

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

ANNOUNCEMENT IN RELATION TO REDEMPTION AND DELISTING OF A SHARE CONVERTIBLE BONDS

References are made to the announcements of China Galaxy Securities Co., Ltd. (the “**Company**”) dated 30 August 2021, 19 October 2021, 12 January 2022, 7 March 2022, 16 March 2022, 21 March 2022, 10 July 2022, 23 September 2022, 10 July 2023, 4 August 2023, 16 November 2023 and 24 November 2023, and its circular dated 30 September 2021 in relation to the Company’s public issue of the A Share convertible corporate bonds (the “**A Share Convertible Bonds**”) in an amount of RMB7.8 billion. The conversion period of the A Share Convertible Bonds commenced from 30 September 2022, and shall end on 23 March 2028. The current conversion price is RMB9.70 per share.

Pursuant to the relevant provisions of the offering document for the A Share Convertible Bonds (the “**Offering Document**”), during the conversion period of the A Share Convertible Bonds, when either of the following two circumstances occurs, the Company shall have the right to redeem all or part of the outstanding A Share Convertible Bonds at a price equal to the nominal value of the A Share Convertible Bonds plus the then accrued interest (the “**Conditional Redemption**”): (1) during the conversion period of the A Share Convertible Bonds, if the closing prices of A Shares in at least 15 trading days out of any 30 consecutive trading days are no less than 130% (inclusive) of the prevailing conversion price; or (2) when the amount of the outstanding A Share Convertible Bonds is lower than RMB30 million.

As the closing prices of the A Shares of the Company for 15 trading days out of the 15 consecutive trading days from 6 November 2023 to 24 November 2023 are no less than 130% of the prevailing conversion price of the A Share Convertible Bonds of RMB9.70 per share (i.e. not less than RMB12.61 per share), the terms of Conditional Redemption have been triggered. At a meeting of the board of directors of the Company (the “**Board**”) held on 24 November 2023, the Board has determined to exercise the right of early redemption of the A Share Convertible Bonds to redeem all the A Share Convertible Bonds as recorded in the register on the Redemption Registration Date (as defined below) (the “**Redemption**”). The suspension of the A Share Convertible Bonds is as follows:

Stock Code	Securities Abbreviation	Suspension and Resumption Type	Starting Date of Suspension	Suspension Period	Termination	Resumption Date
					Date of Suspension	
113057	China Galaxy Convertible Bonds	Convertible Bonds Suspension	2023/12/14	–	–	–

In accordance with relevant provisions of Administrative Measures for the Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》) and the Offering Document, the matters regarding the Redemption are hereby announced as follows:

I. Redemption Registration Date

The target of the Redemption are all the holders of the A Share Convertible Bonds whose names appear on the register at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (the “**CSDC Shanghai Branch**”) after the close of trading on the Shanghai Stock Exchange (“**SSE**”) as at 18 December 2023 (the “**Redemption Registration Date**”).

II. Redemption Price

Pursuant to the provisions regarding early redemption of the Offering Document, the redemption price of the A Share Convertible Bonds is RMB100.296 each.

The formula for calculating the then accrued interest is: $IA=B \times i \times t \div 365$

IA: denotes the accrued interest for the current period;

B: denotes the aggregate nominal value of the A Share Convertible Bonds held by the holders of the A Share Convertible Bonds;

i: denotes the nominal interest rate of the A Share Convertible Bonds for the current year;

t: denotes the number of days on which interest is accrued, i.e. the actual number of calendar days from the last interest payment date (24 March 2023) up to the redemption date (19 December 2023) of this interest accrual year (including the last interest payment date and excluding the redemption date), for a total of 270 days.

The then accrued interest $IA = B \times i \times t/365=100 \times 0.4\% \times 270/365=RMB0.296$ each

Redemption price= the nominal value of the A Share Convertible Bonds + then accrued interest
=100+0.296=RMB100.296 each

III. Redemption Procedures

Prior to the end of the redemption period, the Company will issue an indicative announcement regarding redemption of the A Share Convertible Bonds as required, notifying the holders of the A Share Convertible Bonds various matters of the Redemption. Once the Company decides to exercise its right of redemption in full, all the A Share Convertible Bonds registered at the CSDC Shanghai Branch will be frozen starting from the trading day immediately following the Redemption Registration Date (19 December 2023). Upon completion of the Redemption, the Company will announce the results of the Redemption and the impact of the Redemption on the Company in the designated media of the China Securities Regulatory Commission.

IV. Redemption Payment Date

The redemption payment will be distributed on 19 December 2023. The Company shall appoint CSDC Shanghai Branch to distribute, through its settlement system, the redemption payments to the holders who appear on the register of bonds on the Redemption Registration Date and have carried out the designated transactions with the member units of the SSE, and to make corresponding reductions in the amount of the A Share Convertible Bonds held by the holders. Investors who have carried out comprehensive designated transactions can receive their redemption payments on the redemption payment date at the designated securities business department. The redemption payments of the investors who have not yet carried out designated transactions will be temporarily held by the CSDC Shanghai Branch and will be distributed once the designated transactions have been made by the relevant investors.

V. Trading and Conversion into Shares

The last trading day for the A Share Convertible Bonds (the “**Last Trading Day for the A Share Convertible Bonds**”) is 13 December 2023, and the last conversion date for the A Share Convertible Bonds (the “**Last Conversion Date for the A Share Convertible Bonds**”) is 18 December 2023. As at the close of trading on the SSE on 6 December 2023, there are only five trading days left until 13 December 2023 and only eight trading days left until 18 December 2023.

VI. Delisting

After the completion of the Redemption, the A Shares Convertible Bonds will be delisted from the SSE effective from 19 December 2023.

VII. Explanation on the Payment of Interest Income Tax on Convertible Bonds by Investors

Pursuant to the provisions under Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法》) and other relevant tax regulations and documents, the individual investors of A Share Convertible Bonds (including securities investment funds) shall pay individual income tax on the interest arising from the bonds at a tax rate of 20% of the interest amount accrued, i.e. the redemption amount of each A Share Convertible Bond is RMB100.296 (tax inclusive), and the actual redemption amount to be distributed will be RMB100.237 (after tax). The aforesaid income tax will be withheld and paid by each of the redemption institutions directly to the tax authorities where the redemption institutions are located.

In accordance with the provisions of the Law of the People’s Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法》) and other relevant tax regulations and documents, resident enterprises holding A Share Convertible Bonds are responsible for paying their own income tax on the interest on the bonds, i.e., the actual redemption amount to be distributed being RMB100.296 (inclusive of tax) per A Share Convertible Bond.

For non-resident enterprises such as qualified foreign institutional investors (QFIIs) and RMB-qualified foreign institutional investors (RQFIIs) holding the A Share Convertible Bonds, in accordance with the “Notice of Continuing Implementation of the Enterprise Income Tax and Value-Added Tax Policies for Foreign Institutions Investing in the Domestic Bond Market” (《關於延續境外機構投資境內債券市場企業所得稅、增值稅政策的公告》) (Notice of the Ministry of Finance and the State Taxation Administration No. 34 of 2021), with effect from 7 November 2021 until 31 December 2025, the income from the interest on the bond investments made by foreign institutions in the domestic bond market are temporarily exempted from corporate income tax and value-added tax, i.e., the actual redemption amount to be distributed for each A Share Convertible Bond being RMB100.296.

VIII. RISK WARNING FOR REDEMPTION OF A SHARE CONVERTIBLE BONDS

Holders of the A Share Convertible Bonds are reminded that as at the close of trading on the SSE on 6 December 2023, there are **only five trading days left** until 13 December 2023 (the Last Trading Day for the A Share Convertible Bonds) and **only eight trading days left** until 18 December 2023 (the Last Conversion Date for the A Share Convertible Bonds). Holders of the A Share Convertible Bonds whose A Share Convertible Bonds are pledged or frozen are advised to release the pledge or freeze before the day of suspended trading to avoid mandatory redemption due to failure to convert the bonds. In addition, after the close of trading on the SSE on 18 December 2023 (the Redemption Registration Date), all the A Share Convertible Bonds that have not been converted will be frozen and suspended from trading and conversion, and they will be subject to mandatory redemption at a price of RMB100.296 each. After completion of the Redemption, the A Share Convertible Bonds will be delisted from the SSE. Holders of A Share Convertible Bonds are reminded that their A Share Convertible Bonds, may only be compulsorily redeemed at a price equal to the nominal value of RMB100 per unit plus the then accrued interest (i.e. RMB100.296 each), except that they may continue to be traded in the secondary market or converted at the conversion price of RMB9.70 per share within the prescribed time limit. As the difference between the current secondary market price of the A Share Convertible Bonds (the closing price of which was RMB129.351 each on 6 December 2023) and the redemption price (RMB100.296 each) is relatively large. In the event of compulsory redemption, the holders of the A Share Convertible Bonds who fail to carry out conversion or disposal in a timely manner may face substantial investment losses. **Holders of the A Share Convertible Bonds are reminded to carry out conversion or disposal within such time period.**

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

Beijing, the PRC
6 December 2023

As at the date of this announcement, the executive director of the Company is Mr. WANG Sheng (Chairman); the non-executive directors are Mr. YANG Tijun, Ms. LI Hui, Ms. LIU Chang, Mr. LIU Zhihong and Mr. JIANG Yuesheng; and the independent non-executive directors are Mr. LIU Ruizhong, Mr. WANG Zhenjun, Ms. LIU Chun and Mr. LAW Cheuk Kin Stephen.