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(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name “东方证券股份有限公司” and carrying on business in Hong Kong as “東方證券” (in Chinese) and “DFZQ” (in English))

(Stock Code: 03958)

H SHARE RIGHTS ISSUE OF 287,582,400 H SHARES ON THE BASIS OF TWO POINT EIGHT (2.8) H RIGHTS SHARES FOR EVERY TEN (10) EXISTING H SHARES AT HK\$10.38 PER H RIGHTS SHARE PAYABLE IN FULL ON ACCEPTANCE

A SHARE RIGHTS ISSUE OF 1,670,641,224 A SHARES ON THE BASIS OF TWO POINT EIGHT (2.8) A RIGHTS SHARES FOR EVERY TEN (10) EXISTING A SHARES AT RMB8.46 PER A RIGHTS SHARE PAYABLE IN FULL ON ACCEPTANCE

CLOSURE OF THE H SHAREHOLDERS' REGISTER FROM WEDNESDAY, APRIL 27, 2022 TO WEDNESDAY, MAY 4, 2022

Sole Financial Adviser to the Company and Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager of the H Share Rights Issue



INTRODUCTION

References are made to the announcement of the Company dated March 30, 2021 in relation to the proposed issuance of A Shares and H Shares by way of Rights Issue, the notices of the AGM and the 2021 H Shares Class Meeting of the Company dated April 15, 2021, the circular of the AGM and the 2021 H Shares Class Meeting of the Company dated April 22, 2021 and the announcement on poll results of the AGM and the 2021 H Shares Class Meeting of the Company dated May 13, 2021 in relation to, among others, the proposed issuance of A Shares and H Shares by way of Rights Issue of the Company. References are also made to the announcements of the Company dated February 23, 2022 and March 17, 2022, pursuant to which, the Company received the written approval from the CSRC (the Reply on Approval for Issuance of Overseas Listed Foreign Shares by 東方證券股份有限公司 (CSRC Approval [2022] No. 348) (《關於核准東方證券股份有限公司發行境外上市外資股的批覆》(證監許可[2022]348號)) in respect of the H Share Rights Issue and the written approval from the CSRC (the Reply on Approval for Rights Issue by 東方證券股份有限公司 (CSRC Approval [2022] No. 540) (《關於核准東方證券股份有限公司配股的批覆》(證監許可[2022]540號)) in respect of the A Share Rights Issue, the notices of the EGM and 2022 H Shares Class Meeting dated March 23, 2022, the circular of the EGM and 2022 H Shares Class Meeting dated March 28, 2022 in relation to, among others, the proposed extension of valid period of the resolution on public issuance of securities through Rights Issue of the Company and the proposed extension of valid period of the full authorization granted to the Board of Directors to deal with relevant matters in relation to the Rights Issue, and the announcement on poll results of the EGM and 2022 H Shares Class Meeting dated April 13, 2022.

THE RIGHTS ISSUE

The Rights Issue shall proceed on the basis of two point eight (2.8) H Rights Shares for every ten (10) existing H Shares held by Qualified H Shareholders on the H Share Rights Issue Record Date at the Subscription Price of HK\$10.38 per H Rights Share and on the basis of two point eight (2.8) A Rights Shares for every ten (10) existing A Shares held by Qualified A Shareholders on the A Share Rights Issue Record Date at the Subscription Price of RMB8.46 per A Rights Share. The Subscription Prices of HK\$10.38 per H Rights Share and RMB8.46 per A Rights Share were determined by the Company with reference to factors such as (i) the recent closing prices of the H Shares and A Shares, the price-to-earning ratio and the price-to-book ratio of the shares of the Company in the secondary market; (ii) the Company's business plans, Shareholders' overall interests and funding and capital requirements of investment projects; and (iii) the discussion among the Board, the Sole Financial Adviser and the underwriters in the A Share Rights Issue. The Subscription Prices of A Rights Share and H Rights Share remain the same after exchange rate adjustment. The H Share Rights Issue will proceed on a best-effort basis without any underwriting arrangements.

The Rights Issue, comprising the A Share Rights Issue and the H Share Rights Issue, is estimated to raise (i) gross proceeds in an aggregate amount of approximately RMB16.6 billion (assuming full subscription for the A Rights Shares and full subscription for the H Rights Shares) or RMB12.3 billion (assuming 70% subscription for the A Rights Shares and full subscription for the H Rights Shares); and (ii) net proceeds (after deducting all the costs and expenses incidental to the Rights Issue) in an aggregate amount of approximately RMB16.4 billion (assuming full subscription for the A Rights Shares and full subscription for the H Rights Shares) or RMB12.2 billion (assuming 70% subscription for the A Rights Shares and full subscription for the H Rights Shares).

UNDERTAKINGS

Shenergy Group, the largest Shareholder of the Company as at the date of this announcement, has undertaken that it will fully subscribe in cash for its entitlement under the Rights Issue in proportion to the number of Shares held by it at the close of market on the Rights Issue Record Date at the Subscription Price. For details, please refer to the paragraphs headed “The Largest Shareholder’s Undertaking” and “A Shareholder’s Undertaking” below.

Save as disclosed above, as at the date of this announcement, the Company has not received, from any other Shareholders, any information regarding his/her/its intention or undertakings with respect to the Rights Shares to be provisionally allotted to him/her/it under the Rights Issue.

CLOSURE OF THE H SHAREHOLDERS’ REGISTER

In order to determine the entitlements of the H Shareholders to the H Share Rights Issue, **the H Shareholders’ Register will be closed from Wednesday, April 27, 2022 to Wednesday, May 4, 2022 (both days inclusive).**

Shareholders and potential investors of the Company should note that the H Share Rights Issue will proceed on a best-effort basis without any underwriting arrangements. Under the applicable PRC laws and regulations and as classified by the CSRC, the A Share Rights Issue Plan may only proceed if the subscription level of the A Rights Shares is at least 70% of the A Share Rights Issue Plan. The rights to subscribe for the A Shares which are not taken up will lapse and no new A Shares will be issued or allotted pursuant to such rights. Pursuant to the Companies (WUMP) Ordinance, the Hong Kong Listing Rules and the Articles of Association, there is no requirement for a minimum level of subscription in the H Share Rights Issue Plan. The H Share Rights Issue and the A Share Rights Issue are inter-conditional upon each other. For details of the conditions of the H Share Rights Issue, please refer to the paragraph headed “Conditions of the H Share Rights Issue” below.

Any holder of the H Shares or other person dealing in the H Shares up to the date on which all of the conditions of the H Share Rights Issue are fulfilled (expected to be 5:00 p.m. on Monday, May 23, 2022) and any person dealing in the Nil-paid H Rights from Tuesday, May 10, 2022 to Tuesday, May 17, 2022 (both days inclusive) will accordingly bear the risk that the H Share Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors are recommended to read the section headed “Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights” in this announcement. Any person who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser.

As the tentative timetable may be subject to change and the H Share Rights Issue may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares of the Company.

INTRODUCTION

References are made to the announcement of the Company dated March 30, 2021 in relation to the proposed issuance of A Shares and H Shares by way of Rights Issue, the notices of the AGM and the 2021 H Shares Class Meeting of the Company dated April 15, 2021, the circular of the AGM and the 2021 H Shares Class Meeting of the Company dated April 22, 2021 and the announcement on poll results of the AGM and the 2021 H Shares Class Meeting of the Company dated May 13, 2021 in relation to, among others, the proposed issuance of A Shares and H Shares by way of Rights Issue of the Company. References are also made to the announcements of the Company dated February 23, 2022 and March 17, 2022, pursuant to which, the Company received the written approval from the CSRC (the Reply on Approval for Issuance of Overseas Listed Foreign Shares by 東方證券股份有限公司 (CSRC Approval [2022] No. 348) (《關於核准東方證券股份有限公司發行境外上市外資股的批覆》(證監許可[2022]348號)) in respect of the H Share Rights Issue and the written approval from the CSRC (the Reply on Approval for Rights Issue by 東方證券股份有限公司 (CSRC Approval [2022] No. 540) (《關於核准東方證券股份有限公司配股的批覆》(證監許可[2022]540號)) in respect of the A Share Rights Issue, the notices of the EGM and 2022 H Shares Class Meeting dated March 23, 2022, the circular of the EGM and 2022 H Shares Class Meeting dated March 28, 2022 in relation to, among others, the proposed extension of valid period of the resolution on public issuance of securities through Rights Issue of the Company and the proposed extension of valid period of the full authorization granted to the Board of Directors to deal with relevant matters in relation to the Rights Issue, and the announcement on poll results of the EGM and 2022 H Shares Class Meeting dated April 13, 2022.

THE RIGHTS ISSUE

The Rights Issue shall proceed on the basis of two point eight (2.8) H Rights Shares for every ten (10) existing H Shares held by Qualified H Shareholders on the H Share Rights Issue Record Date at the Subscription Price of HK\$10.38 per H Rights Share and on the basis of two point eight (2.8) A Rights Shares for every ten (10) existing A Shares held by Qualified A Shareholders on the A Share Rights Issue Record Date at the Subscription Price of RMB8.46 per A Rights Share. The Subscription Prices of HK\$10.38 per H Rights Share and RMB8.46 per A Rights Share were determined by the Company with reference to factors such as (i) the recent closing prices of the H Shares and A Shares, the price-to-earning ratio and the price-to-book ratio of the shares of the Company in the secondary market; (ii) the Company's business plans, Shareholders' overall interests and funding and capital requirements of investment projects; and (iii) the discussion among the Board, the Sole Financial Adviser and the underwriters in the A Share Rights Issue. The Subscription Prices of A Rights Share and H Rights Share remain the same after exchange rate adjustment. The H Share Rights Issue will proceed on a best-effort basis without any underwriting arrangements.

The Rights Issue, comprising the A Share Rights Issue and the H Share Rights Issue, is estimated to raise (i) gross proceeds in an aggregate amount of approximately RMB16.6 billion (assuming full subscription for the A Rights Shares and full subscription for the H Rights Shares) or RMB12.3 billion (assuming 70% subscription for the A Rights Shares and full subscription for the H Rights Shares); and (ii) net proceeds (after deducting all the costs and expenses incidental to the Rights Issue) in an aggregate amount of approximately RMB16.4 billion (assuming full subscription for the A Rights Shares and full subscription for the H Rights Shares) or RMB12.2 billion (assuming 70% subscription for the A Rights Shares and full subscription for the H Rights Shares).

H Share Rights Issue

The H Share Rights Issue is subject to the conditions set out under the paragraph headed “Conditions of the H Share Rights Issue” in this announcement.

Details of the H Share Rights Issue are set forth below:

H Share Rights Issue Statistics

Basis of H Share Rights Issue:	two point eight (2.8) H Rights Shares for every ten (10) existing H Shares held by Qualified H Shareholders on the H Share Rights Issue Record Date
Number of H Shares in issue as at the date of this announcement:	1,027,080,000 H Shares
Number of H Rights Shares proposed to be issued (assuming the number of H Shares in issue on the H Share Rights Issue Record Date remains the same as the date of this announcement):	287,582,400 H Shares
Aggregate nominal value of the H Rights Shares:	RMB287,582,400
Subscription Price:	HK\$10.38 per H Rights Share
Sole Financial Adviser:	Orient Capital (Hong Kong) Limited
Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager:	Orient Securities (Hong Kong) Limited

As at the date of this announcement, the Company did not have any outstanding convertible bonds, options or warrants which have the right to subscribe for, or are convertible or exchangeable into H Shares. Therefore, as at the date of this announcement, the total number of H Rights Shares to be issued by the Company will not exceed 287,582,400. Assuming that the H Rights Shares are fully subscribed for and there has been no other change in the number of H Shares in issue from the date of this announcement, 287,582,400 H Rights Shares represent (i) 28.00% of the total number of H Shares in issue as at the date of this announcement; and (ii) 21.88% of the total number of H Shares in issue as enlarged by the allotment and issuance of H Rights Shares.

Net Proceeds

Net proceeds of approximately HK\$2.97 billion are expected to be raised from the H Share Rights Issue, assuming subscription level of 100%.

The H Share Rights Issue will proceed on a best-effort basis without any underwriting arrangements. Under the applicable PRC laws and regulations and as classified by the CSRC, the A Share Rights Issue Plan may only proceed if the subscription level of the A Rights Shares is at least 70% of the A Share Rights Issue Plan. The rights to subscribe for the A Shares which are not taken up will lapse and no new A Shares will be issued or allotted pursuant to such rights. Pursuant to the Companies (WUMP) Ordinance, the Hong Kong Listing Rules and the Articles of Association, there is no requirement for a minimum level of subscription in the H Share Rights Issue Plan. The H Share Rights Issue and the A Share Rights Issue are inter-conditional upon each other. The H Share Rights Issue is subject to the conditions as set out under the paragraph headed “Conditions of the H Share Rights Issue” below. If any of the conditions of the H Share Rights Issue are not fulfilled, the H Share Rights Issue will not proceed. In addition, It should also be noted that the H Shares will be dealt in on an ex-rights basis from Monday, April 25, 2022 and that dealings in the Nil-paid H Rights will take place from Tuesday, May 10, 2022 to Tuesday, May 17, 2022 (both days inclusive). Such dealings will take place when the conditions of the H Share Rights Issue remain unfulfilled. Any holder of the H Shares or other person dealing in the H Shares up to the date on which all of the conditions of the H Share Rights Issue are fulfilled (expected to be 5:00 p.m. on Monday, May 23, 2022) and any person dealing in the Nil-paid H Rights from Tuesday, May 10, 2022 to Tuesday, May 17, 2022 (both days inclusive) will accordingly bear the risk that the H Share Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors are recommended to read the section headed “Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights” in this announcement. Any person who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser.

Basis of Entitlement

Subject to fulfillment of the conditions set out in the paragraph headed “Conditions of the H Share Rights Issue” below, Qualified H Shareholders will be provisionally allotted two point eight (2.8) H Rights Shares for every ten (10) existing H Shares held by Qualified H Shareholders at the close of business on the H Share Rights Issue Record Date at the Subscription Price of HK\$10.38 for each H Rights Share payable in full on acceptance.

Qualified H Shareholders, PRC Southbound Trading Investors and Closure of the H Shareholders’ Register

The Company will send the Prospectus Documents comprising the H Share Rights Issue prospectus, the Provisional Allotment Letters and the Excess Application Forms, to Qualified H Shareholders only. To qualify for the subscription of the H Rights Shares, an H Shareholder must be registered as a member of the Company as at the H Share Rights Issue Record Date and must not be an Excluded H Shareholder.

The PRC Southbound Trading Investors can participate in the H Share Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their Nil-paid H Rights on the Stock Exchange under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect; and/or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of Shares held on the H Share Rights Issue Record Date at the Subscription Price under the H Share Rights Issue in accordance with the relevant laws and regulations. However, China Clear will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. The PRC Southbound Trading Investors (or the relevant China Clear participants as the case may be) whose stock accounts in the China Clear are credited with nil-paid Rights Shares can only sell those nil-paid Rights Shares on the Stock Exchange via China Clear under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and can neither purchase any Nil-paid H Rights nor transfer such Nil-paid H Rights to other PRC Southbound Trading Investors. In order to ensure the timeliness of the clearing and currency exchange of payment for H Share Rights Issue, the long stop date for the reporting of H Share Rights Issue set by China Clear is three (3) SSE/SZSE Business Days earlier than that set by HKSCC.

Save and except for the PRC Southbound Trading Investors and H Shareholders who have been exempted by or have obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations, according to the legal advice of the PRC legal adviser of the Company, other H Shareholders in the PRC are not entitled to participate in the H Share Rights Issue.

The PRC Southbound Trading Investors should seek advice from their intermediaries (including brokers, custodians, nominees or China Clear participants) and/or other professional advisers for details of the logistical arrangements as required by China Clear, and provide instructions for such intermediaries in relation to the acceptance and/or sale of the Nil-Paid H Rights. Such instructions should be given in advance of the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares in the paragraph headed “Expected H Share Rights Issue Timetable” below and otherwise in accordance with the requirements of the intermediaries of the PRC Southbound Trading Investors and/or China Clear in order to allow sufficient time to ensure that such instructions are given effect.

The last day of dealings in the H Shares on a cum-rights basis will be Friday, April 22, 2022 and the H Shares will be dealt in on an ex-rights basis from Monday, April 25, 2022.

In order to determine entitlement to the H Share Rights Issue, **the H Shareholders’ Register will be closed from Wednesday, April 27, 2022 to Wednesday, May 4, 2022 (both days inclusive)**. In order to be a Qualified H Shareholder, H Shareholders must lodge all H Share certificates accompanied by transfer documents with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration **no later than 4:30 p.m. on Tuesday, April 26, 2022**.

Qualified H Shareholders who do not take up the H Rights Shares to which they are entitled should note that their proportionate shareholding in the Company will be diluted.

Excluded H Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities laws or equivalent legislation of any jurisdictions other than (a) Hong Kong; and (b) the PRC, in accordance with the CSRC Notice.

Pursuant to Rule 13.36(2) of the Hong Kong Listing Rules, the Board is currently making enquiries regarding the feasibility of extending the H Share Rights Issue to the overseas shareholders. If, based on such enquiries and legal advice in the relevant jurisdictions obtained by the Company, the Board considers that it is necessary or expedient not to offer the H Rights Shares to certain overseas shareholders (who are Excluded H Shareholders) on account either of the legal restrictions under the laws of the place(s) of his/her/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place, the H Share Rights Issue will not be made available to the Excluded H Shareholders and no provisional allotment of the Nil-paid H Rights or allotment of H Rights Shares will be made to them. Further information will be set out in the H Share Rights Issue prospectus.

For the Excluded H Shareholders, the Company will, to the extent reasonably practicable and legally permitted, send the H Share Rights Issue prospectus to them for their information purposes only. However, the H Share Rights Issue prospectus shall not be despatched to the Excluded H Shareholders who, so far as the Company is aware, reside in the jurisdiction(s) which restrain(s) the posting of the Prospectus Documents. Nevertheless, the Company will not send any Provisional Allotment Letter or Excess Application Form to the Excluded H Shareholders except for those H Shareholders or Beneficial H Shareholders who satisfy relevant requirements to the belief of the Company.

Arrangements will be made for the H Rights Shares, which would otherwise have been provisionally allotted to the Excluded H Shareholders, to be sold in the market in their nil-paid form, as soon as practicable after the commencement of the dealings in the Nil-paid H Rights, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid on a pro rata basis to the Excluded H Shareholders, which means the Company will pay individual amounts of more than HK\$100 to the relevant Excluded H Shareholders, provided that the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Excluded H Shareholders will be made available for excess application by the Qualified H Shareholders.

Subscription Price for the H Rights Shares

The Subscription Price of HK\$10.38 per H Rights Share is payable in full when a Qualified H Shareholder accepts the relevant provisional allotment of H Rights Shares or applies for excess H Rights Shares or when a transferee of Nil-paid H Rights accepts the H Rights Shares.

The Subscription Price of HK\$10.38 per H Rights Share represents:

1. a premium of approximately 113.58% to the closing price of HK\$4.86 (being the latest closing price of H Shares available before the Price Determination Date) per H Share as quoted on the Stock Exchange on Thursday, April 14, 2022 (being the trading day of the H Shares on the Stock Exchange before the Price Determination Date);
2. a premium of approximately 115.71% to the average closing price of HK\$4.81 per H Share as quoted on the Stock Exchange for the five consecutive trading days up to and including Thursday, April 14, 2022 (being the trading day of the H Shares on the Stock Exchange before the Price Determination Date);
3. a premium of approximately 108.10% to the average closing price of HK\$4.99 per H Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including Thursday, April 14, 2022 (being the trading day of the H Shares on the Stock Exchange before the Price Determination Date);
4. a premium of approximately 106.71% to the average closing price of HK\$5.02 per H Share as quoted on the Stock Exchange for the 20 consecutive trading days up to and including Thursday, April 14, 2022 (being the trading day of the H Shares on the Stock Exchange before the Price Determination Date);
5. a premium of approximately 24.90% to the theoretical ex-right price of HK\$6.07 per H Share based on the closing price of HK\$4.86 per H Share as quoted on the Stock Exchange on Thursday, April 14, 2022 (being the trading day of the H Shares on the Stock Exchange before the Price Determination Date); and
6. There is no theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) given that the theoretical diluted price of HK\$6.07 per H Share is greater than the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of HK\$4.86 per H Share, being the latest closing price of H Shares available before the Price Determination Date taking into account the higher of the closing price on April 14, 2022 of HK\$4.86 per H Share and the average closing prices of the H Shares as quoted on the Stock Exchange in the five (5) consecutive trading days immediately prior to the Price Determination Date of HK\$4.81 per Share.

The Subscription Price was set at a premium to the then prevailing closing prices of the H Shares with the intention to avoid share value dilution and therefore enhance the capital of the Company. The Subscription Price of HK\$10.38 per H Rights Share was determined by the Company with reference to factors such as (i) the recent closing prices of the H Shares and A Shares, the price-to-earning ratio and the price-to-book ratio of the shares of the Company in the secondary market; (ii) the Company's business plans, Shareholders' overall interests and funding and capital requirements of investment projects; and (iii) the discussion among the Board, the Sole Financial Adviser and the underwriters in the A Share Rights Issue.

The net price per H Rights Share (i.e. the Subscription Price less estimated cost and expense incurred in the H Share Rights Issue) upon full acceptance of the relevant provisional allotment of the H Rights Shares will be estimated to be HK\$10.34.

After taking into account the reasons for the Rights Issue as stated in the section headed "Reasons for the Rights Issue and Use of Proceeds" below, the Directors (including the independent non-executive Directors) are of the view that the terms of the H Share Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the H Shareholders as a whole.

Status of the H Rights Shares

The H Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the H Shares then in issue. Holders of fully-paid H Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the H Rights Shares.

Fractional Entitlements

Fractional entitlements to H Rights Shares will not be provisionally allotted, application for any fractions of the H Rights Shares will not be accepted and Qualified H Shareholders' entitlements will be rounded down to the nearest whole number. Nil-paid H Rights representing the aggregate of all the fractional entitlements to H Rights Shares (rounded down to the nearest whole number) will be provisionally allotted to a nominee appointed by the Company and, if a premium (net of expenses) can reasonably be obtained, will be sold by the Company or its appointed nominee in the market in their nil-paid form after dealing in the Nil-paid H Rights commences and the net proceeds of sale will be retained by the Company for its own benefit. Any unsold fractions of H Rights Shares will be available for excess application by Qualified H Shareholders.

Odd Lot Arrangement

In order to facilitate the trading of odd lots of the H Shares arising from the H Share Rights Issue, the Company will appoint a broker to match the purchase and sale of odd lots of the H Shares at the ordinary odd lot trading quotes. As at the date of this announcement, the detailed arrangement has not been determined by the Company. The Company will provide such information once available and make proper disclosure in due course.

Application for Excess H Rights Shares

Qualified H Shareholders (other than the PRC Southbound Trading Investors) may apply, by way of excess application, for: (i) any H Rights Shares to which unsold entitlements of the Excluded H Shareholders relate; (ii) any unsold fractional entitlements to the H Rights Shares; and (iii) any H Rights Shares provisionally allotted to but not accepted by the Qualified H Shareholders or otherwise not subscribed for by transferees of Nil-paid H Rights.

Applications for excess H Rights Shares shall be made only by Qualified H Shareholders (other than PRC Southbound Trading Investors) and only by completing an Excess Application Form and lodging the same together with a separate remittance for the amount payable on application in respect of the excess H Rights Shares being applied for with the H Share Registrar no later than 4:00 p.m. on Friday, May 20, 2022 at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

All remittances must be made in Hong Kong dollars and by cheque or cashier's order. Cheques must be drawn on an account with, and cashier's order must be issued by, a licensed bank in Hong Kong and made payable to the designated account as mentioned in the H Share Rights Issue prospectus and crossed "**Account Payee Only**".

The Board will allocate the excess H Rights Shares (if any) at its absolute discretion on a fair and equitable basis, no preference will be made to the H Rights Shares comprised in applications by Provisional Allotment Letters or the existing number of H Shares held by the Qualified H Shareholders and no preference will be given to applications for topping up odd-lot holdings to whole-lot holdings. All excess H Rights Shares will be allocated to Qualified H Shareholders (other than the PRC Southbound Trading Investors) who have applied for excess H Rights Shares on a *pro-rata* basis with reference to their number of excess H Rights Shares applied for.

If the aggregate number of H Rights Shares not taken up by the Qualified H Shareholders under the Provisional Allotment Letters is greater than the aggregate number of excess H Rights Shares applied for through the Excess Application Forms, the Directors will allocate to each Qualified H Shareholder (other than the PRC Southbound Trading Investors) who applies for excess H Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots. There is no guarantee that Qualified H Shareholders with odd lots of H Rights Shares will be topped up to whole board lots pursuant to their applications for excess H Rights Shares. H Shareholders with their H Shares held by a nominee company (including HKSCC Nominees) should note that the Board will regard the nominee company (including HKSCC Nominees) as a single H Shareholder in accordance with the H Shareholders' Register. Accordingly, the H Shareholders should note that the aforesaid arrangement in relation to the allocation of excess H Rights Shares will not be extended to beneficial owners individually. H Shareholders with their H Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name(s) of the beneficial owner(s) prior to the H Share Rights Issue Record Date.

If no excess H Rights Shares are allotted and issued to a Qualified H Shareholder, the amount tendered on application is expected to be refunded to that Qualified H Shareholder in full without any interest by means of cheque(s) despatched by ordinary post or courier to the registered addresses of the applicants and at the risk of such Qualified H Shareholder on or about Monday, May 30, 2022. If the number of excess H Rights Shares allotted and issued to a Qualified H Shareholder is less than the number applied for, the surplus application monies are also expected to be refunded to the registered addresses of such Qualified H Shareholder without any interest by means of cheque(s) despatched by ordinary post or courier and at the risk of such Qualified H Shareholder on or about Monday, May 30, 2022.

All cheques or cashier's orders will be presented for payments immediately following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any Excess Application Form in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected. No receipt will be issued by the Company for any application monies received. An applicant must pay the exact amount payable upon application for the H Rights Shares, and any underpaid application will be rejected. In the event of an overpaid application, a refund cheque will be made out to the applicant only if the overpaid amount is HK\$100 or above. The Excess Application Form is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the H Share Registrar. The Company may, at its discretion, treat an Excess Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions. The Company may require such incomplete Excess Application Form to be completed by the relevant applicants at a later stage.

For those H Shareholders who would like to have their names registered on the H Shareholders' Register, all necessary documents must be lodged with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, April 26, 2022.

Conditions of the H Share Rights Issue

It is expected that the H Share Rights Issue will be conditional upon the fulfillment of the following matters:

1. the approval of the Rights Issue by the Shareholders at the general meeting of the Company;
2. the approval of the Rights Issue at the H Shares class meeting and the A Shares class meeting of the Company, respectively;
3. the approval of the Rights Issue by the CSRC and other relevant regulatory authorities;
4. the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the H Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any) by no later than the date of the delivery of the H Share Rights Issue prospectus; and

5. the delivery to the Stock Exchange and filing and registration of all documents in relation to the H Share Rights Issue as required by laws to be filed by and registered with the Registrar of Companies in Hong Kong.

The H Share Rights Issue and A Share Rights Issue are inter-conditional upon each other.

None of the above conditions for completion of the H Share Rights Issue may be waived by the Company. As at the date of this announcement, the conditions under 1 to 3 above have been fulfilled. **If any of the above conditions is not fulfilled, the H Share Rights Issue will not proceed.**

Furthermore, it should be noted that the H Share Rights Issue will proceed on a best-effort basis without any underwriting arrangements. Under the applicable PRC laws and regulations and as classified by the CSRC, the A Share Rights Issue Plan may only proceed if the subscription level of the A Rights Shares is at least 70% of the A Share Rights Issue Plan. The rights to subscribe for the A Shares which are not taken up will lapse and no new A Shares will be issued or allotted pursuant to such rights. Pursuant to the Companies (WUMP) Ordinance, the Hong Kong Listing Rules and the Articles of Association, there is no requirement for a minimum level of subscription in the H Share Rights Issue Plan.

The Largest Shareholder's Undertaking

Shenergy Group, the largest Shareholder of the Company, directly held 0 H Shares and 1,767,522,422 A Shares as at the date of this announcement, accounting for approximately 25.27% of the total issued share capital of the Company and 29.62% of the total issued A Shares of the Company. Shenergy Group has undertaken that it will fully subscribe in cash for its entitlement under the Rights Issue in proportion to the number of Shares held by it at the close of market on the Rights Issue Record Date at the Subscription Price.

Application for Listing/Dealing Arrangements

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the H Rights Shares, in both nil-paid and fully-paid forms. Dealings in the nil-paid and fully-paid H Rights Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong. The board lot size of Nil-paid H Rights and H Rights Shares is 400 Nil-paid H Rights and 400 H Rights Shares, respectively.

H Rights Shares will be Eligible for Admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the H Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, and subject to compliance with the stock admission requirements of HKSCC, the H Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the H Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other date(s) as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time. H Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights

Existing H Shares are expected to be dealt in on an ex-rights basis from Monday, April 25, 2022. Dealings in the nil-paid H Rights are expected to take place from Tuesday, May 10, 2022 to Tuesday, May 17, 2022 (both days inclusive). **If the conditions of the H Share Rights Issue (please see the paragraph headed “Conditions of the H Share Rights Issue” above) are not fulfilled, the H Share Rights Issue will not proceed.**

Any dealing in the H Shares or the Nil-paid H Rights is at the investors’ own risk. If in any doubt, investors are advised to consult their professional advisers.

Despatch of H Share Certificates and Refund Cheques

Subject to fulfillment of the conditions of the H Share Rights Issue, it is expected that the certificates for the H Rights Shares and the refund cheques in respect of excess payment (if any) or wholly or partly unsuccessful applications for excess H Rights Shares (if any) will be despatched by ordinary post or courier to the allottees, at their own risk, to their registered addresses by the H Share Registrar on or about Monday, May 30, 2022.

Stamp Duty and Other Applicable Fees and Charges

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the Registrar, will be subject to the payment of stamp duty, Stock Exchange trading fee, Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong.

Taxation

Qualified H Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding, disposing of or dealing in the H Rights Shares (in their nil-paid and/or fully-paid forms) and, as regards the Excluded H Shareholders, their receipt of the net proceeds of the Nil-paid H Rights otherwise falling to be issued to them under the H Share Rights Issue. It is emphasized that neither the Company, the Directors nor any other party involved in the H Share Rights Issue accept responsibility for any tax effects or liabilities of holders of the H Rights Shares resulting from the purchase, holding, disposal of, or dealing in the H Rights Shares (in their nil-paid and/or fully-paid forms).

Expected H Share Rights Issue Timetable

Last day of dealings in H Shares on a cum-rights basis	Friday, April 22, 2022
First day of dealings in H Shares on an ex-rights basis	Monday, April 25, 2022
Latest time for lodging transfer documents of H Shares in order to qualify for the H Share Rights Issue	4:30 p.m. on Tuesday, April 26, 2022
H Shareholders' Register closed	Wednesday, April 27, 2022 to Wednesday, May 4, 2022 (both days inclusive)
H Share Rights Issue Record Date	Wednesday, May 4, 2022
H Shareholders' Register re-opens	Thursday, May 5, 2022
Despatch of Prospectus Documents	Thursday, May 5, 2022
First day of dealings in Nil-paid H Rights	Tuesday, May 10, 2022
Latest time for splitting Nil-paid H Rights	4:30 p.m. on Thursday, May 12, 2022
Last day of dealings in Nil-paid H Rights	Tuesday, May 17, 2022
Latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares	4:00 p.m. on Friday, May 20, 2022

Rights Issue expected to become unconditional	5:00 p.m. on Monday, May 23, 2022
Announcement of results of acceptance of and excess applications for H Rights Shares	Friday, May 27, 2022
Despatch of certificates for fully-paid H Rights Shares	Monday, May 30, 2022
Despatch of refund cheques in respect of wholly or partially unsuccessful applications for excess H Rights Shares	Monday, May 30, 2022
Commencement of dealings in fully-paid H Rights Shares	9:00 a.m. on Tuesday, May 31, 2022

All times and dates herein refer to Hong Kong local time and dates. Shareholders should note that the dates specified in the expected timetable of the H Share Rights Issue as set out above, and in other parts of this announcement, are indicative only and may be changed by the Board. In the event any special circumstances arise, the Board or the authorized person(s) by the Board may extend or make adjustments to the timetable if it considers appropriate. Any such change to the expected timetables will be published or notified to the Shareholders accordingly.

Effect of Bad Weather on the Latest Time for Acceptance of and Payment for H Rights Shares and Application and Payment for Excess H Rights Shares

The latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will not take place if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning, or
- “extreme conditions” caused by super typhoons
 - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Last Acceptance Date. Instead the latest time of acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will be extended to 5:00 p.m. on the same Business Day;

- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Last Acceptance Date. Instead the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares does not take place on the Last Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as and when practicable.

A Share Rights Issue

The A Share Rights Issue is conducted on the basis of two point eight (2.8) A Rights Shares for every ten (10) existing A Shares held by Qualified A Shareholders on the A Share Rights Issue Record Date at the Subscription Price of RMB8.46 per A Rights Share.

Details of the A Share Rights Issue are as follows:

A Share Rights Issue Statistics

Basis of A Share Rights Issue:	two point eight (2.8) A Rights Shares for every ten (10) existing A Shares held by Qualified A Shareholders on the A Share Rights Issue Record Date
Number of A Shares in issue:	5,966,575,803 A Shares
Number of A Rights Shares proposed to be issued:	1,670,641,224 A Shares
Subscription Price:	RMB8.46 per A Rights Share
Joint Sponsors:	China International Capital Corporation Limited Orient Securities Investment Banking Co., Ltd
Joint Lead Underwriters:	China International Capital Corporation Limited Orient Securities Investment Banking Co., Ltd GF Securities Co., Ltd.

Basis of Entitlement

Subject to fulfillment of the conditions set out in the paragraph headed “Conditions of the A Share Rights Issue” below, Qualified A Shareholders will be provisionally allotted two point eight (2.8) A Rights Shares for every ten (10) existing A Shares held by Qualified A Shareholders on the A Share Rights Issue Record Date at the Subscription Price of RMB8.46, for each A Rights Share payable in full on acceptance.

Qualified A Shareholders

To qualify for the A Share Rights Issue, an A Shareholder must be registered on the register of the Company at the Shanghai Branch of China Clear on the A Share Rights Issue Record Date.

Subscription Price for the A Rights Shares

The Subscription Price of RMB8.46 per A Rights Share is payable in full when a Qualified A Shareholder accepts the relevant provisional allotment of A Rights Shares.

The Subscription Price of RMB8.46 per A Rights Share represents a discount of approximately 22.24% to the closing price of RMB10.88 per A Share as quoted on the SSE on Friday, April 15, 2022 (being the trading day of the A Shares on the SSE before the Price Determination Date).

A Share Rights Issue Timetable

Publication of A Share Rights Issue Prospectus	Monday, April 18, 2022
On-line roadshow	Tuesday, April 19, 2022
A Share Rights Issue Record Date	Wednesday, April 20, 2022
Suspension of trading in the A Shares and publication of indicative announcements in relation to the A Share Rights Issue (5 times)	Thursday, April 21, 2022 to Wednesday, April 27, 2022 (both days inclusive)
Verification of payment for subscription for the A Rights Shares	Thursday, April 28, 2022
Announcement of results of the A Share Rights Issue and resumption of trading in the A Shares	Friday, April 29, 2022

Conditions of the A Share Rights Issue

It is expected that the A Share Rights Issue will be conditional upon the fulfillment of the following matters:

1. the approval of the Rights Issue by the Shareholders at the general meeting of the Company;
2. the approval of the Rights Issue at the A Shares class meeting and the H Shares class meeting of the Company, respectively;
3. the approval of the Rights Issue Plans by the CSRC and other relevant regulatory authorities; and
4. the subscription of the A Rights Shares by the A Shareholders being at least 70% of the A Share Rights Issue.

The H Share Rights Issue and the A Share Rights Issue are inter-conditional upon each other.

None of the above conditions for completion of the A Share Rights Issue may be waived by the Company. As at the date of this announcement, the conditions under 1 to 3 above have been fulfilled. **If any of the above conditions is not fulfilled, the A Share Rights Issue will not proceed.**

A Share Rights Issue to be Non-fully Underwritten on a Best-effort Basis

The A Share Rights Issue will be non-fully underwritten on a best-effort basis as required under the applicable PRC laws and regulations. Under the applicable PRC laws and regulations and as classified by the CSRC, the A Share Rights Issue may only proceed if the subscription level of the A Rights Shares is at least 70% of the A Share Rights Issue. The rights to subscribe for the A Shares which are not taken up will lapse and no new A Shares will be issued or allotted pursuant to such rights.

A Shareholder's Undertaking

As at the date of this announcement, Shenergy Group held approximately 25.27% of the total issued share capital of the Company and 29.62% of the total issued A Shares of the Company. The Company has received from Shenergy Group an undertaking that it will fully subscribe in cash for its entitlement under the Rights Issue in proportion to the number of Shares held by it at the close of market on the Rights Issue Record Date at the Subscription Price.

Application for Listing

Application has been made to the SSE for the listing of the A Rights Shares.

Net Proceeds

Net proceeds of approximately RMB14.0 billion are expected to be raised from the A Share Rights Issue, assuming subscription level of 100%.

A Share Rights Issue Prospectus

The Chinese version of the A Share Rights Issue Prospectus is available for public inspection on the websites of Stock Exchange (www.hkexnews.hk), SSE (www.sse.com.cn) and the Company (www.dfzq.com.cn) from Monday, April 18, 2022.

The A Share Rights Issue Prospectus in respect of the A Share Rights Issue has been distributed to the HK Northbound Trading Investors. The A Share Rights Issue Prospectus (together with a wrapper containing the disclosures required under the Companies (WUMP) Ordinance) was registered with the Registrar of Companies on Thursday, April 14, 2022.

CHANGES OF THE SHAREHOLDING OF THE COMPANY AS A RESULT OF THE RIGHTS ISSUE

- The following table sets out the Company's current shareholding structure and its proposed shareholding structure upon completion of the Rights Issue (assuming the Rights Issue Plans are conducted on the basis of two point eight (2.8) Rights Shares for every ten (10) existing Shares with full subscription for the A Rights Shares and H Rights Shares and assuming no change in the issued share capital of the Company between the date of this announcement and the Rights Issue Record Dates):

Share category	Total number of issued Shares as at the date of this announcement (prior to the Rights Issue Plans)	Approximate percentage of total number of issued Shares	Number of Shares to be issued pursuant to the Rights Issue Plans	Total number of issued Shares immediately after the Rights Issue	Approximate percentage of total number of issued Shares immediately after the Rights Issue
				Plans (assuming the subscription level of the H Rights Shares and A Rights Shares is 100%)	Plans (assuming the subscription level of the H Rights Shares and A Rights Shares is 100%)
A Shares	5,966,575,803	85.3%	1,670,641,224	7,637,217,027	85.3%
Publicly-held A Shares	4,199,053,381	60.0%	1,175,734,946	5,374,788,327	60.0%
Non-publicly-held A Shares ⁽¹⁾	1,767,522,422	25.3%	494,906,278	2,262,428,700	25.3%
H Shares	1,027,080,000	14.7%	287,582,400	1,314,662,400	14.7%
Publicly-held H Shares	1,020,490,000	14.6%	285,737,200	1,306,227,200	14.6%
Non-publicly-held H Shares ⁽²⁾	6,590,000	0.1%	1,845,200	8,435,200	0.1%
Total	6,993,655,803	100.0%	1,958,223,624	8,951,879,427	100.0%
Publicly-held Shares	5,219,543,381	74.6%	1,461,472,146	6,681,015,527	74.6%
Non-publicly-held Shares	1,774,112,422	25.4%	496,751,478	2,270,863,900	25.4%

2. The following table sets out the Company's current shareholding structure and its proposed shareholding structure upon completion of the Rights Issue (assuming the Rights Issue Plans are conducted on the basis of two point eight (2.8) Rights Shares for every ten (10) existing Shares with 70% subscription level for the A Rights Shares and full subscription for the H Rights Shares and assuming no change in the issued share capital of the Company between the date of this announcement and the Rights Issue Record Dates):

Share category	Total number of issued Shares as at the date of this announcement (prior to the Rights Issue Plans)	Approximate percentage of total number of issued Shares	Number of Shares to be issued pursuant to the Rights Issue Plans	Total number of issued Shares immediately after the Rights Issue Plans (assuming full subscription for the H Rights Shares and subscription level of the A Rights Shares is 70%)	Approximate percentage of total number of issued Shares immediately after the Rights Issue Plans (assuming full subscription for the H Rights Shares and subscription level of the A Rights Shares is 70%)
A Shares	5,966,575,803	85.3%	1,169,448,857	7,136,024,660	84.4%
Publicly-held A Shares	4,199,053,381	60.0%	674,542,579	4,873,595,960	57.7%
Non-publicly-held A Shares ⁽¹⁾	1,767,522,422	25.3%	494,906,278	2,262,428,700	26.8%
H Shares	1,027,080,000	14.7%	287,582,400	1,314,662,400	15.6%
Publicly-held H Shares	1,020,490,000	14.6%	285,737,200	1,306,227,200	15.5%
Non-publicly-held H Shares ⁽²⁾	6,590,000	0.1%	1,845,200	8,435,200	0.1%
Total	6,993,655,803	100.0%	1,457,031,257	8,450,687,060	100.0%
Publicly-held Shares	5,219,543,381	74.6%	960,279,779	6,179,823,160	73.1%
Non-publicly-held Shares	1,774,112,422	25.4%	496,751,478	2,270,863,900	26.9%

3. The following table sets out the Company's current shareholding structure and its proposed shareholding structure upon completion of the Rights Issue (assuming the Rights Issue Plans are conducted on the basis of two point eight (2.8) Rights Shares for every ten (10) existing Shares with full subscription level for the A Rights Shares and nil subscription for the H Rights Shares and assuming no change in the issued share capital of the Company between the date of this announcement and the Rights Issue Record Dates):

Share category	Total number of issued Shares as at the date of this announcement (prior to the Rights Issue Plans)	Approximate percentage of total number of issued Shares	Number of Shares to be issued pursuant to the Rights Issue Plans	Total number of issued Shares immediately after the Rights Issue Plans (assuming nil subscription for the H Rights Shares and subscription level of the A Rights Shares is 100%)	Approximate percentage of total number of issued Shares immediately after the Rights Issue Plans (assuming nil subscription for the H Rights Shares and subscription level of the A Rights Shares is 100%)
A Shares	5,966,575,803	85.3%	1,670,641,224	7,637,217,027	88.1%
Publicly-held A Shares	4,199,053,381	60.0%	1,175,734,946	5,374,788,327	62.0%
Non-publicly-held A Shares ⁽¹⁾	1,767,522,422	25.3%	494,906,278	2,262,428,700	26.1%
H Shares	1,027,080,000	14.7%	0	1,027,080,000	11.9%
Publicly-held H Shares	1,020,490,000	14.6%	0	1,020,490,000	11.8%
Non-publicly-held H Shares ⁽²⁾	6,590,000	0.1%	0	6,590,000	0.1%
Total	6,993,655,803	100.0%	1,670,641,224	8,664,297,027	100.0%
Publicly-held Shares	5,219,543,381	74.6%	1,175,734,946	6,395,278,327	73.8%
Non-publicly-held Shares	1,774,112,422	25.4%	494,906,278	2,269,018,700	26.2%

4. The following table sets out the Company's current shareholding structure and its proposed shareholding structure upon completion of the Rights Issue (assuming the Rights Issue Plans are conducted on the basis of two point eight (2.8) Rights Shares for every ten (10) existing Shares with 70% subscription level for the A Rights Shares and nil subscription for the H Rights Shares and assuming no change in the issued share capital of the Company between the date of this announcement and the Rights Issue Record Dates):

Share category	Total number of issued Shares as at the date of this announcement (prior to the Rights Issue Plans)	Approximate percentage of total number of issued Shares	Number of Shares to be issued pursuant to the Rights Issue Plans	Total number of issued Shares immediately after the Rights Issue Plans (assuming nil subscription for the H Rights Shares and subscription level of the A Rights Shares is 70%)	Approximate percentage of total number of issued Shares immediately after the Rights Issue Plans (assuming nil subscription for the H Rights Shares and subscription level of the A Rights Shares is 70%)
A Shares	5,966,575,803	85.3%	1,169,448,857	7,136,024,660	87.4%
Publicly-held A Shares	4,199,053,381	60.0%	674,542,579	4,873,595,960	59.7%
Non-publicly-held A Shares ⁽¹⁾	1,767,522,422	25.3%	494,906,278	2,262,428,700	27.7%
H Shares	1,027,080,000	14.7%	0	1,027,080,000	12.6%
Publicly-held H Shares	1,020,490,000	14.6%	0	1,020,490,000	12.5%
Non-publicly-held H Shares ⁽²⁾	6,590,000	0.1%	0	6,590,000	0.1%
Total	6,993,655,803	100.0%	1,169,448,857	8,163,104,660	100.0%
Publicly-held Shares	5,219,543,381	74.6%	674,542,579	5,894,085,960	72.2%
Non-publicly-held Shares	1,774,112,422	25.4%	494,906,278	2,269,018,700	27.8%

(1) such Shares are held by Shenergy Group.

(2) such Shares are held by China Universal Asset Management Company Limited on behalf of China Universal – DFZQ ESOP Single Asset Management Scheme No. 1 and China Universal – DFZQ ESOP Single Asset Management Scheme No. 2. Pursuant to the employee stock ownership plan (ESOP) of the Company, China Universal Asset Management Company Limited (as asset manager) purchases and holds the Shares through China Universal – DFZQ ESOP Single Asset Management Scheme No. 1 and China Universal – DFZQ ESOP Single Asset Management Scheme No. 2.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, neither the Company nor the Sole Financial Adviser is aware of any actions in concert taken by any person towards the Company, and the Company has no reason to believe that a general offer obligation of any person under the Takeovers Code will be triggered upon completion of the Rights Issue. Pursuant to information publicly available, as at the date of this announcement, the public float of the Company complied with the requirements under Rule 8.08 of the Hong Kong Listing Rules. Upon completion of the Rights Issue, the public float of the Company will continue to comply with the requirements under Rule 8.08 of the Hong Kong Listing Rules.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF EQUITY SECURITIES IN THE PAST 12 MONTHS

The Company has not engaged in any equity fund raising activity in the past 12 months from the date of this announcement.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

Reasons for the Rights Issue of the Company are as follows:

1. To increase investment in investment banking business and promote development of the investment banking business

The Company proposes to use no more than RMB6 billion out of the proceeds to increase investment in the investment banking business, including but not limited to underwriting and sponsoring business, financial consultancy business, project co-investment, equity investment funds and other corporate financing life-cycle services, so as to promote development of investment banking in the whole industrial chain.

With the gradual improvement of China's multi-level capital markets, diversification of financing instruments and further opening of the capital markets, the direct financing market, comprising equity financing and debt financing, has been expanded. Meanwhile, relevant requirements of the Sci-Tech innovation board of the A shares explicitly stipulated on co-investment by sponsors and the market-oriented issuance and underwriting mechanism also raised stricter requirements on capital scale of companies that engage in the investment banking business.

Therefore, the Company will proactively promote the comprehensive development of light and heavy capital business through investment banking, and establish an integrated and all-round modern investment banking model covering the whole industry chain leveraging the reform of the A share registration system. In particular, the Company will focus on the requirements of the real economy, nurture industrial mind-set, enhance sponsoring, pricing and underwriting capacity, promote interaction between investment banking and direct investment, cross-border investment banking interaction, establish a comprehensive, efficient and synergetic business and support system, strengthen appeal to investors and target enterprises and satisfy the all-round and life-cycle investment and financing requirements of customers.

2. To develop wealth management and securities financing businesses and promote the transformation of wealth management business

The Company proposes to use no more than RMB6 billion out of the proceeds to increase investment in the wealth management and securities finance business, including but not limited to wealth management, margin financing and securities lending and financial technology, so as to further promote the transformation of its wealth management business.

The involvement of banks, foreign funded institutions, internet platforms and other institutions in the wealth management business has reshaped the industry competition landscape and customers have raised ever-stricter requirements on the expertise of wealth management business.

Therefore, the Company will be dedicated to establish elite business teams, provide efficient asset allocation, trading services and capital intermediary services leveraging the Group's advantages at the asset end, promote the asset allocation-driven transformation of wealth management strategies and increase investment in margin financing and securities lending business. The Company will enhance service capacity towards institutional clients, cooperate with various institutional investors such as funds to broaden asset scale and establish an incubation system for institutional clients. It will strengthen cooperation with international asset management institutions, extensively reach out to global customers, proactively explore growth opportunities, speed up digital transformation, integrate financial technology and forge an integrated customer service system covering both online and offline channels.

3. To strengthen sales and trading business and forge itself into a financial service provider along the whole value chain

The Company proposes to use no more than RMB3.8 billion out of the proceeds to increase investment in the sales and trading business, so as to further promote the development of proprietary investment business.

In recent years, the investment and trading business of brokers has attracted market attention, which is shifting towards de-orientation and diversified transaction with overall investment strategies trending mature and stable. Therefore, the Company will take the initiative to grasp the innovation and development opportunities in the capital market, and boost investment research, asset allocation and trading and risk pricing capacity. In particular, the Company will give due consideration to risk exposure and results elasticity of equity investments to forge sustainable investment and trading systems, establish a leading FICC business segment with international perspectives, propel construction of quantitative, market-making and distribution systems, explore stable profit sources such as gold, bulk commodities, foreign exchange and derivatives and expand the proprietary trading into agency business with a focus on customers. It will tap into innovative trading models of financial derivative business and increase investment in long/short equity portfolio, macro-hedging, statistical arbitrage and option strategies to broaden and enrich revenue streams.

4. Other working capital arrangement

The Company proposes to use no more than RMB1 billion out of the proceeds for other working capital arrangements. The Company will monitor closely the changes in regulatory policies and market trends, rationally allocate proceeds raised from the Issue based on its strategic planning and actual development and replenish working capital required in daily operation in time to ensure smooth progress of various businesses.

In view of the above reasons, the proceeds from the Rights Issue will be used for the following purposes after deducting relevant issuance expenses: (1) no more than RMB6 billion will be used for the investment banking business of the Company; (2) no more than RMB6 billion will be used for the wealth management and securities financing business of the Company; (3) no more than RMB3.8 billion will be used for the sales and trading business; and (4) no more than RMB1 billion will be used to replenish working capital. The Directors are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole, and is an appropriate fund raising method for increasing the capital of the Company, which will, in turn, support the continuous development and business growth of the Company. If the Company is unable to raise the expected amount of net proceeds from the Rights Issue, the Company expects to adjust the allocation of the net proceeds for the above purposes on a pro rata basis.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company convened on May 13, 2021 regarding, among other things, the proposed issuance of A Shares and H Shares by way of Rights Issue of the Company
“A Rights Shares”	the new A Shares proposed to be allotted and issued to the Qualified A Shareholders pursuant to the A Share Rights Issue
“A Share(s)”	PRC domestic share(s) with a par value of RMB1.00 each in the share capital of the Company, listed on the SSE and traded in RMB
“A Shareholder(s)”	holder(s) of the A Shares
“A Share Rights Issue Record Date”	Wednesday, April 20, 2022, or such other reference date designated by the Board or its authorized person(s) to determine the entitlements of the Qualified A Shareholders under the A Share Rights Issue
“A Share Rights Issue”	the proposed issuance of 1,670,641,224 A Rights Shares at the Subscription Price on the basis of two point eight (2.8) A Rights Shares for every ten (10) existing A Shares held on the A Share Rights Issue Record Date

“A Share Rights Issue Prospectus”	the prospectus, which is prepared in Chinese, containing the details of the A Share Rights Issue which has been published by the Company on the website of the SSE (www.sse.com.cn), the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.dfzq.com.cn) on Monday, April 18, 2022
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Beneficial H Shareholder(s)”	any beneficial owner(s) of H Shares whose H Shares are registered in the name of a registered H Shareholder as shown in the H Shareholders’ Register
“Board” or “Board of Directors”	the board of Directors of the Company
“Business Day”	any day other than Saturday, Sunday or public holidays on which banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a person admitted to participate in CCASS as a direct participant or a general clearing participant, or a custodian participant or a CCASS Investor Participant
“China” or “PRC”	the People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“China Clear”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“Company”	東方證券股份有限公司, a joint stock company incorporated in the PRC with limited liability, the A Shares and H Shares of which are listed on the SSE (stock code: 600958) and the Main Board of the Stock Exchange (stock code: 3958), respectively
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“CSRC Notice”	the notice of the CSRC Filing Requirements for Hong Kong Listed Issuers Making Rights Issue to Mainland Shareholders through Mainland-Hong Kong Stock Connect (Announcement [2016] No. 21)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company convened on April 13, 2022 at which, among other things, resolutions in relation to the proposed extension of valid period of the resolution on public issuance of securities through Rights Issue of the Company and the proposed extension of valid period of the full authorization granted to the Board of Directors to deal with relevant matters in relation to the Rights Issue were considered and approved
“Excess Application Form(s)”	application form(s) for excess H Rights Shares
“Excluded H Shareholder(s)”	overseas shareholder(s) whom the Board, based on enquiries (including the legal advice obtained from legal advisers in relevant overseas jurisdictions), considers it necessary or expedient to exclude any such overseas shareholder(s) from participating in the H Share Rights Issue on account either of the legal restrictions under the laws of the place of his/her/their registered address(es) or the requirements of the relevant regulatory authority or stock exchange in that place
“FICC”	fixed income, currencies and commodities
“Group”	the Company and its subsidiaries
“H Rights Shares”	the new H Shares proposed to be allotted and issued to the Qualified H Shareholders pursuant to the H Share Rights Issue
“H Share(s)”	the overseas listed foreign shares of the Company with a nominal value of RMB1.00 each, which are listed and traded in Hong Kong dollars on the Stock Exchange (stock code: 03958)
“H Share Rights Issue Record Date”	Wednesday, May 4, 2022, or such other reference date designated by the Board or its authorized person(s) to determine the entitlements under the H Share Rights Issue
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Share Rights Issue”	the proposed issue of 287,582,400 H Rights Shares at the Subscription Price on the basis of two point eight (2.8) H Rights Shares for every ten (10) existing H Shares held on the H Share Rights Issue Record Date

“H Shareholder(s)”	holder(s) of the H Shares
“H Shareholders’ Register”	the register of the H Shareholders of the Company
“HK Northbound Trading Investors”	the Hong Kong investors who hold the shares of PRC listed companies through HKSCC as nominee under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Last Acceptance Date”	Friday, May 20, 2022, being the last day for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares
“Nil-paid H Rights”	the rights to subscribe for H Rights Shares (in the form of H Rights Shares in nil-paid form) before the Subscription Price is paid
“Orient Capital”	Orient Capital (Hong Kong) Limited (東方融資(香港)有限公司)
“PRC Southbound Trading Investors”	PRC investors including enterprises and individuals who hold the shares of Hong Kong listed companies through China Clear as nominee under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
“Price Determination Date”	Sunday, April 17, 2022, the date on which the Subscription Price was fixed for the purpose of the Rights Issue
“Prospectus Documents”	the H Share Rights Issue prospectus, the Provisional Allotment Letter and the Excess Application Form
“Provisional Allotment Letter(s)”	provisional allotment letter(s) for the H Rights Shares
“Qualified A Shareholder(s)”	the A Shareholder(s) whose name(s) appear(s) on the register of the Company at the Shanghai branch of China Clear after the close of trading on the A Share Rights Issue Record Date

“Qualified H Shareholder(s)”	the H Shareholder(s) whose name(s) appear(s) on the H Shareholders’ Register on the H Share Rights Issue Record Date and who are not Excluded H Shareholders
“Rights Issue”	the A Share Rights Issue and/or the H Share Rights Issue
“Rights Issue Plan(s)”	the H Share Rights Issue plan and/or A Share Rights Issue plan of the Company passed at the AGM, the 2021 H Shares Class Meeting and the 2021 A Shares Class Meeting and the validity of which was extended at the EGM, the 2022 H Shares Class Meeting and the 2022 A Shares Class Meeting
“Rights Issue Record Date(s)”	the A Share Rights Issue Record Date and/or the H Share Rights Issue Record Date
“Rights Share(s)”	the A Rights Share(s) and/or the H Rights Share(s)
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shanghai-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by the Stock Exchange, the SSE, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shanghai
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	the A Share(s) and/or the H Share(s)
“Shenergy Group”	Shenergy (Group) Company Limited (申能(集團)有限公司)
“Shenzhen-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by the Stock Exchange, the SZSE, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shenzhen
“Sole Financial Adviser”	Orient Capital (Hong Kong) Limited, a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activities for the purpose of the SFO

“Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager”	Orient Securities (Hong Kong) Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities for the purpose of the SFO
“SSE”	the Shanghai Stock Exchange
“SZSE”	the Shenzhen Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Subscription Price(s)”	the subscription price of HK\$10.38 per H Rights Share and/or the subscription price of RMB8.46 per A Rights Share (as the case may be)
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“U.S. dollars”	United States dollars, the lawful currency of the United States
“%”	per cent
“2021 A Shares Class Meeting”	the 2021 first A Shares class meeting convened on May 13, 2021 at which, among other things, the proposed Rights Issue Plans were considered and approved
“2021 H Shares Class Meeting”	the 2021 first H Shares class meeting convened on May 13, 2021 at which, among other things, the proposed Rights Issue Plans were considered and approved

“2022 A Shares Class Meeting”

the 2022 first A Shares class meeting convened on April 13, 2022 at which, among other things, the resolutions in relation to the proposed extension of valid period of the resolution on public issuance of securities through Rights Issue of the Company and the proposed extension of valid period of the full authorization granted to the Board of Directors to deal with relevant matters in relation to the Rights Issue were considered and approved

“2022 H Shares Class Meeting”

the 2022 first H Shares class meeting convened on April 13, 2022 at which, among other things, the resolutions in relation to the proposed extension of valid period of the resolution on public issuance of securities through Rights Issue of the Company and the proposed extension of valid period of the full authorization granted to the Board of Directors to deal with relevant matters in relation to the Rights Issue were considered and approved

Unless otherwise specified in this announcement, translations of RMB to HK\$ are made in this announcement for illustration only, at the rate of HK\$1 to RMB0.81470. No representation is made that any amounts in RMB could have been or could be converted at that rate or at any other rates.

By order of the Board of Directors
JIN Wenzhong
Chairman

Shanghai, PRC
April 18, 2022

As at the date of this announcement, the Board of Directors comprises Mr. SONG Xuefeng and Mr. JIN Wenzhong as executive Directors; Mr. YU Xuechun, Mr. ZHOU Donghui, Mr. CHENG Feng, Mr. REN Zhixiang and Ms. ZHU Jing as non-executive Directors; and Mr. XU Zhiming, Mr. JIN Qinglu, Mr. WU Hong, Mr. FENG Xingdong and Mr. LUO Xinyu as independent non-executive Directors.