holdings is obtained. The Supplemental Agreement shall take effect upon obtaining the approvals from the Independent Shareholders and the shareholders' meeting of Galaxy Financial Holdings, and shall expire on 31 December 2022. The Framework Agreement may be further renewed for another three years subject to compliance with the relevant laws, regulations and listing rules of the jurisdictions where the shares of the Company are listed.

CAP AMOUNTS

Historical transaction figures

Securities and financial products transactions (excluding financing transactions)

For the two years ended 31 December 2018 and the seven months ended 31 July 2019, the historical amounts for the securities and financial products transactions (excluding financing transactions) between the Group and Galaxy Financial Holdings Group under the Framework Agreement were as follows:

RMB in million

	For the year ended 31 December 2017	For the year ended 31 December 2018	For the seven months ended 31 July 2019
Securities and financial products transactions (excluding financing transactions)			
Total net inflow <i>(Note 1)</i>	7,724	3,439	1,509
Total net outflow <i>(Note 2)</i>	7,345	3,517	1,709

Note 1: includes the cash inflow of the Group generated from the subscription by Galaxy Financial Holdings Group of securities products with fixed income features, fixed income related derivative products and equity related products issued by the Group, and the cash inflow of the Group generated from its redemption of the relevant products issued by Galaxy Financial Holdings Group and subscribed for by the Group.

Note 2: includes the cash outflow of the Group generated from the redemption by Galaxy Financial Holdings Group of securities products with fixed income features, fixed income related derivative products and equity related products issued by the Group and subscribed for by Galaxy Financial Holdings Group, and the cash outflow of the Group generated from its subscription of the relevant products issued by Galaxy Financial Holdings Group.

Financing transactions

For the two years ended 31 December 2018 and the seven months ended 31 July 2019, the historical amounts for the financing transactions between the Group and Galaxy Financial Holdings Group under the Framework Agreement were as follows:

RMB in million

	For the year ended 31 December 2017	For the year ended 31 December 2018	For the seven months ended 31 July 2019
Financing transactions			
The maximum daily balance (including the accrued interest) of the financing provided by Galaxy Financial Holdings Group to the Group through collateralized securities repurchase transactions	150	0	364

Cap amounts

Securities and financial products transactions (excluding financing transactions)

The Company estimates that the cap amounts for the securities and financial products transactions (excluding financing transactions) between the Group and Galaxy Financial Holdings Group under the Framework Agreement (as extended by the Supplemental Agreement) for the three years ending 31 December 2022 will be as follows:

RMB in million

Securities and financial products transactions (excluding financing transactions)	For the year ending 31 December 2020	For the year ending 31 December 2021	For the year ending 31 December 2022
Total net inflow (<i>Note 1</i>)	30,000	33,000	36,000
Total net outflow (<i>Note 2</i>)	31,000	34,000	37,000

Note 1: includes the cash inflow of the Group generated from the subscription by Galaxy Financial Holdings Group of securities products with fixed income features, fixed income related derivative products and equity related products issued by the Group, and the cash inflow of the Group generated from its redemption of the relevant products issued by Galaxy Financial Holdings Group and subscribed for by the Group.

Note 2: includes the cash outflow of the Group generated from the redemption by Galaxy Financial Holdings Group of securities products with fixed income features, fixed income related derivative products and equity related products issued by the Group and subscribed for by Galaxy Financial Holdings Group, and the cash outflow of the Group generated from its subscription of the relevant products issued by Galaxy Financial Holdings Group.

Financing transactions

The Company estimates that the cap amounts for the financing transactions between the Group and Galaxy Financial Holdings Group under the Framework Agreement (as extended by the Supplemental Agreement) for the three years ending 31 December 2022 will be as follows:

RMB in million

Financing transactions	For the year ending 31 December 2020	For the year ending 31 December 2021	For the year ending 31 December 2022
The maximum daily balance (including the accrued interest) of the financing provided by Galaxy Financial Holdings Group to the Group through collateralized securities repurchase transactions	14,000	14,000	14,000

Basis of the cap amounts

In estimating the above cap amounts, the Company has considered the following factors:

- (i) The financial market in the PRC continues to develop and new securities and financial products are constantly issued. For example, (a) according to the information provided by Wind Information Co., Ltd. (上海萬得信息技術股份有限公司, “Wind Information”), an independent information service provider, the scale of bonds issued in the interbank bond market in the PRC increased from approximately RMB27,986.9 billion in 2016 to approximately RMB35,618.1 billion in 2018, representing a growth of approximately 27.3%; (b) according to the information published by the Asset Management Association of China (中國證券投資基金業協會), the total value of the assets managed by fund companies has experienced a substantial growth, in particular, the size of public funds managed by public fund management institutions grew from approximately RMB9,159.3 billion as at 31 December 2016 to approximately RMB13,034.6 billion as at 31 December 2018, representing a growth of approximately 42.3%; the scale of assets managed by private fund management institutions increased from approximately RMB7,891.1 billion as at 31 December 2016 to approximately RMB12,706.4 billion as at 31 December 2018, representing a growth of approximately 61.0%; (c) according to the statistics of the PBOC, the RMB bonds issued in the PRC bond market increased from approximately RMB35,602.7 billion in 2016 to approximately RMB43,095.9 billion in 2018, representing a growth of approximately 21.1%; and (d) according to the statistics of the Securities Association of China (中國證券業協會), the initial notional principal of over-the-counter options of securities companies rose from approximately RMB347.5 billion in 2016 to approximately RMB671.8 billion in 2018, representing a growth of approximately 93.3%. Innovative bond products and asset-backed securities products are also introduced to the market from time to time.

- (ii) Along with the continuous development of the financial market in the PRC, the Group also continues to expand its business scale and provide extensive securities and financial products to its customers. The Group has obtained qualifications for engaging in related businesses, including qualifications to conduct national interbank lending business, dealer-quoted bond repurchase business, interest swap business, assets management business, etc. The investment scope of the Group now covers cash management, fixed income, equities, derivatives, non-standard financing and asset securitization, etc., enabling the Group to offer diversified securities and financial products and satisfy the demands of its customers in investment and financing. The development of the industry and the growth of the Group will increase the chances of relevant transactions between the Group and Galaxy Financial Holdings Group.
- (iii) In estimating the cap amounts of the total net inflow and total net outflow of securities and financial products transactions, the Company has considered the development trends of the financial market in the PRC as well as the Group as described above, the plans of the Group and Galaxy Financial Holdings Group for the issue of securities and financial products in the next three years, and the subscription demand of Galaxy Financial Holdings Group for such products.
- (iv) In estimating the maximum daily balance (including the accrued interest) of the financing provided through collateralized securities repurchase transactions, the Company has considered the financing needs of the Group in the next three years and the financing interest rate of collateralized securities repurchase transactions in the market in recent years. According to the monthly reports on the interbank collateralized securities repurchase transactions published by the NIFC, during the period from January 2016 to September 2019, the monthly weighted average interest rate of interbank collateralized securities repurchase transactions with a duration of 7 days ranges from 2.42% per annum to 3.69% per annum.

PRICING AND INTERNAL CONTROL PROCEDURES

Securities and financial products transactions under the Framework Agreement (as extended by the Supplemental Agreement) will be conducted mainly in the PRC interbank bond market, the PRC exchange market or the open-ended fund market.

The PRC interbank bond market is an open, highly regulated quote-driven market regulated by the PBOC pursuant to the *Measures for the Administration of Bond Transactions in the National Interbank Bond Market* (《全國銀行間債券市場債券交易管理辦法》). Transactions in the interbank bond market must be reported to the NIFC and be supervised by the NIFC, the China Central Depository & Clearing Co. Ltd. (中央國債登記結算有限責任公司, “CCDC”) and the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會, “NAFMII”). According to the relevant PRC rules and regulations, prevailing market prices in the interbank bond market are determined with reference to the bid and offer prices quoted on the NIFC and all transactions, whether conducted through an authorized intermediate money brokerage firm or a market maker or through over-the-counter negotiations, must be reported to the NIFC and reflected in the price quotations provided by the NIFC and CCDC. According to the self-regulatory rules of the NAFMII (i.e. the *Self-regulatory Rules for Bond Transaction in Interbank Bond Market* (《銀行間債券市場債券交易自律規則》)), abnormal pricing may result in disciplinary action by the NAFMII, including public criticism. NAFMII is a self-regulatory organization responsible for supervising interbank transactions.

Transactions in the PRC exchange market must be conducted at the prevailing market prices quoted on the relevant PRC stock exchanges. The exchange market is an order-driven market governed by the CSRC.

The Company has access to the NIFC and CCDC systems and systems of the domestic stock exchanges for PRC interbank bond market and PRC exchange market transactions. It also reviews various bond market information published by the NIFC and CCDC and other agents. The Company has also subscribed for information services provided by Wind Information, and has access to information channels and websites of official and voluntary industry regulatory authorities, such as the Asset Management Association of China, Chinamoney.com.cn and Chinabond.com.cn etc., which publish periodic official and voluntary statistics/information on the industry from time to time.

The pricing of transactions in the open-ended fund market is determined based on the unit net value of fund products on the date of transaction. The unit net value of such fund products is calculated by dividing the net asset value of the fund products by the total number of the fund units. The net asset value of the fund products is determined based on the China Accounting Standards for Business Enterprises and in accordance with the relevant requirements of the CSRC and the Asset Management Association of China, and taking into account the fund portfolio consisting of securities, bank deposits, receivables and other investments. The calculation of the unit net value of the fund products is set forth in the relevant fund contract and prospectus, and equally applies to all investors of the fund products. Pursuant to the relevant PRC laws and regulations, the unit net value of the fund products determined by fund managers shall be reviewed and examined by the relevant fund custodian bank and publicly disclosed on the relevant fund manager's website and the designated media of the CSRC.

The Company has set various risk control indicators, which include a cap on the percentage of the Group's financing amount to its net capital. The relevant business departments of the Group are required to enter into financing transactions in accordance with the internal guidelines and within such cap, and monitor each financing transaction. In addition, pursuant to the relevant PRC laws and regulations, details of any bond transactions with connected persons (such as the collateralized securities repurchase transactions under the Framework Agreement (as extended by the Supplemental Agreement)), including the amount of financing interests, shall be filed with the NIFC and disclosed to the market through the trading system of the NIFC. The transaction price (i.e. financing interests in the case of collateralized securities repurchase transactions) shall be subject to the regulation of the NIFC. If the transaction price deviates from the market price, the transaction parties shall explain the pricing basis and the reasons for such deviation in writing to the NIFC on the date of transaction, and provide the relevant supporting materials as required by the NIFC. The NIFC shall also have the right to conduct investigations on the transaction parties in this regard and report any findings thereof to the PBOC.

In addition, the Group has established its internal guidelines and policies for conduct of different types of securities and financial products transactions, as well as the internal procedures and systems for approval and supervision of such transactions. Such policies and guidelines set out the requirements for pre-trading pricing enquiries, applicable interest rates, procedures for price determination, approval authority and procedures, record keeping, supervision and review procedures for different types of transactions and businesses.

The relevant business department of the Group is responsible for reviewing and monitoring the actual transaction amounts, and reporting the same to the Finance Management Department of the Company on a monthly basis. The Finance Management Department will send the collected data to the General Office, the Audit Department and the relevant business departments on a monthly basis, and report to the Audit Committee of the Board after obtaining confirmation of the monthly data from such departments. If the Finance Management Department finds that the actual transaction amounts reach 70% of the cap amounts, it will confer with the relevant business departments to assess the subsequent business needs to determine whether to revise the cap amounts.

The Company considers that the methods and procedures adopted above can ensure that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The securities and financial products transactions between the Group and Galaxy Financial Holdings Group can facilitate the use of advantageous resources between the parties and create synergies, thus reducing the Group's overall operating costs and general expenditures. The Group is a leading integrated financial services provider in the PRC securities industry, and is able to provide diversified securities and financial products and services to its clients. Galaxy Financial Holdings Group is a financial holding group with the capital market business as its core and the direct investment and financing as its main function. The subscription by Galaxy Financial Holdings Group of the securities and financial products issued by the Group will enlarge the Group's market share, increase its operating income and boost its brand awareness. The subscription by the Group of the securities and financial products issued by Galaxy Financial Holdings Group will be conducive to the Group's expansion of its investment channels.

Non-bank financial institutions have been facing difficulties in obtaining financing. The PBOC launched the Macro Prudential Assessment system in 2016 to assess the performance of banks on a quarterly basis by monitoring 16 indicators under seven categories, such as capital and leverage, assets and liabilities, liquidity, and the implementation of credit policies. As a result, the banks have become more stringent in loan approval process and less willing to grant loans, and the financing of non-bank financial institutions have been significantly affected. Furthermore, the requirement to mitigate systemic financial risk emphasized at the Central Financial Work Conference (中央金融工作會) held in July 2018 further increased the difficulties of the Group in obtaining loans from banks. To effectively cope with the financing difficulties, the Group intends to obtain financing from Galaxy Financial Holdings Group, including conducting collateralized securities repurchase transactions and income certificate transactions, etc. with Galaxy Financial Holdings Group, so as to expand its financing channels and ensure the safety of its capital chain. Galaxy Financial Holdings and its subsidiary, Galaxy Fund Management Company Limited (銀河基金管理有限公司), are qualified to conduct the relevant transactions.

The Directors consider that the transactions under the Framework Agreement (as extended by the Supplemental Agreement) are entered into in the ordinary course of business of the Group, on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole, and that the cap amounts of such transactions are fair and reasonable. As Mr. LIU Dingping, Ms. XIAO Lihong and Mr. ZHANG Tianli hold positions in Galaxy Financial Holdings and/or Central Huijin, they have abstained from voting on the resolution of the Board to approve the transactions under the Framework Agreement (as extended by the Supplemental Agreement).

LISTING RULES IMPLICATIONS

Galaxy Financial Holdings is the controlling shareholder of the Company holding approximately 51.16% of the total issued shares of the Company, and is therefore a connected person of the Company. As such, the transactions under the Framework Agreement (as extended by the Supplemental Agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios as defined under the Listing Rules in respect of each of (i) the cap amounts of the total net inflow and total net outflow of securities and financial products transactions (excluding financing transactions), and (ii) the maximum daily balance (including the accrued interest) of the financing provided by Galaxy Financial Holdings Group to the Group through collateralized securities repurchase transactions, are more than 5%, such transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.90 of the Listing Rules, financings provided by Galaxy Financial Holdings Group to the Group, other than collateralized securities repurchase transactions, are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements, as such transactions constitute financial assistance provided by a connected person for the benefit of the Group on normal commercial terms where no security over the assets of the Group is granted in respect of the financial assistance.

Somerley Capital Limited, a corporation licensed to carry out business in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions under the Framework Agreement (as extended by the Supplemental Agreement).

The Company will seek approval from the Independent Shareholders in respect of the transactions under the Framework Agreement (as extended by the Supplemental Agreement) at the forthcoming extraordinary general meeting. A circular containing, among other things, the details of the Framework Agreement and the Supplemental Agreement, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, and a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, will be dispatched to the shareholders on or about 3 December 2019. In view of Galaxy Financial Holdings' interest in the transactions under the Framework Agreement (as extended by the Supplemental Agreement), Galaxy Financial Holdings will abstain from voting at the extraordinary general meeting to approve the transactions under the Framework Agreement (as extended by the Supplemental Agreement).

GENERAL INFORMATION

The Company is a leading integrated financial services provider in the PRC securities industry, providing comprehensive securities services, including brokerage, sales and trading, as well as investment banking and investment management.

Galaxy Financial Holdings is an investment holding company with its business scope covering the investment and management of securities, funds, insurance, trust and banking.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“A Shares”	domestic shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
“Board”	the board of Directors of the Company
“Central Huijin”	Central Huijin Investment Ltd. (中央匯金投資有限責任公司), a limited liability company incorporated in the PRC, which currently holds an equity interest of approximately 69.07% of Galaxy Financial Holdings
“Company”	China Galaxy Securities Co., Ltd., a joint stock company with limited liability incorporated in the PRC on 26 January 2007, whose H Shares are listed on the Stock Exchange (Stock Code: 06881) and A Shares are listed on the Shanghai Stock Exchange (Stock Code: 601881)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Framework Agreement”	the <i>Securities and Financial Products Transactions Framework Agreement</i> (《證券和金融產品交易框架協議》) entered into between the Company and Galaxy Financial Holdings on 6 June 2017
“Galaxy Financial Holdings”	China Galaxy Financial Holdings Company Limited (中國銀河金融控股有限責任公司), a limited liability company incorporated in the PRC on 8 August 2005, and the controlling shareholder of the Company
“Galaxy Financial Holdings Group”	Galaxy Financial Holdings and its subsidiaries
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the Independent Board Committee of the Company formed to consider the transactions under the Framework Agreement (as extended by the Supplemental Agreement), comprising all independent non-executive Directors, namely Mr. LIU Ruizhong, Mr. WANG Zhenjun and Ms. LIU Chun
“Independent Shareholders”	shareholders of the Company other than Galaxy Financial Holdings
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“normal commercial terms”	has the meaning ascribed to it under the Listing Rules
“PBOC”	the People’s Bank of China, the central bank of the PRC
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)” has the meaning ascribed to it under the Listing Rules

“Supplemental Agreement” the supplemental agreement to the Framework Agreement to be entered into between the Company and Galaxy Financial Holdings

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

Beijing, the PRC
12 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.