

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your H Shares (as defined herein) in 東方證券股份有限公司, you should at once hand this prospectus together with the accompanying Provisional Allotment Letter (as defined herein) and Excess Application Form (as defined herein) to the purchaser(s) or other transferee(s) or to the bank manager, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of this prospectus, together with copies of the Provisional Allotment Letter and the Excess Application Form and (where applicable) the documents specified in the paragraph “Statutory and General Information – Documents Delivered to the Registrar of Companies” in Appendix III to this prospectus have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (WUMP) Ordinance. The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission take no responsibility as to the contents of any of the Prospectus Documents (as defined herein) or any other documents referred to above.

Dealings in the securities of 東方證券股份有限公司 and the H Rights Shares (as defined herein) and Nil-paid H Rights (as defined herein), may be settled through CCASS (as defined herein) and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of and permission to deal in the H Rights Shares and Nil-paid H Rights on the Stock Exchange (as defined herein) and subject to compliance with the stock admission requirements of HKSCC (as defined herein), the H Rights Shares and Nil-paid H Rights will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the H Rights Shares and Nil-paid H Rights on the Stock Exchange or such other date(s) as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, 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 document.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, 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 document.

This prospectus is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been registered under the U.S. Securities Act of 1933, as amended, (the “U.S. Securities Act”) or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the Rights Issue or any securities described herein in the United States or to conduct a public offering of securities in the United States.

This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, any securities (including the Shares and the Rights Shares (in their nil-paid or fully-paid forms)) or to take up any securities (including the Shares and the Rights Shares (in their nil-paid or fully-paid forms)) in any jurisdiction in which such an offer, solicitation or sale is unlawful. Neither this prospectus nor anything in this prospectus forms the basis of any contract of commitment whatsoever.



(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

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



Existing H Shares have been dealt in on an ex-rights basis from Monday, April 25, 2022. Dealings in the H Rights Shares in nil-paid form will take place from Tuesday, May 10, 2022 to Tuesday, May 17, 2022 (both days inclusive).

The latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares is at 4:00 p.m. on Friday, May 20, 2022. Further details on the expected timetable for the H Share Rights Issue are set out in the section headed “Expected Timetable” in this prospectus.

The procedure for acceptance or transfer of H Rights Shares is set out in the “Letter from the Board” on pages L-1 to L-36 of this prospectus.

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 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. The H Share Rights Issue and A Share Rights Issue are inter-conditional upon each other. Any person dealing in the H Shares and/or Nil-paid H Rights up to the time when all conditions to which the H Share Rights Issue is subject are fulfilled (which is expected to be 5:00 p.m. on Monday, May 23, 2022) will bear the risk that the H Share Rights Issue may not become unconditional and may not proceed. Shareholders' and potential investors' attention is also drawn to the paragraph headed “Letter from the Board – Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights” in this prospectus. Any person who is in any doubt about his/her/its position is recommended to consult his/her/its professional adviser.

May 5, 2022

NOTICE

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. The H Share Rights Issue and A Share Rights Issue are inter-conditional upon each other. Furthermore, if any of the conditions of the H Share Rights Issue set out under the paragraph headed “Letter from the Board – Conditions of the H Share Rights Issue” are not fulfilled, the H Share Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time. Shareholders’ and potential investors’ attention is drawn to the paragraph headed “Letter from the Board – Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights”. In addition, it should also be noted that the H Shares have been 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 such conditions 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 and 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 prospectus. Any person who is in any doubt about his, her or its position is recommended to consult his, her or its own professional adviser.

No action has been taken to permit a public offering of the Nil-paid H Rights and/or H Rights Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of and does not constitute an offer or invitation in any jurisdiction or in any circumstances, in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Nil-paid H Rights and/or H Rights Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

EXCEPT AS OTHERWISE SET OUT HEREIN, THE H SHARE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO H SHAREHOLDERS, BENEFICIAL H SHAREHOLDERS OR INVESTORS WITH REGISTERED ADDRESSES IN THE SPECIFIED TERRITORIES. This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Nil-paid H Rights or the H Rights Shares or to take up any entitlements to the Nil-paid H Rights or the H Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. None of the Nil-paid H Rights, the H Rights Shares, this prospectus, the Provisional Allotment Letter or the Excess Application Form will be registered under the securities laws of any of the Specified Territories and none of the Nil-paid H Rights, the H Rights Shares, this prospectus, the Provisional Allotment Letter and the Excess Application Form will qualify for distribution under any of the relevant securities laws of any of the Specified Territories (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the Nil-paid H Rights and the H Rights Shares may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, into or within any Specified Territories other than Hong Kong absent registration or qualification under the respective securities laws of such Specified Territories, or absent exemption from the registration or qualification requirements under applicable rules of such Specified Territories.

NOTICE

Each person acquiring the Nil-paid H Rights and/or H Rights Shares under the H Share Rights Issue will be required to confirm, or be deemed by his/her/its acquisition of the Nil-paid H Rights and/or H Rights Shares to confirm, that he/she/it is aware of the restrictions on offers and sales of the Nil-paid H Rights and/or H Rights Shares described in this prospectus.

H Shareholders with registered addresses in any of the Specified Territories and Beneficial H Shareholders who are residents of the Specified Territories are referred to the sections of this prospectus headed “Letter from the Board – H Share Rights Issue – Excluded H Shareholders” and “Letter from the Board – H Share Rights Issue – Limited categories of persons in the Specified Territories who may be able to take up their Nil-paid H Rights to subscribe for the H Rights Shares under the H Share Rights Issue”.

For a description of certain restrictions regarding the take-up of the Nil-paid H Rights for, and the offering and sale of, the H Rights Shares, please refer to the notices below. For the avoidance of doubt, the EEA Notice (as defined below) applies to the investors in France, Ireland, the Netherlands and Norway, as well as any other member state of the European Economic Area.

NOTICE TO INVESTORS IN AUSTRALIA

Exempt Australian investors

This prospectus does not constitute a prospectus, product disclosure statement or any other form of “disclosure document” under Chapter 6D of the Corporations Act 2001 of the Commonwealth of Australia (“**Australian Corporations Act**”). It has not been, and will not be, lodged or registered with the Australian Securities and Investments Commission (“**ASIC**”) or the Australian Securities Exchange (“**ASX**”) or any other regulatory body or agency in Australia. Accordingly, this prospectus is not required to, nor does it contain all of the information a prospective investor would expect to be contained in an offering document or which he/she/it may require in order to make an informed investment decision regarding, or about the rights attaching to, the Rights Shares offered under this prospectus.

No offer of securities is being made in Australia, and the distribution or receipt of this prospectus in Australia does not constitute an offer of securities capable of acceptance by any person in Australia, except in the limited circumstances described below relying on ASIC relief or on certain exemptions in the Australian Corporations Act.

The offer to which this prospectus related is being made in Australia in reliance on ASIC Corporations (Foreign Rights Issues) Instrument 2015/356 (“**ASIC Instrument**”) issued by ASIC. This prospectus, and any other document issued by the Company in connection with this offer only constitutes an offer in Australia to persons who are recorded as Australian resident shareholders as at the H Share Rights Issue Record Date.

NOTICE

If the ASIC Instrument does not apply, then this prospectus may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the following categories (“**Exempt Investors**”):

- “sophisticated investors” who meet the criteria set out in section 708(8) of the Australian Corporations Act; or
- “professional investors” who meet the criteria set out in section 708(11) and as defined in section 9 of the Australian Corporations Act.

ASIC has not reviewed this prospectus or commented on the merits of investing in the securities nor has any other Australian regulator.

The provisions of the Australian Corporations Act that define these categories of Exempt Investors are complex, and if you are in any doubt as to whether you fall within one of these categories, you should seek appropriate professional advice regarding these provisions.

Australian selling restrictions

Unless the ASIC Instrument applies, the securities may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the securities may be issued, and no draft or definitive offer memorandum, advertisement or other offer material relating to any of the securities may be distributed in Australia except where disclosure to investors is not required under Chapter 6D of the Australian Corporations Act, or is otherwise in compliance with all applicable Australian laws and regulations.

As any offer of securities under this prospectus will be made without disclosure in Australia under Chapter 6D of the Australian Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Australian Corporations Act, require disclosure to investors under Chapter 6D of the Australian Corporations Act if the ASIC Instrument does not apply or if none of the exemptions in section 708 apply to that resale. Accordingly, any person who acquires securities pursuant to this prospectus should not, within 12 months of acquisition of the securities, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D of the Australian Corporations Act, unless a compliant disclosure document is prepared and lodged with ASIC.

General information only

This prospectus is intended to provide general information only and has been prepared without taking into account any particular person’s objectives, financial situation or needs. Investors should, before acting on this information, consider the appropriateness of this information having regard to their personal objectives, financial situation and needs. Investors should review and consider the contents of this prospectus and obtain financial advice specific to their situation before making any decision to make an application for securities.

NOTICE

NOTICE TO INVESTORS IN BRITISH VIRGIN ISLANDS (“BVI”)

No invitation has been made or will be made, directly or indirectly, to the public in the BVI to purchase the H Rights Shares, and the H Rights Shares are not being offered or sold and may not be offered or sold, directly or indirectly, in the BVI.

NOTICE TO INVESTORS IN CANADA

Neither the Nil-paid H Rights nor the H Rights Shares may be distributed, directly or indirectly, in any province or territory of Canada or to or for the benefit of any resident of any province or territory of Canada except pursuant to an exemption from the requirement to file a prospectus or rights offering circular with regulatory bodies in the province or territory of Canada in which the offer or sale is made.

Any resale of the Nil-paid H Rights and/or the H Rights Shares by a resident of Canada or to a resident of Canada must be made in accordance with applicable Canadian securities laws. Purchasers are advised to seek legal advice prior to any resale of the Nil-paid H Rights and/or the H Rights Shares to a Canadian resident.

IMPORTANT INFORMATION FOR SHAREHOLDERS IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (“EEA NOTICE”)

This prospectus has been prepared on the basis that offers of Rights Shares in any member state of the European Economic Area (“**EEA Member State**”), will be made pursuant to an exemption under Article 1(4) of Regulation (EU) 2017/1129 (“**Prospectus Regulation**”). Accordingly, any Shareholder making or intending to make an offer in an EEA Member State of Rights Shares, may only do so in circumstances in which no obligation arises for the Company to publish a prospectus pursuant to Article 3(1) of the Prospectus Regulation in relation to such offer. The Company has not authorized the making of any offer of Rights Shares in circumstances in which an obligation arises for the publication of a prospectus for such offer.

Any Shareholder in an EEA Member State who takes up Rights Shares shall be deemed to represent and warrant that it is not taking up those Rights Shares on behalf of other persons in the EEA Member State. This prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the EEA.

In relation to each EEA Member State, no Rights Shares have been or will be offered pursuant to this prospectus to the public in that EEA Member State, except that offers of Rights Shares may be made in that EEA Member State: (i) to any Shareholder that is a qualified investor as defined in Article 2(e) of the Prospectus Regulation (a “**Qualified Investor**”); (ii) to fewer than 150 natural or legal persons (other than Qualified Investors) in that EEA Member State; or (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Rights Shares shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For purposes of the foregoing restrictions: (a) the expression an “offer to the public” in relation to the Rights Shares in any EEA Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Rights Shares so as to enable an investor to decide to purchase or subscribe for the Rights Shares, and (b) the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

In each case, the Company reserves the absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so.

This document does not constitute a voluntary prospectus in accordance with Article 4 of the Prospectus Regulation.

NOTICE

NOTICE TO INVESTORS IN GERMANY

In addition to the information contained in the EEA Notice, Shareholders residing in the Federal Republic of Germany (“**Germany**”) should note the following:

- (i) The Rights Issue is not a public offering in Germany. Neither this document nor any other offering material relating to the Rights Shares has been, and will not be, filed with, submitted to, or approved by the German Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*) according to the Prospectus Regulation, German Securities Prospectus Act (*Wertpapierprospektgesetz - WpPG*), the German Investment Code (*Kapitalanlagegesetzbuch - KAGB*) or the German Capital Investment Act (*Vermögensanlagegesetz - VermAnlG*) or with any other governmental or regulatory authority in Germany or the EEA.
- (ii) The offering is not being made, and may not be made, to the public in Germany, except pursuant to an exemption under Article 1(4) of the Prospectus Regulation as set out in the EEA Notice.

NOTICE TO INVESTORS IN LUXEMBOURG

This prospectus has been prepared on the basis that offers of Rights Shares in Luxembourg, will be made pursuant to an exemption under Article 1(4) of Regulation (EU) 2017/1129 (“**Prospectus Regulation**”). Accordingly, any Shareholder making or intending to make an offer in Luxembourg of Rights Shares, may only do so in circumstances in which no obligation arises for the Company to publish a prospectus pursuant to Article 3(1) of the Prospectus Regulation in relation to such offer. The Company has not authorized the making of any offer of Rights Shares in circumstances in which an obligation arises for the publication of a prospectus for such offer.

Any Shareholder in Luxembourg who takes up Rights Shares shall be deemed to represent and warrant that it is not taking up those Rights Shares on behalf of other persons in Luxembourg. This prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in Luxembourg.

In relation to Luxembourg, no Rights Shares have been or will be offered pursuant to this document to the public in Luxembourg, except that offers of Rights Shares to the public may be made in Luxembourg: (i) to any Shareholder that is a qualified investor as defined in Article 2(e) of the Prospectus Regulation (a “**Qualified Investor**”); (ii) to fewer than 150 natural or legal persons (other than Qualified Investors) in Luxembourg; or (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Rights Shares shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For purposes of the foregoing restrictions: (a) the expression an “offer to the public” in relation to the Rights Shares in Luxembourg means the communication in any form and by any means of sufficient information on the terms of the offer and the Rights Shares so as to enable an investor to decide to purchase or subscribe for the Rights Shares, and (b) the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

In each case, the Company reserves the absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so.

NOTICE

NOTICE TO INVESTORS IN SWEDEN

This prospectus has been prepared on the basis that offers of Rights Shares in Sweden, will be made pursuant to an exemption under Article 1(4) of Regulation (EU) 2017/1129 (“**Prospectus Regulation**”). Accordingly, any Shareholder making or intending to make an offer in Sweden of Rights Shares, may only do so in circumstances in which no obligation arises for the Company to publish a prospectus pursuant to Article 3(1) of the Prospectus Regulation in relation to such offer. The Company has not authorized the making of any offer of Rights Shares in circumstances in which an obligation arises for the publication of a prospectus for such offer.

Any Shareholder in Sweden who takes up Rights Shares shall be deemed to represent and warrant that it is not taking up those Rights Shares on behalf of other persons in Sweden. This prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the EEA.

In relation to Sweden, no Rights Shares have been or will be offered pursuant to this prospectus to the public in Sweden, except that offers of Rights Shares to the public may be made in Sweden: (i) to any Shareholder that is a qualified investor as defined in Article 2(e) of the Prospectus Regulation (a “**Qualified Investor**”); (ii) to fewer than 150 natural or legal persons (other than Qualified Investors) in Sweden; or (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Rights Shares shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For purposes of the foregoing restrictions: (a) the expression an “offer to the public” in relation to the Rights Shares in Sweden means the communication in any form and by any means of sufficient information on the terms of the offer and the Rights Shares so as to enable an investor to decide to purchase or subscribe for the Rights Shares, and (b) the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

In each case, the Company reserves the absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so.

NOTICE

NOTICE TO INVESTORS IN DENMARK

The Prospectus Documents and the offering of the Rights Shares have not been filed with or approved by the Danish Financial Supervisory Authority or any other regulatory authority in the Kingdom of Denmark. Accordingly, the Rights Shares may not be offered, sold or delivered and the Prospectus Documents may not be distributed or delivered, directly or indirectly, in the Kingdom of Denmark by way of a public offering or otherwise unless in compliance with the Danish Capital Markets Act, Consolidated Act No. 2014 of 1 November 2021 as amended from time to time, and the Prospectus Regulation.

Notwithstanding the foregoing, an offering of Rights Shares in the Kingdom of Denmark may be made without the publication of a prospectus which has been approved by the Danish Financial Supervisory Authority pursuant to applicable exemptions for the publishing of a prospectus pursuant to the Prospectus Regulation.

NOTICE TO INVESTORS IN SWITZERLAND

The Rights Shares rights and the Rights Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“**FinSA**”) and no application has or will be made to admit the Rights Shares rights and the Rights Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the Rights Shares rights and the Rights Shares constitutes a prospectus pursuant to the FinSA, and neither this prospectus nor any other offering or marketing material relating to the Rights Shares rights and the Rights Shares may be publicly distributed or otherwise made publicly available in Switzerland.”

NOTICE TO INVESTORS IN JAPAN

The Nil-paid H Rights or H Rights Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948 as amended, “**FIEA**”) and disclosure under the FIEA has not been, and will not be, made with respect to any such securities. Accordingly, neither the Company nor the Sole Financial Adviser (or any dealer, seller or the financial advisers appointed by any of them) will offer or sell the Nil-paid H Rights or H Rights Shares, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person, or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines promulgated by the relevant Japanese governmental and regulatory authorities. For the purposes of this paragraph, “Japanese Person” shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

NOTICE

NOTICE TO INVESTORS IN NEW ZEALAND

This prospectus does not constitute a product disclosure statement under Part 3 of the Financial Markets Conduct Act 2013 (the “**FMC Act**”). It has not been registered, filed with or approved by the Financial Markets Authority (the “**FMA**”) under the FMC Act.

This prospectus and the information contained in or accompanying it:

- are not, and are under no circumstances to be construed as, an offer of Rights Shares to any person who requires disclosure under Part 3 of the FMC Act; and
- are not a product disclosure statement under the FMC Act and do not contain all the information that a product disclosure statement is required to contain under New Zealand law.

The Rights Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who is either (i) a “wholesale investor” for the purposes of clause 3(2) of Schedule 1 of the FMC Act or (ii) a person that the Company is otherwise satisfied that the Rights Shares can be offered or sold without it being a regulated offer (as defined in the FMC Act).

NOTICE TO INVESTORS IN THE PRC

If a Shareholder resident in the PRC and/or any other PRC resident (including both individuals and companies) wishes to invest in Nil-paid H Rights or fully-paid H Rights Shares, he/she/it shall be responsible for complying with relevant laws of the PRC. The Company will not be responsible for verifying the PRC legal qualification of such Shareholder and/or resident and thus, should the Company suffer any losses and damages due to non-compliance with the relevant laws of the PRC by any such Shareholder and/or resident, the Shareholder and/or resident shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the Nil-paid H Rights or fully-paid H Rights Shares to any such Shareholder and/or resident, if issuing the Nil-paid H Rights or fully-paid H Rights Shares to them does not comply with the relevant laws of the PRC.

For the avoidance of doubt, 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.

NOTICE

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.

NOTICE TO INVESTORS IN SINGAPORE

This Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Nil-paid H Rights or the H Rights Shares may not be circulated or distributed, nor may the Nil-paid H Rights or the H Rights Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) existing members of the Company pursuant to Section 273(1)(cd)(i) of the Securities and Futures Act 2001, as modified or amended from time to time (the “SFA”), (ii) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (iii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iv) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Nil-paid H Rights or the H Rights Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Nil-paid H Rights or the H Rights Shares pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

NOTICE

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 – Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 (the “SFA”), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Nil-paid H Rights or the H Rights Shares are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations).

NOTICE TO INVESTORS IN TAIWAN

The H Rights Shares have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or any other regulatory authorities of Taiwan pursuant to relevant securities laws and regulations of Taiwan and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitute an offer or a solicitation of an offer within the meaning of the Securities and Exchange Act or relevant laws and regulations of Taiwan that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or any other regulatory authorities of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the H Rights Shares in Taiwan.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This prospectus and any other Prospectus Document is being distributed only to, and is directed only at, persons who are outside the United Kingdom, or if in the United Kingdom to persons who are “qualified investors” within the meaning of article 2(e) of the UK Prospectus Regulation who are also persons who: (i) have professional experience in matters relating to investments falling within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”); (ii) are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) otherwise are persons to whom an invitation or inducement to engage in an investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) in connection with the issue or sale of any H Rights Shares may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred as “**Relevant Persons**”). The H Rights Shares are only available in the United Kingdom to, and any invitation, offer or agreement to purchase or otherwise acquire the H Rights Shares will be engaged in only with, Relevant Persons. This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a Relevant Person should not act or rely on this prospectus or any of its contents.

NOTICE

An offer to the public of any H Rights Shares which are the subject of the offering contemplated by this prospectus may not be made in the United Kingdom, except that an offer to the public in the United Kingdom of any H Rights Shares may be made at any time under the following exemptions under the UK Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation); or
- any other circumstances falling within section 86 of the FSMA,

provided that no such offer of H Rights Shares shall require the Company and/or the Sole Global Coordinator or any of its or their affiliates to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

This prospectus has been prepared on the basis that any offer of the H Rights Shares referred to herein in the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of securities referred to herein. Accordingly, any person making or intending to make an offer in the United Kingdom of H Rights Shares which are the subject of the Rights Issue may only do so in circumstances in which no obligation arises for the Company or the Sole Global Coordinator to publish a prospectus pursuant to section 85 of the FSMA, in each case, in relation to such offer. Neither the Company, nor the Sole Global Coordinator, have authorised, nor do they authorise, the making of any offer of H Rights Shares in circumstances in which an obligation arises for the Company or the Sole Global Coordinator to publish a prospectus for such offer.

For the purposes of this provision, the expression “an offer to the public” in relation to the H Rights Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any H Rights Shares to be offered so as to enable an investor to decide to purchase or subscribe for any H Rights Shares, and the expression “UK Prospectus Regulation” means the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Each person in the United Kingdom who acquires any H Rights Shares in the Rights Issue or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Sole Global Coordinator and its and their affiliates that it meets the criteria outlined in this section.

NOTICE

NOTICE TO INVESTORS IN THE U.S.

This prospectus may not be circulated, distributed, forwarded, delivered or redistributed, electronically or otherwise, to persons within the U.S., and may not be relied upon as a basis for any investment decision or for any other purpose by any person within the U.S.

These materials do not constitute or form a part of any offer or solicitation of any offer to purchase or subscribe for securities in the U.S. The H Rights Shares in their nil-paid and fully-paid forms have not been and will not be registered under the U.S. Securities Act or under any securities laws of any state or other jurisdiction of the U.S. and may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the U.S. except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the U.S. The H Rights Shares in both nil-paid and fully-paid forms, the Prospectus Documents have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state's securities commission in the U.S. or any U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the H Rights Shares in either nil-paid or fully-paid form, the Provisional Allotment Letter, the Excess Application Form or the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offence in the United States. There will be no public offer or any directed selling efforts of these securities in the U.S. The H Rights Shares in both nil-paid and fully-paid forms are being offered and sold in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Each purchaser or subscriber of H Rights Shares being offered and sold the Rights Shares outside the U.S. will be deemed to have represented and agreed, among other things, that the purchaser or subscriber is acquiring the H Rights Shares in an offshore transaction meeting the requirements of Regulation S under the U.S. Securities Act. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the above representations and warranties.

Any person purchasing or taking up the Nil-paid H Rights or subscribing for or accepting the H Rights Shares will be required to represent, among others, that such person:

- (i) is not within the United States;
- (ii) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Nil-paid H Rights or the H Rights Shares;
- (iii) is not doing so for the account of any person who is located in the United States, unless:
 - (a) the instruction to take up was received from a person outside the United States; and
 - (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction, and (y) either (A) has investment discretion over such account; or (B) is an investment manager or investment company that it is acquiring the H Rights Shares in an "offshore transaction" within the meaning of Regulation S under the U.S. Securities Act and who is not otherwise a U.S. Person within the meaning and meeting the requirements of Regulation S under the U.S. Securities Act; and
- (iv) is not acquiring the Nil-paid H Rights or the H Rights Shares with a view to the offer, sale, resale, transfer, deliver or distribute, directly or indirectly, of any such Nil-paid H Rights or H Rights Shares into the United States or any other jurisdiction referred to in (ii) above.

NOTICE

None of the Prospectus Documents has been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the H Share Rights Issue, the Prospectus Documents, the nil-paid H Rights Shares, the fully-paid H Rights Shares, the H Rights Shares or the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offence in the United States.

FORWARD-LOOKING STATEMENTS

All statements in this prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, but not limited to, statements in respect of the Company’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Company operates, technological advances, financial and economic developments, legal and regulatory changes, and their interpretation and enforcement.

The forward-looking statements in this prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Company’s strategy, operations and industry development. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any assumptions underlying forward-looking statements prove to be incorrect, the Company’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Company or that the Company does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realized.

Prospective investors are cautioned that forward-looking statements speak only as at the Latest Practicable Date. Except as required by applicable laws, the Company does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, be it as a result of new information, future events or otherwise.

ARBITRATION OF DISPUTES

If you have a claim against or dispute with us, a Director, a Supervisor, the general manager or other senior officers of ours, or a holder of our A Shares relating to any rights or obligations conferred or imposed by our Articles of Association or by the PRC Company Law and other relevant laws and administrative regulations concerning our affairs, our Articles of Association require you to submit the dispute or claim to either the China International Economic and Trade Arbitration Commission, or the Hong Kong International Arbitration Centre, for arbitration. Our Articles of Association further provide that the arbitral award will be final and conclusive and binding on all parties.

IMPORTANT NOTICE: HOTLINE FOR H SHAREHOLDERS

If you have questions in relation to the H Share Rights Issue, please call the H Shareholder hotline on (852) 2862 8555 during business hours from 9:00 a.m. to 6:00 p.m., Monday to Friday (other than public holidays).

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DEFINITIONS

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

“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 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 to 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) 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
“A Shareholder(s)”	holder(s) of the A Shares
“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
“Announcement”	the announcement dated April 18, 2022 issued by the Company in relation to the proposed H Share Rights Issue and A Share Rights Issue
“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
“BSE”	the Beijing Stock Exchange

DEFINITIONS

“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 prospectus, 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)
“China Universal”	China Universal Asset Management Company Limited (匯添富基金管理股份有限公司)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“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
“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: 03958), respectively
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of the current round of outbreak of respiratory illness
“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)

DEFINITIONS

“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
“EIT Law”	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
“ESOP”	the employee stock ownership plan of the Company approved by the Shareholders at the 2020 first extraordinary general meeting of the Company held on July 13, 2020
“Excess Application Form(s)”	application form(s) for excess H Rights Shares
“Excluded H Shareholder(s)”	the H Shareholder(s) whose name(s) appeared in the H Shareholders’ Register at the close of business on the H Share Rights Issue Record Date and whose address(es) as shown in such register is/are in any of the Specified Territories, except for those H Shareholders or Beneficial H Shareholders with addresses in Australia, Germany, Luxembourg, Singapore, the United Kingdom, France, Switzerland, Sweden, Ireland, Denmark, the PRC, the Netherlands and Norway who fulfil the relevant requirements to the satisfaction of the Company; and any H Shareholders or Beneficial H Shareholders at that time who are otherwise known by the Company to be resident in any of the Specified Territories, except for those H Shareholders or Beneficial H Shareholders with addresses in Australia, Germany, Luxembourg, Singapore, the United Kingdom, France, Switzerland, Sweden, Ireland, Denmark, the PRC, the Netherlands and Norway who fulfil the relevant requirements to the satisfaction of the Company
“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)

DEFINITIONS

“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 to 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
“Intermediary”	in relation to a Beneficial H Shareholder whose H Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, refers to the Beneficial H Shareholder’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial H Shareholder’s H Shares with a CCASS Participant
“IPO”	initial public offering
“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
“Latest Practicable Date”	April 28, 2022, being the latest practicable date prior to the printing of this prospectus

DEFINITIONS

“Latest Time for Termination”	5:00 p.m., on Monday, May 23, 2022
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“NEEQ”	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
“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 Finance Holdings”	Orient Finance Holdings (Hong Kong) Limited (東方金融控股(香港)有限公司)
“Orient Futures”	Orient Futures Co., Ltd (上海東證期貨有限公司)
“Orient Investment Banking”	Orient Securities Investment Banking Co., Ltd (東方證券承銷保薦有限公司)
“Orient Limited”	Orient Securities Limited Liability Company (東方證券有限責任公司)
“Orient Securities Asset Management”	Shanghai Orient Securities Asset Management Co., Ltd. (上海東方證券資產管理有限公司)
“Orient Securities Capital Investment”	Shanghai Orient Securities Capital Investment Co., Ltd. (上海東方證券資本投資有限公司)
“Orient Securities Innovation Investment”	Shanghai Orient Securities Innovation Investment Co., Ltd. (上海東方證券創新投資有限公司)
“Orient Securities International”	Orient Securities International Financial Group Co., Ltd. (東證國際金融集團有限公司)
“Orient Securities Runhe”	Orient Securities Runhe Asset Management Co., Ltd. (東證潤和資本管理有限公司)
“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”	this prospectus, the Provisional Allotment Letter and the Excess Application Form

DEFINITIONS

“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 Record Date(s)”	the A Share Rights Issue Record Date and/or the H Share Rights Issue Record Date
“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 2020 AGM, the 2021 H Shares Class Meeting and the 2021 A Shares Class Meeting and the validity of which was extended at the 2022 EGM, the 2022 H Shares Class Meeting and the 2022 A Shares Class Meeting
“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
“SAFE”	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“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
“Share(s)”	the A Share(s) and/or the H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Shenergy Group”	Shenergy (Group) Company Limited (申能(集團)有限公司)

DEFINITIONS

“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
“Specified Territory(ies)”	Australia, Germany, Luxembourg, Singapore, the United Kingdom, France, the United States, Japan, Switzerland, Sweden, Ireland, Denmark, the PRC, the Netherlands, Norway, Taiwan and New Zealand
“SSE”	the Shanghai Stock Exchange
“STA”	the State Taxation Administration of the PRC (中國國家稅務總局)
“State Council”	the State Council of the PRC (中國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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)
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“SZSE”	the Shenzhen Stock Exchange
“Track Record Period”	three financial years ended December 31, 2019, 2020 and 2021
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

DEFINITIONS

“U.S. dollars”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“%”	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 prospectus, translations of RMB to HK\$ are made in this prospectus 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.

Unless otherwise specified in this prospectus, financial information disclosed in the “Risk Factors” and “Business” sections of this prospectus are presented in accordance with International Financial Reporting Standards.

EXPECTED TIMETABLE

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
Designated broker starts to stand in the market to provide matching service for odd lots of shares	Tuesday, May 31, 2022
Designated broker ceases to stand in the market to provide matching service for odd lots of shares	Thursday, June 23, 2022

EXPECTED TIMETABLE

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 prospectus, 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.

SUMMARY OF THE RIGHTS ISSUE

The following information is derived from, and should be read in conjunction with, the full text of this prospectus.

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 Latest Practicable Date:	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 Latest Practicable Date):	287,582,400 H Shares
Subscription Price for the H Rights Shares:	HK\$10.38 per H Rights Share

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 as at Latest Practicable Date:	5,966,575,803 A Shares
Number of A Rights Shares proposed to be issued (assuming the number of A Shares in issue on the A Share Rights Issue Record Date remains the same as the Latest Practicable Date):	1,670,641,224 A Shares
Subscription Price for the A Rights Shares:	RMB8.46 per A Rights Share

RISK FACTORS

You should carefully consider the risks described below as well as other information contained in this prospectus before making an investment decision. The occurrence of any of the following events could harm the Company. If these events occur, the trading prices of H Shares and the Nil-paid H Rights could decline, and you may lose all or part of your investment. Additional risks not currently known to the Company or that the Company now deem immaterial may also harm the Company and affect your investment.

RISKS IN RELATION TO THE MACRO-ECONOMIC CONDITION AND SECURITIES INDUSTRY

(I) Risks in Relation to the Profitability of the Company Subject to Periodic Changes in the PRC's Securities Market

Business operations and profitability of securities dealers are closely correlated to the performance of the securities market, which in turn is subject to multiple uncertain and cyclical factors, including macro-economic policies, national economic development, market maturity, international economic situation and investors' sentiment. Compared to the century-old securities markets of developed nations, China's securities market is still an emerging one at the immature development stage due to its short history as evidenced by its highly cyclical and volatile features, which will have a direct impact on the business operations and revenue of the Company.

The Company derives the majority of its revenue and profit from the brokerage business, securities financing business, securities sales and trading business, investment management business and investment banking business, which bear strong correlation with the securities market. The stable growth and profitability of the Company is therefore subject to the cycles in the securities market. If the securities market is to suffer from lingering bearish sentiment or extreme conditions such as drastic volatility, or if global economic recovery remains sluggish and macro-economic downturn continues due to the prolonged COVID-19 pandemic in the future, and the Company, its customers and other relevant parties fail to adapt to changes in the domestic economic situation in a timely manner and thus experience a slip or even substantial deterioration in operation performances, the profitability of the Company may fluctuate significantly and the operating profit of the Company achieved in the current year of the public offering may record a decrease of over 50% from the previous year, or even record losses.

(II) Risks in Relation to Changes in the Competitive Landscape of the Securities Industry

1. Risks in relation to intensified competition within China's securities industry

According to statistics of the Securities Association of China, as of December 31, 2021, there were 140 members of securities firms. China's securities industry has been under the new round of adjustment in recent years, where large-scale securities firms gradually improved their scale and market share, and resources have been concentrated to few securities firms. However, the business homogenization of China's securities firms still remains prominent and the discrepancy in profitability model is not clear. Overall, the competitive landscape of domestic securities firms is upgrading from fragmented operation and low-level competition to centralization, there is no apparent gap in competitive measures, technological capabilities and capital strength, and the Company is therefore exposed to fierce competition in each business segment.

RISK FACTORS

2. Risks in relation to competition arising from the opening-up of the securities industry

Since China joined the World Trade Organization, measures to introduce foreign capital have been materialized in several industries, and China's securities industry also secured material progress in opening up. In April 2018, the CSRC issued the Administrative Measures for Foreign-Invested Securities Companies (《外商投資證券公司管理辦法》), allowing foreign investors to have a controlling stake in the joint venture securities firms. In March 2020, the CSRC made amendments to the Administrative Measures for Foreign-Invested Securities Companies, specifying the abolishment of the restriction on the equity interests held by foreign investors in securities firms nationwide from April 1, 2020. With the further opening up in the domestic financial service sector, foreign institutions enhanced their involvement in China's securities market and gradually expanded their business scope. Foreign institutions have strong competitive advantages in terms of brand influence, management capabilities, capital strength and financial innovation capacity, and are more experienced in cross-border business. If the Company cannot replenish its capital strength, improve service quality and management capabilities in a timely manner, and maintain and consolidate its competitive advantages in relevant fields, the Company may be subject to risks in relation to loss of customers and decline in market share.

3. Risks in relation to competition with other financial institutions and internet finance

Given the increasingly strong demands for comprehensive financial services from customers, the infiltration among financial sectors had improved and commercial banks, insurance companies, trust companies and other financial institutions continue to venture into the traditional business fields of securities firms, such as securities underwriting, asset management and wealth management business leveraging their customer resources, online channels and capital strength, thus posing intense competition to securities firms. With the progress of the comprehensive financial services, particularly if the State gradually loosens restrictions on operation and regulation of the financial segment, such institutions will further dominate the potentials left for securities firms, and the Company will be confronted with fiercer competition.

In addition, non-traditional financial institutions such as financial technology companies and internet companies grew rapidly in recent years, which, leveraging their vast customer base and data accumulation, constantly innovate online financial service models and provide product distribution and microfinance services to customers, thus bringing about significant headwinds to the traditional securities investment wealth management methods, and leaving far-reaching impact on the transition of the operating model of securities firms. If the Company fails to establish presence in the internet finance field rapidly and achieve business transformation and upgrading, it will be subject to risks such as loss of customers, shrinking business scale and declining competitive position in the industry in the future.

RISK FACTORS

(III) Policy and Legal Risks

As the securities industry in China is a part of the national concession industry, the operation of business is regulated by various laws, regulations and regulating documents promulgated by China's governments. At present, China has initially established an all-round, multi-level and relatively complete supervision and regulation system over the securities industry. China has promulgated a series of laws, regulations, department rules and regulating documents, including the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Regulations on Supervision and Management of Securities Companies (《證券公司監督管理條例》), the Regulations on Risk Handling of Securities Companies (《證券公司風險處置條例》), the Provision on Classified Regulation of Securities Companies (《證券公司分類監管規定》) and the Management Measures on Qualifications of Securities Practitioners (《證券業從業人員資格管理辦法》), to regulate the securities industry. The business operations of securities companies shall be regulated by relevant regulatory authorities and institutions, such as the CSRC. The CSRC has promulgated a series of department rules and regulating documents, including the Measures for Administration of Risk Control Indexes of Securities Companies (《證券公司風險控制指標管理辦法》), the Guidelines on Proprietary Securities Business of Securities Companies (《證券公司證券自營業務指引》), the Administrative Measures for Margin Financing and Securities Lending Business for Securities Companies (《證券公司融資融券業務管理辦法》), the Administrative Measures for Private Asset Management Business of Securities and Futures Operator (《證券期貨經營機構私募資產管理業務管理辦法》) and the Administrative Provisions on the Operation of Private Asset Management Plans of Securities and Futures Operator (《證券期貨經營機構私募資產管理計劃運作管理規定》), which steadily established a risk control index and regulatory system for securities companies with a focus on net capital and liquidity. Changes in laws, regulations, rules and other regulatory documents may have an impact on the operating model and competitive landscape of the securities industry, and thus exposes various business operations of the Company to uncertainties.

RISKS IN RELATION TO THE OPERATION OF THE GROUP

(I) Risks in relation to the Brokerage Business

The securities brokerage business of the Company is conducted at the securities branches through trading equities, funds and bonds on behalf of customers upon accepting their entrustment or according to their instructions, and the Company provides brokerage services to individuals, institutions and wealth management customers in exchange for brokerage business income.

Revenue from the securities brokerage business primarily depends on trading volume and commission rates. Trading volume is directly determined by capital scale of customers and trading frequency, which is also subject to the macro-economic policies, market sentiment, interest rate fluctuations and other external factors. Trading volume of the Company's customers is highly correlated with the sentiment in the securities market and turnover of customers. In case of tightened monetary policies, continued downturn in the securities market and on-going shrink in the trading volume, trading desire of investors will be dampened and capital scale and trading frequency of customers will decrease. Meanwhile, compared to mature securities markets, China's securities market is an emerging one with a higher proportion of individual investors, who are highly speculative and have an apparent higher turnover rate than investors in mature securities markets overseas. With the institutionalization of investor structure and gradual maturity of market investment concept, the securities trading frequency will possibly further decline, which may have an impact on the income from the securities brokerage business of the Company.

RISK FACTORS

Apart from factors like trading volume, the commission rate of the Company also has a great impact on the revenue from its securities brokerage business. In recent years, following the ever increasingly intense competition in the securities brokerage business, the market commission rate suffered a decline. Furthermore, the growth of internet finance also crippled the traditional securities brokerage business with its advantages such as more convenient service, lower operating cost and cheaper commission rate. If the Company fails to adjust its business layout in a timely manner and pursue transformation and upgrading, it may be subject to the risks of loss of brokerage customers and decline in market share.

In addition, the Company conducts futures brokerage business through Orient Futures, a wholly-owned subsidiary of the Company, as well as a member of Shanghai Futures Exchange, Zhengzhou Commodity Exchange, Dalian Commodity Exchange, Shanghai International Energy Exchange and a full clearing member of China Financial Futures Exchange, who provides the clients with commodity futures brokerage, financial futures brokerage, futures investment consultancy, asset management and distribution of funds and other services. In the process of operation and management, Orient Futures is inevitably subject to operating risks from cyclical changes in the futures market, competition risk in the futures brokerage and agency settlement business, market risk of the investment consultation business, settlement risk from deposit trading business, risks from business and product innovation and risks from failure to obtain permission for new business.

(II) Risks in relation to the Securities Financing Business

The securities financing business of the Company primarily includes margin financing and securities lending business, collateralized stock repurchase transaction business, agreed repurchase business and other intermediary business. Such businesses are mainly exposed to credit risk, interest rate risk and liquidity risk.

With respect to credit risk, the Company may suffer from loss of capital in its securities financing business if it maintains a collateral ratio or performance guarantee ratio lower than the warning line and customers cannot provide additional collaterals, fail to pay interest when falling due, do not repay credit transaction funds upon maturity, and cannot fulfill their contractual obligations due to extreme conditions in the market. In addition, if the credit accounts of customers are frozen by the judiciary, the Company may also face credit risk arising from failure to recover creditor's rights in a timely manner.

With respect to interest rate risk, the Company primarily derives securities financing business revenue from net interest income. Under the backdrop of accelerating market-oriented interest rate reform in China and increasingly fiercer market competition, interest rate spreads may gradually narrow, which may expose the securities financing business of the Company to the risk of profit decline.

With respect to liquidity risk, given the on-going capital demands as a result of the constant expansion of the securities financing business of the Company, if the Company fails to raise relevant funds in a timely manner, it may be subject to liquidity risk.

RISK FACTORS

(III) Risks in relation to the Securities Sales and Trading Business

The Company conducts the securities sales and trading business with its own funds, including equity investment and trading business, fixed income investment and trading business, financial derivatives trading business and other proprietary trading business and alternative investment business.

Market fluctuations have a material impact on the proprietary trading business of the Company. Market turbulence will expose the proprietary trading business of the Company to significant systematic risks in the market, which may lead to a plunge or even loss in the investment income, or incur a drop in profitability or operating losses. Meanwhile, as the hedging mechanism in China's securities market is yet to be further improved, due to frequent market fluctuations and the limited kinds of investment products, the Company cannot effectively evade systematic risks leveraging hedging activities or other measures. Besides, as different investment products have specific risk-return features, the proprietary trading business of the Company has to bear the specific inherent risks of diverse investment products. For example, stocks may be exposed to the risks of decrease in price due to non-compliance, insufficient information disclosure of listed companies or other material emergencies, bonds may be subject to the risk of price decline due to default or downgrading of credit rating of the issuer, and investment in derivatives may suffer from market risk arising from negative change in prices of derivatives or liquidity risk as a result of low trading volume in the market. Furthermore, the proprietary trading business of the Company to some extent depends on the professional research and judgement of its investment department, and the securities market in itself is highly uncertain. If the investment staff of the proprietary trading business fails to rationally identify investment portfolio and amount in the changing market environment, the Company may suffer from losses due to inappropriate investment decisions.

The Company engages in alternative investment business through Orient Securities Innovation Investment, a wholly-owned subsidiary of the Company, and its investment products include equity investment, special asset investment etc. Equity investment decisions are made primarily based on the Company's judgements on the industry development prospect, market potential, technological capabilities and operating competence of the investment targets. If such judgements prove incorrect, the investment targets suffer from operating risks or substantial changes have taken place in the market in which the investment targets operate, the investment project will end up as a failure, which may in turn incur investment losses to the Company. Special asset investment is subject to the risk of incurring investment losses to the Company due to decision-making errors.

(IV) Risks in relation to Investment Management Business

The investment management business of the Company primarily includes asset management business, fund management business and private equity fund investment management business. Specifically, the asset management business is carried out through Orient Securities Asset Management, a wholly-owned subsidiary of the Company, the fund management business is carried out through China Universal, an associate in which the Company is the largest shareholder with a shareholding of 35.412%, and the private equity fund investment management business is carried out through Orient Securities Capital Investment, a wholly-owned subsidiary of the Company.

RISK FACTORS

As the asset management business and fund management business attract the largest number of financial institutions, apart from securities firms and fund companies, the Company is also exposed to competition from institutions such as commercial banks, insurance companies and trust companies. Besides, the development of internet finance also intensifies competition, and with the introduction of foreign-funded financial institutions, their asset management business with advanced international expertise may further worsen the competition situation. If the Company fails to establish advantage in fields such as investment return, customer service and product innovation, the recognition of investors on relevant products of the Company will be frustrated, which will have an adverse impact on the asset management business and fund management business of the Company. Meanwhile, the yields of the asset management business and fund management business may fall short of expectations due to sluggish macro-economic condition, industry downturn or erroneous investment decisions, which will dampen the initiatives and willingness of investors to subscribe for and hold relevant products, and in turn result in a decline in the Company's asset management scale and management fee income.

The private equity fund investment management business, in which the Company primarily makes equity investment in innovative and growth-orientated enterprises with its own funds or funds entrusted for management, has the features of substantial investment, high risk and high yields of venture capital. Fundraising activities of private equity funds are subject to market environment, peer competition and past investment performance of funds. Therefore, if the follow-up fundraising does not live up to expectations, the Company's operating results will be adversely affected. In addition, the private equity fund investment management business in general achieves investment exit upon listing of the shares or mergers and acquisitions ("M&A") of the subject companies, which may be exposed to risks such as fluctuations in the IPO market, activity in the M&A and reorganization market and operation of the subject companies. Thus, the Company's exit channel may be obstructed, thereby incurring losses to the Company or its customers.

(V) Risks in relation to the Investment Banking Business

The Company carries out investment banking business mainly through Orient Investment Banking, a wholly-owned subsidiary of the Company which is proposed to be merged with the Company, and its fixed income business headquarters, primarily including sponsoring and underwriting business of stocks, convertible corporate bonds, corporate bonds, enterprise bonds, treasury bonds, financial bonds and other marketable bonds, as well as financial advisory business in relation to M&A, recommended listing on the NEEQ and corporate restructuring.

The investment banking business is subject to the economic environment and capital market sentiment. Poor economic performance may lead to fluctuations in the business results of customers and insufficient confidence of investors, which may in turn result in a decline in the amount and number of share issuance and acquisition across the industry. Turbulence in the capital market or sluggish market condition may foil the issuance or reorganization schemes of customers, which may extend or terminate the securities issuance projects where the Company acts as the underwriter or sponsor, or the M&A transactions to which the Company provides financial advisory services, and ultimately has an adverse impact on the operating results of the Company's investment banking business.

RISK FACTORS

In specific business processes, if the Company or relevant investment banking business staff fails to comply with laws and regulations regarding sponsoring business, does not diligently and faithfully perform their duties, fully fulfill their due diligence obligations, exercise caution on relevant verification and perform ongoing supervision duties, the Company or relevant business staff will be subject to administrative proceedings or regulatory measures by the regulatory authorities, or ordered to compensate investors for their losses according to law, which may prejudice the Company's credibility and finance, or even cause the sponsoring business license of the Company to be suspended or revoked.

(VI) Risks in relation to the Overseas Business

The Company conducts international business through Orient Finance Holdings, a wholly-owned subsidiary of the Company, and its subsidiary Orient Securities International. As the platform of the Group's international business, Orient Securities International conducts securities brokerage, futures brokerage, asset management, investment banking, margin financing and securities lending and other businesses through its SFC-licensed wholly-owned subsidiaries. Since the markets and operating environment where overseas companies are located differentiate from those of domestic companies, the Company faces market and operating risks specific to the places of operation of those companies. Places where overseas companies are located have different jurisdiction and administrative laws, regimes and systems from their domestic counterparts, and the Company's overseas subsidiaries are subject to such laws and regulations in their places of operation. If an overseas company fails to comply with local laws and regulations, and regulatory requirements of local regulatory bodies, it may face penalties imposed by local regulatory authorities.

RISKS IN RELATION TO THE FINANCE

(I) Credit Risk

Credit risk mainly refers to the probability of loss the Company would suffer because of the failure of debtor or counterparty to perform the contractual obligations or the changes of their credit quality. The Company is mainly exposed to the following three types of credit risks. The first is direct credit risk, i.e. the risk arising from failure of issuer to perform contractual obligations; the second is counterparty risk, i.e. the risk arising from a breach of contract by the counterparty and financier in a derivative transaction or securities financing transaction; the third is settlement risk, i.e. the risk arising from a breach of contract during the settlement and delivery of a transaction, in short, the Company performs its delivery obligation, however the counterparty breaches the contract.

The Board, relevant committees under the management, various business departments, branches and subsidiaries are required to perform credit risk management function. The Company focuses on net capital management and risk tolerance to coordinate scale, counterparties, risk exposure and other risk control indicators in risk management according to specific level and module, and implements refined management on credit risk exposure from the perspectives of product type, model and hedging. Although the Company has conducted in-depth analysis and evaluation of credit risks, its business lines may still suffer from losses because of concealing of the actual situation, default and downgrading of credit ratings of the counterparties, which may have an adverse impact on the Company's operating results and financial condition.

RISK FACTORS

(II) Liquidity Risk

Liquidity risk refers to the risk where the Company is solvent, but cannot obtain sufficient funds in a timely manner or cannot obtain sufficient funds at reasonable cost in a timely manner to repay debt falling due, perform other payment obligations and satisfy capital requirements for normal business operation.

Pursuant to the Guidelines on the Liquidity Risk Management of Securities Companies (《證券公司流動性風險管理指引》) and other regulatory requirements, and based on its own risk management demands, the Company continues to improve the liquidity risk management system and internal management system, and designates specific personnel to be responsible for the dynamic supervision, pre-caution, analysis and reporting of the Company's liquidity risk. However, if material adverse change takes place in the operating environment of the Company, its gearing ratio cannot be maintained in a reasonable range and its operating performances suffer from abnormal fluctuations in the future, the Company does not rule out the possibility that it may fail to repay in full the principal and interests of liabilities as scheduled, which may in turn have a negative impact on the Company's operating results and financial condition.

(III) Risks in relation to Net Capital Management

At present, regulatory authorities implement the dynamic regulation model towards securities firms with a focus on net capital. If the financial condition of the Company cannot meet the regulatory requirements for net capital and other risk control indicators due to turbulences or unexpected emergencies in the securities market, and the Company fails to address such issue in a timely and effective manner, the business operation of the Company may be adversely affected.

RISKS IN RELATION TO THE MANAGEMENT AFFAIRS

(I) Operational Risk

Operational risk refers to risk of losses which may be caused by weakness or problem existing in internal procedure, staff and information technology systems as well as by external events. For operational risk management, the Company conducted careful review on the operational procedure based on its internal control procedure and identified operational risks in the procedure and categorized risks according to its management needs. The Company has established an operational risk assessment model, key risk indicators monitoring system and operational risk losses reporting mechanism. However, the Company cannot completely eliminate the impact on the Company's financial condition, operating results and reputation due to improper operation, mistakes, intentional wrongful acts, fraud, inaction and other reasons of the business staff.

RISK FACTORS

(II) Risks in relation to Information Technology

Information technology risk refers to the risk where the normal business operation of the Company is affected due to failure of its information technology system to provide services as usual, the business continuity of the Company is interrupted or its business is exposed to information security risk due to insufficient protection or backup of its information technology system and key data, the normal business operation of the Company is hindered as it does not use the data interaction interface recognized by the regulatory authorities or commonly used in the market for its key information technology system, and the providers of key information technology system cannot provide on-going support and services during the lifetime of the technology system.

The Company attaches great importance to the management of the risks of its information technology system. The IT Strategic Development and Governance Committee proposes and reviews the Company's IT governance targets and development plan, formulates annual IT budget, reviews the approval of material IT projects, investment and priorities, and evaluates material IT issues and raises suggestions. However, for various reasons, the Company's trading system may still experience software and hardware failures, communication line interruptions, infections of virus and hacks, data loss and leaks. If the Company suffers from the abovementioned unforeseeable events, or the Company's information technology system breaks down due to failure to improve or upgrade its system effectively in a timely manner, its smooth business operation may be hindered, which may have an adverse impact on the business performance, reputation and competitiveness of the Company.

(III) Risks in relation to Brain Drain and Insufficient Talent Pool

The competition among financial institutions primarily focuses on the scramble for talents. Compared with other financial institutions, securities firms are more dependent on professional staff. Therefore, securities firms compete for talents to improve their own strength. In addition, the launch of an array of innovative business also significantly magnifies the demands for relevant professionals. The Company emphasizes talent cultivation, and has implemented the market-oriented remuneration system, conducted reform in the wealth management business unit and adopted the ESOP to foster the professional and high-caliber talent pool. However, given the ever increasingly intense market competition, on one hand, the Company still suffers from the risk of loss of key talents, and on the other hand, with the expansion in the Company's business scope and scale, the talent pool of the Company at present may not be able to keep up with its business expansion, and the Company may face certain competitive pressures in terms of professional talent recruitment.

RISK FACTORS

RISKS IN RELATION TO COMPLIANCE

The compliance risk of the Company refers to the legal risks or regulatory sanctions to which it may be exposed due to its failure to comply with the regulations, the standards of relevant regulatory bodies and the code of conduct applicable to its business, which will result in the risk of significant financial loss or reputation damage.

Securities and fund industries are highly regulated industries. A number of laws, regulations, rules and other regulatory documents have been promulgated by the authorities of the PRC to regulate securities companies and fund management companies, including the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Regulations on Supervision and Management of Securities Companies (《證券公司監督管理條例》), the Securities Investment Fund Law (《證券投資基金法》) and the Measures for the Administration of Securities Investment Fund Management Companies (《證券投資基金管理公司管理辦法》). Securities and fund industries are also subject to adjustments and restrictions on the policies, laws, regulations, rules and other regulatory documents regarding accounting, taxation, foreign exchange and interest rates. All kinds of business carried out by securities companies and fund management companies shall be under the regulation of the CSRC and its local branches.

If the Company, its subsidiaries and employees fail to comply with the laws, regulations and requirements of the regulatory authorities in the future business development, they may be subject to punishment measures such as criminal punishment, administrative punishment, administrative regulatory measures and disciplinary action from relevant departments. In particular, the administrative punishment includes but is not limited to: warnings, fines, confiscation of illegal gains, revocation of relevant business permits and closure order; the Company may also be subject to the regulatory measures adopted by the regulatory authorities for violation of laws, regulations and departmental rules, including but not limited to: limitations on business activities, demanded suspension of certain businesses, cessation of approval of new business, limitations on dividend distribution, limitations on provision of remuneration and benefits to Directors, Supervisors and senior management, limitations on transfer of property or creation of encumbrances on the property, demanded replacement of Directors, Supervisors and senior management or limitations on their rights, demanded transfer of equity interest held by controlling shareholders or limitations on exercise of their shareholders' rights, demanded suspension of business for rectification and handing over, taking over or revocation by other designated institutions.

RISK FACTORS

RISKS IN RELATION TO THE IMPACT ON THE OPERATING RESULTS OF THE COMPANY FROM THE COVID-19 PANDEMIC, FORCE MAJEURE EVENTS, ACTS OF GOD OR OUTBREAKS OF CONTAGIOUS DISEASES

Since the outbreak of the COVID-19 pandemic at the beginning of 2020, business operations nationwide were suspended, in a move to fight against the pandemic, and the macro-economic growth thus missed forecasts. The rebound of pandemic in North America, the Europe and other regions leaves a significant impact on global economic outlook and business performances, with the severity subject to duration of the pandemic, local implementation of containment measures and regulatory policies. The operating results and financial condition of the Company will also be subject to certain headwinds for a short period. As a listed comprehensive securities dealer, the Company has established business presence across the nation, provided services to customers from all walks of life and attracted large numbers of market investors. The shock inflicted upon the customers by the pandemic, and the obstacles caused by local pandemic control policies to its business operations will have certain temporary impact on the Company's operating results.

In addition, any future occurrence of force majeure events, acts of God or outbreaks of epidemics and contagious diseases, including COVID-19, avian influenza, severe acute respiratory syndrome, swine influenza caused by the H1N1 virus, or H1N1 influenza, the Ebola virus or Middle East Respiratory Syndrome, may materially and adversely affect the Company's business, financial condition and results of operations.

RISKS IN RELATION TO THE PRC

(I) Economic, Political and Social Conditions in the PRC and Government Policies May Affect the Company's Business and Prospects

A majority of the Company's assets are located in the PRC, and a substantial majority of the Company's revenue is derived from its businesses in the PRC. Accordingly, its financial condition, results of operations and prospects are, to a material extent, subject to economic, political and legal developments in the PRC. The PRC economy differs from the economies of developed countries in many respects, including, among other things, government involvement, the level of economic development, growth rate, foreign exchange controls and resource allocation.

In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance practices in business enterprises. Some of these measures benefit the overall PRC economy, but may negatively affect the Company. If the business environment in China deteriorates, the Company's business in China may also be materially adversely affected.

RISK FACTORS

(II) The PRC Legal System has Inherent Uncertainties that Could Limit the Legal Protection Available to You

PRC laws and regulations govern the Company's operations in China. The Company and most of its operating subsidiaries are organized under PRC laws. The PRC legal system is based on written statutes. Previous court decisions may only be cited for reference. Since the late 1970s, China has promulgated laws and regulations dealing with economic matters, such as the issuance and trading of securities, shareholder rights, foreign investment, corporate organization and governance, commerce, taxation and trade.

However, many of these laws and regulations, particularly those with respect to the financial services industry, are relatively new and evolving, are subject to different interpretations, and may be inconsistently implemented and enforced. These uncertainties relating to the interpretation, implementation and enforcement of the PRC laws and regulations can affect the legal remedies and protections available to investors, and can adversely affect the value of your investment.

In particular, the PRC financial services industry is highly regulated. Many aspects of the Company's business depend upon the receipt of the relevant government authorities' approvals and permits. As the PRC legal system and financial services industry develop, changes in such laws and regulations, or in their interpretation or enforcement, could materially adversely affect the Company's business, financial condition and results of operations.

(III) Investors May Experience Difficulties in Effecting Service of Legal Process and Enforcing Judgments Against the Company and the Company's Directors, Supervisors and Management

The Company is incorporated under the laws of the PRC, and a substantial majority of its assets and subsidiaries are located in the PRC. In addition, most of the Company's Directors, Supervisors and executive officers reside within the PRC, and their assets are likely to be located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon the Company's Directors, Supervisors and executive officers, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Moreover, the PRC does not have treaties providing for the reciprocal enforcement of court judgments with the United States, the United Kingdom, Japan or most western countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of court judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court in the United States, the United Kingdom, Japan or most western countries in relation to any matter that is not subject to a binding arbitration provision may be difficult or impossible.

RISK FACTORS

(IV) You May be Subject to PRC Taxation on Dividends Received from the Company

Non-PRC resident individual holders of H Shares whose names appear on the H Shareholders' Register ("**non-PRC resident individual holders**") are subject to PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號), dated June 28, 2011, issued by the STA, the tax rate applicable to dividends paid to non-PRC resident individual holders of H Shares varies from 5.0% to 20.0% (usually 10.0%), dependent on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from the Company. In addition, under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations, non-PRC resident individual holders of H Shares are subject to individual income tax at a rate of 20.0% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the STA on March 30, 1998, gains of individuals derived from the transfer of listed shares in enterprises may be exempt from individual income tax. To the knowledge of the Company, as of the Latest Practicable Date, in practice the PRC tax authorities had not collected individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' investments in H Shares may be materially and adversely affected.

Under the EIT Law and its implementation regulations, a non-PRC resident enterprise is generally subject to enterprise income tax at a rate of 10.0% with respect to its PRC-sourced income, including dividends received from a PRC company and gains derived from the disposal of equity interests in a PRC company, subject to reductions under any special arrangement or applicable treaty between the PRC and the jurisdiction in which the non-PRC resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H Shares of the Enterprises (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) (Guo Shui Han [2008] No. 897) (國稅函[2008]897號), promulgated by the STA on November 6, 2008, the Company intends to withhold tax at 10.0% from dividends payable to non-PRC resident enterprise holders of H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

There are uncertainties as to their interpretation and implementation by the PRC tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposal of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-PRC resident enterprise holders' investments in H Shares may be materially adversely affected.

RISK FACTORS

(V) Government Control of Currency Conversion May Affect the Value of Your Investments

Most of the Company's revenue is denominated in Renminbi, which is also the Company's reporting currency. Renminbi is not a freely convertible currency. A portion of the Company's cash may be required to be converted into other currencies, in order to meet its foreign currency needs, including cash payments on declared dividends, if any, on the Company's H Shares.

However, the PRC government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Company might not be able to pay dividends and/or interest to the holders of its H Shares in foreign currencies. On the other hand, foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval of SAFE. These limitations could affect the Company's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditure.

(VI) Future Fluctuations in the Value of the Renminbi Could have a Material Adverse Effect on the Company's Financial Condition and Results of Operations

The conversion of RMB into foreign currencies, including U.S. dollar, is based on rates set by the People's Bank of China. The RMB has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of RMB against the U.S. dollar and other currencies is affected by changes in PRC and international political and economic conditions and by PRC government's fiscal and foreign exchange policies, among other things. The Company cannot assure you that RMB will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government's policies may impact the exchange rate between RMB and the U.S. dollar in the future.

The Company generates most of the revenue in the PRC and also offers securities products and services in Hong Kong and other regions to overseas customers. A portion of the Company's revenue, expenses is denominated in Hong Kong dollars and other currencies, although the functional currency of the Company is RMB. As such, any significant depreciation of RMB may materially and adversely affect the Company's revenues and financial position of the Company.

RISK FACTORS

RISKS IN RELATION TO THE RIGHTS ISSUE

(I) Unless You Take up All of the Nil-paid H Rights and Subscribe for the H Rights Shares Provisionally Allotted to You, the Offering will Dilute Your Proportionate Ownership Interest in the Company

If you choose not to take up your Nil-paid H Rights fully, your proportionate ownership and voting interest in the Company will be diluted. Even if you elect to sell your Nil-paid H Rights prior to the expiration of the applicable trading period, or such Nil-paid H Rights are sold on your behalf, the consideration you receive may not be sufficient to compensate you fully for such dilution of your proportionate ownership and voting interest in the Company.

(II) The Market Prices of H Shares May Fluctuate and May Fall below the Subscription Price Prior to the Expiration of the Subscription Period

Once you take up your Nil-paid H Rights pursuant to the Rights Issue, you may not revoke such take up. The market prices of the H Shares may fall below the Subscription Price prior to the expiration of the subscription period as a result of, among other things, global or the PRC's economic or political conditions, the market's perception of the likelihood of completion of the Rights Issue, regulatory changes affecting the Company's operations and variations in the Company's financial results. Many of these factors are beyond the Company's control. If you take up your Nil-paid H Rights and the market price of the Company's H Shares trades below the Subscription Price on the date the H Rights Shares are issued to you in respect of such Nil-paid H Rights, you will have purchased the H Rights Shares at a price higher than the market price. Any decrease in market prices may continue after the completion of the Rights Issue and, as a result, you may not be able to sell such H Rights Shares at a price equal to or greater than the Subscription Price.

(III) Trading Characteristics of the A Share and H Share Markets May Differ

The Company's H Shares have been listed and have traded on the Stock Exchange since July 2016 and the Company's A Shares have been listed and have traded on the SSE since March 2015. The Rights Issue consists of both the A Share Rights Issue and the H Share Rights Issue. Without approval from the relevant regulatory authorities, the Company's A Shares and H Shares are neither interchangeable nor fungible, and there is no trading or settlement between the A share and the H share markets. The A share and H share markets have different trading characteristics (including trading volume and liquidity) and investor bases, including different levels of individual and institutional participation. As a result of these differences, the trading prices of the Company's A Shares and H Shares may not be the same.

Moreover, fluctuations in the Company's A Share price may affect the Company's H Share price, and vice versa. Because of the different characteristics of the A share and H share markets, the changes in the prices of the Company's A Shares may not be indicative of the price trend of the Company's H Shares performance. You should therefore not place undue reliance on the recent trading history of the Company's A Shares and the progress or results of the A Share Rights Issue when evaluating the H Share Rights Issue.

RISK FACTORS

(IV) An Active Trading Market for the Nil-paid H Rights May not Develop on the Stock Exchange or Any Over-the-counter Trading Market and, Even If a Market Does Develop, the Trading Price of the Nil-paid H Rights May Fluctuate

A trading period has been set for the Nil-paid H Rights from Tuesday, May 10, 2022 to Tuesday, May 17, 2022 (both days inclusive). The Company cannot assure you that an active trading market in the Nil-paid H Rights on the Stock Exchange will develop during the applicable trading period for Nil-paid H Rights or that any over-the-counter trading market in the Nil-paid H Rights will develop. Even if an active market develops, the trading price of the Nil-paid H Rights may be volatile and subject to the same factors affecting the price of the Company's H Shares.

(V) The Subscription Price is not an Indication of the Company's Underlying Value

The Subscription Price 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 Subscription Prices of A Rights Share and H Rights Share remain the same after exchange rate adjustment. The Subscription Price does not bear a direct relationship to past operations, cash flow, earnings, financial conditions or any other established criteria for value and you should not consider the Subscription Price to be any indication of the Company's underlying value.

(VI) Future Sales or Perceived Sales of Substantial Amounts of the Company's H Shares in the Public Market or the Conversion of the Company's A Shares into H Shares Could Have a Material Adverse Effect on the Prevailing Market Price of the Company's H Shares and the Company's Ability to Raise Additional Capital in the Future

The market price of the Company's H Shares could decline as a result of substantial future sales of the Company's H Shares or other securities relating to Shares in the public market. Such a decline could also occur with the issuance of new Shares or other securities relating to the Company's Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of the Company's Shares could materially adversely affect the prevailing market price of the Company's H Shares and the Company's ability to raise future capital at a favorable time and price. The Shareholders would experience a dilution in their holdings upon the issuance or sale of additional securities for any purpose.

In addition, subject to the approval of the CSRC or the authorized securities regulatory authorities of the State Council, the Company's A Shares may be transferred to overseas investors and such transferred shares may be listed or traded on an overseas stock exchange provided certain conditions are met and certain procedures are completed. In the event of the conversion of A Shares into H Shares for listing and trading on the Stock Exchange, the Company must obtain prior approval from the CSRC and other relevant PRC regulatory authorities and the Stock Exchange. Approvals from holders of the Company's A Shares and H Shares as separate classes are not required for the listing and trading of the converted H Shares. Conversion of a substantial number of the A Shares into H Shares, or the perception that such conversion may occur, could materially and adversely affect the price of the H Shares.

RISK FACTORS

(VII) Dividends Distributed in the Past May not be Indicative of the Company's Dividend Policy in the Future

Any future declaration of dividends will be proposed by the Board and the amount of dividends will depend on various factors, including the Company's operating results, profitability, financial conditions, future business prospects and other factors that the Board may consider to be important. The Company cannot guarantee if and when it will pay dividends in the future.

(VIII) The Company's Corporate Disclosure Standards May Differ from those in Other Jurisdictions

The Company is subject to the disclosure requirements under the Hong Kong Listing Rules. These disclosure requirements differ in certain respects from those applicable to companies in certain other countries, including the United States. There may be less publicly available information about public companies listed in Hong Kong, such as the Group, than is regularly made available by public companies in other countries, including the United States.

(IX) You May not be Able to Participate in Future Rights Issues and May Experience Dilution of Your Shareholdings

The Company may, from time to time, continue to distribute rights to the Shareholders, including rights to acquire securities. The Company will not distribute the securities to which these rights relate to holders of the H Shares in the U.S. unless such securities are either exempt from registration under the U.S. Securities Act or are registered under the U.S. Securities Act. There can be no assurance that the Company will be able to establish an exemption from registration under the U.S. Securities Act with respect to these securities, and the Company is under no obligation to file a registration statement with respect to these securities or to endeavor to have a registration statement declared effective under the U.S. Securities Act. Accordingly, holders of the H Shares may be unable to participate in rights issues and may experience dilution of their holdings as a result. Non-U.S. holders of the H Shares (except for those in Hong Kong) may also be unable to participate in future rights offerings, depending on the securities laws of the local jurisdictions, and as a result may also experience dilution. In addition, if the Company is unable to sell rights that are not exercised or not distributed or if the sale is not lawful or reasonably practicable, the Company will allow the rights to lapse, in which case holders of the H Shares will receive no value for these rights.

(X) Risks in relation to Use of Proceeds

According to the development strategies and actual conditions of the Company, the total amount of proceeds from the Rights Issue will be no more than RMB16.8 billion, which will be used to increase the capital of the Company, replenish its working capital, optimize its gearing ratio, serve the real economy and comprehensively enhance the Company's market competitiveness and risk resistance. As the revenue arising from use of proceeds is closely related to the business climate of the securities market in China, the Company's analysis of the macro-economic situation of China, the ability to capture opportunities in the securities market and the business capabilities of the Company, the progress of use of proceeds and its revenue carry some uncertainty.

RISK FACTORS

(XI) Risks of Dilution of Current Returns Due to the Rights Issue

Upon completion of the Rights Issue, the size of share capital and assets of the Company will significantly increase, and it takes a certain period of time before the proceeds can generate revenue after they are put to use. The profit realization and Shareholders' returns of the Company still rely mainly on the Company's existing business, which will lead to a certain degree of decline in the short run in indicators such as earnings per share and weighted average return on net assets. Thus, there are risks of dilution of current returns upon the Company's issuance of Shares pursuant to the Rights Issue. In addition, if the proceeds from the Rights Issue fail to achieve the expected return, the earnings per Share of the Company may also be diluted, which will in turn reduce the returns of the Shareholders.

BUSINESS

OVERVIEW

Orient Limited, the predecessor of the Company, was founded on December 10, 1997 with a registered capital of RMB1 billion from capital contributed by 15 Shareholders. On February 23, 1998, Orient Limited was approved for establishment pursuant to the Yin Fu (1998) No. 52 Approval on Establishment of Orient Securities Limited Liability Company issued by the People's Bank of China. Subsequently, on October 8, 2003, with the approval from the CSRC and the Shanghai Municipal Government, Orient Limited was converted into a joint stock company with limited liability and renamed as Orient Securities Company Limited (東方證券股份有限公司). The A Shares and H Shares of the Company have been listed on the SSE and the Stock Exchange on March 23, 2015 and July 8, 2016, respectively.

The Company carries out investment banking, asset management, private equity fund management, futures brokerage and alternative investment business via Orient Investment Banking, a wholly-owned subsidiary of the Company which is proposed to be merged with the Company, Orient Securities Asset Management, Orient Securities Capital Investment, Orient Futures and Orient Securities Innovation Investment; and conducts securities related business subject to approval by competent authorities in Hong Kong through Orient Finance Holdings, a wholly-owned subsidiary of the Company. In addition, the Company engages in fund management business for its clients through China Universal, an associate in which the Company is the largest shareholder with 35.412% equity interest.

For the year ended December 31, 2021, the Company achieved revenue and other income of RMB28.563 billion, representing a year-on-year increase of approximately 3.31%, and net profit attributable to owners of the Company of RMB5.371 billion, representing a year-on-year increase of approximately 97.26%. According to the Securities Association of China, the Company ranked the 12th among peers in 2020 in terms of total assets, net assets and operating income. With respect to the investment management business, as shown in the statistics of the Securities Association of China, net income of the entrusted asset management business of the Company ranked the first in the industry for the year ended December 31, 2021. With respect to the brokerage and securities financing business, according to the data of Asset Management Association, the size of equity + mixed publicly offered funds held by the Company amounted to RMB42.4 billion, ranking the 7th among securities dealers. With respect to the futures brokerage business, during each year of the Track Record Period, commission and fee income of the futures brokerage business of the Company reached RMB267 million, RMB493 million and RMB938 million, respectively, ranking the first, first and first in terms of market share based on trading volume.

BUSINESS

Principal Activities

The Company's major business segments comprise of the brokerage and securities financing business, securities sales and trading business, investment management business, investment banking business, headquarters and other businesses.

The table below sets out the operating income, expenditure and profit of each business segment of the Company during each year of the Track Record Period:

For the year ended December 31, 2021

Item	Operating income <i>(RMB100 million)</i>	Proportion <i>(%)</i>	Operating expenditure <i>(RMB100 million)</i>	Proportion <i>(%)</i>	Operating profit <i>(RMB100 million)</i>	Proportion <i>(%)</i>
Brokerage and securities financing	143.25	58.78	125.63	69.26	17.62	28.27
Securities sales and trading	43.26	17.75	7.64	4.21	35.62	57.17
Investment management	55.31	22.69	20.45	11.28	34.85	55.93
Investment banking	17.25	7.08	9.55	5.26	7.71	12.37
Headquarters and others	-6.79	-2.79	18.99	10.47	-25.78	-41.37
Elimination	-8.58	-3.52	-0.87	-0.48	-7.71	-12.37
Total ^{Note}	<u>243.70</u>	<u>100.00</u>	<u>181.40</u>	<u>100.00</u>	<u>62.31</u>	<u>100.00</u>

For the year ended December 31, 2020

Item	Operating income <i>(RMB100 million)</i>	Proportion <i>(%)</i>	Operating expenditure <i>(RMB100 million)</i>	Proportion <i>(%)</i>	Operating profit <i>(RMB100 million)</i>	Proportion <i>(%)</i>
Brokerage and securities financing	136.03	58.80	146.53	71.70	-10.50	-38.94
Securities sales and trading	47.53	20.54	7.65	3.75	39.87	147.85
Investment management	43.93	18.99	20.40	9.98	23.53	87.24
Investment banking	16.28	7.04	9.35	4.57	6.93	25.70
Headquarters and others	-5.79	-2.50	21.28	10.41	-27.07	-100.38
Elimination	-6.63	-2.87	-0.84	-0.41	-5.79	-21.47
Total ^{Note}	<u>231.34</u>	<u>100.00</u>	<u>204.37</u>	<u>100.00</u>	<u>26.97</u>	<u>100.00</u>

BUSINESS

For the year ended December 31, 2019

Item	Operating income <i>(RMB100 million)</i>	Proportion <i>(%)</i>	Operating expenditure <i>(RMB100 million)</i>	Proportion <i>(%)</i>	Operating profit <i>(RMB100 million)</i>	Proportion <i>(%)</i>
Brokerage and securities financing	133.36	70.00	119.50	73.31	13.86	50.38
Securities sales and trading	32.21	16.91	4.87	2.99	27.34	99.37
Investment management	29.07	15.26	13.16	8.08	15.91	57.82
Investment banking	10.03	5.27	6.30	3.87	3.73	13.55
Headquarters and others	-3.85	-2.02	19.79	12.14	-23.64	-85.93
Elimination	-10.30	-5.41	-0.62	-0.38	-9.68	-35.18
Total ^{Note}	<u><u>190.52</u></u>	<u><u>100.00</u></u>	<u><u>163.01</u></u>	<u><u>100.00</u></u>	<u><u>27.51</u></u>	<u><u>100.00</u></u>

Note: Figures shown as totals may not be an arithmetic aggregation of the figures preceding them as certain figures included in the above tables have been subject to rounding adjustments and may be subject to further rounding adjustments.

BUSINESS

Set out below are the particulars of each principal business of the Company during the Track Record Period:

(I) Brokerage and securities financing business

The Company's brokerage and securities financing segment primarily comprises securities brokerage business, futures brokerage business, bulk commodity trading and securities financing business including margin financing and securities lending and collateralized stock repurchase.

During each year of the Track Record Period, operating income of the brokerage and securities financing business segment of the Company amounted to RMB13.336 billion, RMB13.603 billion and RMB14.325 billion, respectively, accounting for 70.00%, 58.80% and 58.78% of the total operating income.

1. Securities brokerage business

(1) Business profile

During the Track Record Period, the securities brokerage business of the Company mainly relies on the wealth management business headquarters and its branches. As of the end of the Track Record Period, the Company had 177 securities branches in 87 cities across 31 provinces, autonomous regions and municipalities nationwide.

In recent years, amid the on-going decline in commission rate of the brokerage business throughout the industry, the Company, after taking into account customer requirements, focused on buy-side investment consultation while staying tuned to the traditional brokerage business, with a view to providing efficient asset allocation, transaction and capital agency services to its customers and proactively expediting the transition towards an asset manager with a focus on asset allocation.

(2) Specific operating performances

The securities brokerage business of the Company includes securities brokerage and agency sales of financial products.

With respect to securities brokerage, the Company accepts entrustment from the customers to purchase and sell equity, bonds, funds and other marketable securities on their behalf and in turn earns securities brokerage handling fees. As of the end of the Track Record Period, the Company had 2,191,000 customers, representing an increase of 19% from the beginning of the period with the total asset amount under entrustment of RMB902.8 billion, representing an increase of 26% from the beginning of the period. During each year of the Track Record Period, the transaction amount of securities brokerage business (only generated from its branches) reached RMB5,235.419 billion, RMB7,714.900 billion and RMB9,903.727 billion, respectively.

BUSINESS

With respect to agency sales of financial products, the Company offers differentiated and diversified services tailed for customers based on their asset scale and investment demand, so as to meet their specific, customized and diversified asset allocation demands. During each year of the Track Record Period, income from the agency sales of financial products reached RMB107 million, RMB390 million and RMB566 million, respectively.

Set out below are the types and amount of the financial products sold by the Company on behalf of its customers during each year of the Track Record Period:

Item	Year 2021 <i>(RMB100 million)</i>	Year 2020 <i>(RMB100 million)</i>	Year 2019 <i>(RMB100 million)</i>
Publicly offered funds	1,517.14	1,662.67	1,048.41
Trust schemes	14.21	34.77	31.16
Private equity investment fund products	28.70	35.47	4.22
Collective asset management products	0.21	–	0.86
Other financial products	39.36	86.10	254.03
Total ^{Note}	<u>1,599.62</u>	<u>1,819.01</u>	<u>1,338.69</u>

Note: Figures shown as totals may not be an arithmetic aggregation of the figures preceding them as certain figures included in the above tables have been subject to rounding adjustments and may be subject to further rounding adjustments.

2. *Futures brokerage business*

(1) Business profile

The Company conducts futures brokerage business through Orient Futures, a wholly-owned subsidiary of the Company, as well as a member of Shanghai Futures Exchange, Zhengzhou Commodity Exchange, Dalian Commodity Exchange, Shanghai International Energy Exchange and a full clearing member of China Financial Futures Exchange, who provides the clients with commodity futures brokerage, financial futures brokerage, futures investment consultancy, asset management and distribution of funds and other services. The Company conducts risk management business through Orient Securities Runhe, a wholly-owned subsidiary of Orient Futures, and facilitates companies to manage price risks during operations via warehouse receipt services, basis trade and OTC options in futures and spot markets.

As of December 31, 2021, Orient Futures had a total of 34 affiliates, including 30 securities outlets and four branches with 104,903 customers.

(2) Specific operating performances

The Company primarily derives handling fees from futures brokerage for its futures brokerage business. During each year of the Track Record Period, the futures brokerage business of the Company achieved commission and fee income of RMB267 million, RMB490 million and RMB932 million, respectively, ranking the first, first and first among peers in terms of market share based on trading volume.

3. *Securities financing business*

(1) Business profile

The securities financing business of the Company includes margin financing and securities lending, collateralized stock repurchase transaction business and agreed repurchase business. The margin financing and securities lending business mainly refers to a transaction in which an investor provides the Company with collateral to borrow funds and purchase securities (margin financing transaction) or borrow and sell securities (securities lending transaction). The collateralized stock repurchase transaction business refers to a transaction in which qualified borrowers pledge their stocks or other securities as collateral to obtain financing from the Company and agree to repay the funds on a future date to release such pledge. The agreed repurchase securities transaction business refers to a transaction in which the Company purchases securities from the customers pursuant to the repurchase agreement, which will be repurchased by the customers during the agreed period at an agreed repurchase price, and the ownership of the securities purchased by the Company shall be vested in the Company before they are repurchased.

(2) Specific operating performances

With respect to the margin financing and securities lending business, the Company proactively seized market opportunities, adjusted and optimized business structure, and streamlined business operations to secure remarkable progress in business scale during the Track Record Period. As at the end of each year of the Track Record Period, the balance of the margin financing and securities lending business of the Company amounted to RMB12.853 billion, RMB22.564 billion and RMB24.601 billion, respectively, with a compound annual growth rate of 38.35% from 2019 to 2021. During each year of the Track Record Period, the interest income of the margin financing and securities lending business reached RMB782 million, RMB1.103 billion and RMB1.513 billion, respectively, with an average compound annual growth rate of 39.10% from 2019 to 2021.

BUSINESS

Set out below is the breakdown of the margin financing and securities lending business of the Company during each year of the Track Record Period:

Item	Year 2021 <i>(RMB100 million)</i>	Year 2020 <i>(RMB100 million)</i>	Year 2019 <i>(RMB100 million)</i>
Balance			
Margin financing	237.28	206.72	126.55
Securities lending	8.72	18.92	1.98
Total ^{Note}	246.01	225.64	128.53
Overall collateral ratio			
as at the end of the period (%)	298.33	326.34	282.02
Interest income <i>(RMB100 million)</i>	15.13	11.03	7.82

Note: Figures shown as totals may not be an arithmetic aggregation of the figures preceding them as certain figures included in the above tables have been subject to rounding adjustments and may be subject to further rounding adjustments.

With respect to the collateralized stock repurchase business and the agreed repurchase business, the Company obtained the agreed repurchase business qualification from the SSE and the SZSE in September 2012 and January 2013, respectively. The SSE and the SZSE successively launched the collateralized stock repurchase business in June 2013 and the Company obtained relevant qualification at the beginning of July 2013. During the Track Record Period, the Company upheld the guiding ideology of “risk control and scale reduction” and advanced with its strategies of clearing up and risk mitigation of collateralized stock business. As of the end of each year of the Track Record Period, balances of the collateralized stock repurchase business and the agreed repurchase business as shown on the balance sheet of the Company aggregated RMB20.531 billion, RMB16.339 billion and RMB12.651 billion, respectively.

4. *Other businesses*

(1) Business profile

Other businesses of the Company include OTC business and custody business, the former of which refers to transactions where the Company provides OTC financial products and also provides transfer, market making quotation and other services to its clients, and the latter refers to transactions where the Company provides asset custody and fund services to private equity investment funds, publicly offered funds and various asset management institutions.

(2) Specific operating performances

With respect to the OTC business, it actively supported and served the Company's wealth management business on the basis of improving the functions of OTC platform, and established the product center and product middle platform of the Company, while actively facilitating the implementation of foreign exchange agency business. During each year of the Track Record Period, the amount of the OTC business of the Company totaled RMB39.883 billion, RMB44.752 billion and RMB171.545 billion, respectively. The significant year-on-year increase in the OTC business of the Company in 2021 was primarily due to the consolidation of open-ended funds into the OTC business.

With respect to the custody business, the Company continued to improve the quality of its special value-added online services, expanded the scope of business collaboration and enriched the content of comprehensive services. It also fully developed an online "Custody +" ecological chain within the custody business department of the Group, creating new opportunities for business cooperation.

(II) Securities sales and trading business

The Company conducts securities sales and trading business with its own funds, including proprietary trading (equity investment and trading, fixed income investment and trading, financial derivatives trading business), innovative investment and securities research services. During each year of the Track Record Period, the operating income from the securities sales and trading business segment of the Company amounted to RMB3.221 billion, RMB4.753 billion and RMB4.326 billion, respectively, accounting for 16.91%, 20.54% and 17.75% of total operating income.

1. *Proprietary trading business*

(1) Business profile

The proprietary trading business refers to the investment practice where securities brokers issue shares, bonds, funds, derivatives and other financial products approved by the CSRC according to law with their own funds, and bear the risks and returns thus incurred and generated. The Company has been committed to the proprietary trading business since its establishment through fostering investment teams and accumulating market experience during the past two decades, and leveraging its on-going focus on value investment and active risk management strategies, it has cultivated investment and research capability highly recognized among peers.

(2) Specific operating performances

① Equity investment and trading

The Company carries out investment and trading of equity securities and funds primarily with its own funds. Committed to the value investment philosophy, the Company maximizes its traditional advantages, gets deeply involved in researches into industries and individual stocks with focus on investment in leading listed companies with sound and solid financial position and high-quality management, and achieved sound absolute returns. Meanwhile, Under the strict dynamic tracking and loss prevention mechanism, the Company maintained a desirable balance on yields and drawdown. In addition, the Company formulated the strategy of investment in designated companies with high dividends, and made investment in research on quantitative private equity FOF and quantitative strategy in order to enhance the yield stability through diversified investment.

The Company was one of the first securities firms registered with National Equities Exchange and Quotations and permitted to conduct business as a market maker in June 2014. During the Track Record Period, the Company continuously optimized the portfolio of NEEQ stocks and promoted the IPO of high-quality enterprises and their listing applications for the Premium New Third Board to further improve the quality of market making business. As of the end of the Track Record Period, several stocks in which the Company held interests had passed the NEEQ IPO review.

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② Fixed income investment and trading

The fixed income related proprietary trading business of the Company primarily includes bond investment, gold and bulk commodities business and foreign exchange transaction. During the Track Record Period, the Company maintained its core competitiveness of dual growth drivers of investment and sales, improved the depth of investment research and strengthened system construction, thereby maintaining its leading position in the industry in terms of investment scale and business performance.

With respect to bond investment, the Company put more emphasis on trading while maintaining the conventional spread income. During the Track Record Period, the Company won such honors as “Key Dealer (核心交易商)”, “Excellent Dealer in the Bond Market (優秀債券市場交易商)” and “Excellent Dealer in the Derivatives Market (優秀衍生品市場交易商)” granted by the National Interbank Funding Center and “Top 100 Settlement Enterprise – Excellent Proprietary Dealer (結算100強—優秀自營商)” awarded by China Securities Depository and Clearing Corporation Limited.

With respect to gold and bulk commodities business, the Company carried out various proprietary trading businesses, including arbitrage, trend, hedging, lending and options in several exchange markets and the overall business scale stood at the forefront of brokers. Also, the Company cooperated with banks to develop a new income certificate business model, which significantly reduced the cost of income certificate financing. During the Track Record Period, the Company won the “Outstanding Special Member Award (優秀特別會員獎)” of Shanghai Gold Exchange in 2019.

With respect to foreign exchange business, the Company successively obtained the membership of foreign exchange settlement and sales in the inter-bank foreign exchange market and membership of foreign currency lending in the inter-bank foreign exchange market, and completed the infrastructure construction of foreign exchange transactions. At present, it has routinely carried out spot and derivative transactions of proprietary foreign exchange settlement and sales, with a steady increase in transaction scale and gradually enriched trading strategies.

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③ Financial derivatives trading

The Company seeks favorable trading opportunities across various derivatives and their spot markets using the quantitative strategies in its derivatives proprietary trading business, aiming to obtain the neutral low-risk returns in the market. During the Track Record Period, the Company's Alpha trading, intelligent trading and OTC derivatives business maintained steady development and stable income, and secured a leading position in terms of return-to-drawdown ratio of private equity funds. In particular, the Alpha business made steady progress by quantitatively selecting stocks, allocating a sector-neutral portfolio and hedging against systemic risk, thereby achieving stable absolute income. For intelligent trading, the Company's high-frequency market-making business is diverse in varieties, and ranked at the top of the market in terms of market making for many varieties with satisfactory market making income. For OTC derivatives, the Company conducted OTC options transactions with major financial institutions and actively applied for new licenses and qualifications to strengthen the profitability of its OTC derivatives business. During the Track Record Period, the Company completed the construction of artificial intelligence big data platform and low latency trading system to realize financial technology empowered derivatives business.

Set out below are the balances of the proprietary trading business of the Company by securities types as at the end of each year of the Track Record Period:

Securities type	December 31, 2021		December 31, 2020		December 31, 2019	
	Amount <i>(RMB100 million)</i>	Proportion %	Amount <i>(RMB100 million)</i>	Proportion %	Amount <i>(RMB100 million)</i>	Proportion %
Stocks	84.34	7.21%	74.73	7.78%	69.48	7.07%
Funds	90.90	7.77%	31.40	3.27%	25.54	2.60%
Securities	976.68	83.47%	830.51	86.52%	879.06	89.39%
Others ¹	18.13	1.55%	23.28	2.43%	9.34	0.95%
Total ²	<u>1170.05</u>	<u>100.00%</u>	<u>959.92</u>	<u>100.00%</u>	<u>983.42</u>	<u>100.00%</u>

1: Others primarily include investment in asset management schemes and wealth management products using our own funds.

2: Figures shown as totals may not be an arithmetic aggregation of the figures preceding them as certain figures included in the above tables have been subject to rounding adjustments and may be subject to further rounding adjustments.

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2. *Innovative investment business*

(1) Business profile

The Company engages in alternative investment business through Orient Securities Innovation Investment, a wholly-owned subsidiary of the Company. The business of Orient Securities Innovation Investment mainly involves special asset acquisition and disposal, equity investment and quantitative investment. Given the differences in the investment terms and risks of quantitative investment, special asset business and equity investment business, during the Track Record Period, Orient Securities Innovation Investment continued to optimize the asset allocation of such three businesses and enhanced the stability of returns through portfolio allocation.

(2) Specific operating performances

With respect to special asset acquisition and disposal business, during each year of the Track Record Period, new special asset projects of the Company reached 12, 12 and 11, with project size of RMB2.250 billion, RMB1.459 billion and RMB1.382 billion, respectively. Projects subsisting as at the end of each year of the Track Record Period were 23, 24 and 24, with project size of RMB2.609 billion, RMB2.721 billion and RMB2.505 billion, respectively.

With respect to equity investment, projects subsisting as at the end of each year of the Track Record Period were 30, 41 and 62, with project size of RMB695 million, RMB1.326 billion and RMB3.032 billion, respectively. In addition, the Company proactively participated in the strategic placement on the Sci-Tech Innovation Board and made co-investment in six Sci-Tech Innovation Board projects with an investment scale of RMB271 million as of December 31, 2021.

3. *Securities research business*

As of December 31, 2021, the Company's securities research business had a total of 93 researchers, including 67 with analyst qualifications and 21 with investment consultancy qualifications; and published a total of 2,254 research reports. During each year of the Track Record Period, the Company cultivated the public offering market and strived to improve the market share leveraging institutional customers. Besides, it expanded customer coverage and actively explored non-public offering customers. During each year of the Track Record Period, the securities research institute realized commission income of RMB320 million, RMB540 million and RMB759 million, respectively, indicating improved ranking among customers of core public offering funds.

Furthermore, the securities research institute of the Company has established cooperation plans with various business lines of the Company to promote the development of investment banking, wealth management and other businesses through research, explore service channels for corporate customers, and provide high-value services for industrial capital in a broader sense through internal collaboration.

(III) Investment management business

The investment management business of the Company covers asset management business, fund management business and private equity fund investment management business, which earns management fees and KPI primarily through providing collective asset management, targeted asset management, special asset management, equity investment fund management and other services to customers. During each year of the Track Record Period, the operating income of the investment management segment of the Company amounted to RMB2.907 billion, RMB4.393 billion and RMB5.531 billion, respectively, accounting for 15.26%, 18.99% and 22.69% of total operating income.

1. Asset management business

(1) Business profile

The Company conducts asset management business through Orient Securities Asset Management, a wholly-owned subsidiary of the Company, which mainly provides collective asset management, targeted asset management, special asset management and publicly offered funds management. The asset management business of the Company has long been committed to the principle of putting the interests of customers first, firmly carried out the practice of long-term value investment, focused on improving the core competitiveness driven by both “professional investment research + professional services”, and maintained the leading position in terms of the long-term investment performance.

(2) Specific operating performances

Orient Securities Asset Management is the first asset management company established by a securities firm in China with the approval from the CSRC, and is also the first asset management company in the industry to obtain the qualification for publicly offered securities investment fund management business. According to statistics from the Asset Management Association of China, net income from the entrusted asset management business of the Company ranked first among peers throughout the Track Record Period.

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As a bellwether in the asset management industry, Orient Securities Asset Management will always root itself in the asset management industry, continuously consolidate and upgrade its active equity and fixed-income businesses, give full play to its core business advantages, maintain its leading position in terms of long-term performance, continue to adhere to the development concept of putting the interests of customers first and build a professional service system. At the same time, it will expand the core competitiveness, speed up the layout in pension business, asset allocation products, index products and other fields, diversify the product portfolio, and further consolidate the “Dong Fang Hong” brand.

Following the official implementation of new asset management regulations, the active management capabilities of brokers in asset management are rising to be the major competitive advantages. As of December 31, 2021, the asset management scale of the Company amounted to RMB365.929 billion, including RMB108 billion for long-term closed-end equity funds. According to data from Galaxy Securities Fund Research Center, as of December 31, 2021, the return of equity investment actively managed by Orient Securities Asset Management was 294.35% for the last seven years, ranking first in the industry. During the Track Record Period, Orient Securities Asset Management has won a number of industry awards, including the “China A-share Equity (Three Years) Performance Award (中國A股基金(3年)投資表現大獎)” by Insights & Mandates (《投資洞見與委託》) and the “Golden Fund Top Company Award (金基金TOP公司獎)” under the 18th “Golden Fund (金基金)” Award of Shanghai Securities News, “Golden Bull Fund Firm in terms of Fixed Income Investment (固定收益投資金牛基金公司)” under the 18th China Fund Industry Golden Bull Award of China Securities Journal and “Five-year Sustainable Return Star Fund Firm (五年持續回報明星基金公司)” under the 16th China Fund Industry Star Fund Award of Securities Times.

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Set out below are the asset management scales of the Company as at the end of each year of the Track Record Period:

Product type	December 31, 2021		December 31, 2020		December 31, 2019	
	Scale <i>(RMB100 million)</i>	Proportion %	Scale <i>(RMB100 million)</i>	Proportion %	Scale <i>(RMB100 million)</i>	Proportion %
Publicly offered funds issued by securities dealer	2,696.22	73.68	1,996.31	66.87	1,234.12	55.37
Collective asset management scheme	660.68	18.05	592.52	19.85	484.66	21.75
Single asset management scheme	139.08	3.80	273.34	9.16	350.46	15.72
Specialized asset management scheme	163.31	4.46	123.32	4.13	159.56	7.16
Total ^{Note}	3,659.29	100.00	2,985.48	100.00	2,228.79	100.00

Note: Figures shown as totals may not be an arithmetic aggregation of the figures preceding them as certain figures included in the above tables have been subject to rounding adjustments and may be subject to further rounding adjustments.

2. *Fund management business*

(1) Business profile

The Company engages in fund management business through China Universal, an associate in which the Company is the largest shareholder with 35.412% equity interest. Since establishment in 2005, China Universal has attached top priority to investment performance and developed its distinctive brand edge. At present, China Universal has grown into a large fund company with bright long-term business results, complete product portfolio, comprehensive business coverage and leading asset management scale.

(2) Specific operating performances

During each year of the Track Record Period, China Universal achieved total assets of RMB8.086 billion, RMB10.980 billion and RMB13.459 billion, respectively; net assets of RMB5.978 billion, RMB7.449 billion and RMB8.799 billion, respectively; and total asset management scale of RMB745.7 billion, RMB1,136.5 billion and RMB1,232.4 billion, respectively, including management scale excluding the monetary fund and short-term wealth management bonds of RMB289.5 billion, RMB557.4 billion and RMB617.4 billion. During each year of the Track Record Period, operating income of China Universal amounted to RMB4.078 billion, RMB6.643 billion and RMB9.379 billion, respectively; and net income amounted to RMB1.249 billion, RMB2.566 billion and RMB3.263 billion, respectively. As of December 31, 2021, China Universal managed a total of 226 publicly offered funds, including equity fund, index fund, QDII fund, mixed fund, bond fund and money market fund, with total asset management scale exceeding RMB1.2 trillion. In particular, non-monetary wealth management publicly offered funds exceeded RMB610.0 billion, maintaining a leading position among peers. China Universal continued to improve its product layout, built a client-centered multi-strategy product system, worked on a number of active equity, “fixed income +” and pure debt products with market influence, achieved rapid development of passive business, and established the brand for fundamental hedging strategies. It also further deepened its cooperation with institutional clients such as wealth management subsidiaries, further implemented its omni-channel strategy, and achieved innovative development in its e-commerce business; and continued to facilitate the development in pension business, ESG responsibility investment and other strategic business, and received a no-objection letter from the CSRC for the fund investment advisory business pilot program.

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3. *Private equity fund investment management business*

(1) Business profile

The Company engages in private equity investment management business through Orient Securities Capital Investment, a wholly-owned subsidiary of the Company. Orient Securities Capital Investment was established in 2010 with a registered capital of RMB4 billion and conducts business operations mainly through asset management. Orient Securities Capital Investment and its fund management subsidiaries act as managers and charge annual management fees, and invest certain funds to earn investment returns. In recent years, under the background of ongoing impact from the COVID-19, the continuous strict regulation and the strengthening supervision of state-owned assets, Orient Securities Capital Investment has made progress in optimizing operational management, increasing compliance operation and strengthening risk control management with comprehensive compliance and risk control and management of the parent company, and has built up a certain level of trust and brand strength in state-owned capital LP.

(2) Specific operating performances

As of December 31, 2021, Orient Securities Capital Investment managed 49 funds with a scale of approximately RMB16.173 billion. The total number of investment projects of Orient Securities Capital Investment and funds managed by it reached 220, among which, 72 projects have achieved investment exit, a total of 148 projects were under investment involving an investment amount of approximately RMB9.099 billion and six projects are in the pipeline.

As of December 31, 2021, out of the pipeline projects of Orient Securities Capital Investment, ten passed the share issuance review or completed listing on the Science and Technology Innovation Board of the SSE, and 15 applied for IPO, a total of 11 projects completed listing, and four were accepted after application by the ChiNext stock market. During the Track Record Period, the BSE was officially launched and Newange Environmental Sanitation Co., Ltd., the investment subject of Orient Securities Capital Investment, was among the first batch of enterprises that went public on the BSE.

During the Track Record Period, Orient Securities Capital Investment won the CVAwards “Top 100 Best Private Equity Investment Institution in China (中國最佳私募股權投資機構TOP100)”, “Top 50 Best Chinese-funded Private Equity Investment Institution in China (中國最佳中資私募股權投資機構TOP50)” and “Top 10 Best Private Equity Fund Subsidiary of Brokers in China (中國最佳券商私募基金子公司TOP10)” of the 2020 China Venture Awards, “Top 100 Private Equity Investment Institution in China (中國私募股權投資機構100強)” in 2021 of Zero2IPO, “2021 Top 10 Best Securities Dealer Private Fund (2021年度最佳券商私募基金TOP10)” on the 2021 Forward-looking China Equity Investment Annual List of the Investors, “Annual Excellent Securities Dealers in Equity Investment (券商股權投資年度優勝機構)” under the Golden Bull Award and many other awards.

(IV) Investment banking business

The investment banking business of the Company primarily includes equity underwriting and sponsoring business, bond underwriting business, corporate restructuring and reorganization of enterprises, recommended listing on the NEEQ, and M&A financial consultation business, which are conducted through Orient Investment Banking, a wholly-owned subsidiary of the Company which is proposed to be merged with the Company, and the fixed income business department of the Company. In particular, underwriting and sponsoring of equity and corporate bonds, underwriting of corporate bonds and asset-backed securities, and financial consultation services regarding M&A and reorganization, recommended listing on the NEEQ and corporate restructuring are provided by Orient Investment Banking, a wholly-owned subsidiary of the Company which is proposed to be merged with the Company, while underwriting of treasury bonds and financial bonds is carried out by the fixed income business department of the Company.

The Company was one of the first securities dealers to conduct securities underwriting and sponsoring business and has accumulated certain market influence throughout the years. During the Track Record Period, the Company won the “2019 Junding Award for Rising Investment Bank in China (2019中國區新銳投行君鼎獎)”, “2020 China Growth Enterprise Market Investment Bank Junding Award (2020中國區創業板投行君鼎獎)” and “2021 Main Board Investment Bank Junding Award on the Shanghai and Shenzhen Stock Exchange (2021年滬深主板投行君鼎獎)” by Securities Times.

During the Track Record Period, the Company achieved income from the investment banking business of RMB1.003 billion, RMB1.628 billion and RMB1.725 billion, respectively, accounting for 5.27%, 7.04% and 7.08% of total operating income. The compound annual growth rate of the investment banking business of the Company from 2019 to 2021 was 31.14%, indicating rapid growth of the investment banking business.

1. Equity underwriting and sponsoring business

(1) Business profile

The Company provides equity underwriting and sponsorship services to its customers, including underwriting and sponsorship services of IPOs and refinancing projects. The Company proactively seizes opportunities in the market and brought about by policies to help business entities open up direct financing channels leveraging industry-based customer coverage and project execution capacity. During the Track Record Period, the number of enterprises underwritten by the Company and underwritten amount secured rapid growth. According to the on-post certificate information of brokers as of the end of 2021 published by the Securities Association of China, the Company had 152 sponsor representatives.

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(2) Specific operating performances

During the Track Record Period, the equity underwriting and sponsoring business of the Company maintained on-going development, where IPO and refinancing secured two-pronged growth, demonstrating sound momentum.

In 2019, the Sci-Tech Innovation Board made its debut in China's capital market, leading to a year-on-year increase in overall financing amount. In 2019, the Company acted as the underwriter for three A-share IPOs, basically the same as compared to the previous year with a total underwritten amount of RMB1.584 billion; and participated in the underwriting of eight refinancing projects with a total underwritten amount of RMB9.293 billion, representing a significant year-on-year increase in terms of the number of projects and amount underwritten.

In 2020, the implementation of the new Securities Law brought new opportunities for the equity capital market. The registration system of Sci-Tech Innovation Board became more mature, the registration system of ChiNext stock market was officially implemented, and the new regulations on refinancing brought more opportunities to business entities for financing in capital market. In 2020, the Company acted as the underwriter for 11 A-share IPOs with a total underwritten amount of RMB10.235 billion, representing a significant year-on-year increase in terms of the number of projects and amount underwritten. In particular, the amount underwritten as a lead underwriter witnessed a year-on-year increase of 545.95%. Besides, the Company participated in the underwriting of 10 refinancing projects with a total underwritten amount of RMB6.847 billion.

In 2021, benefiting from the steady recovery of China's economy and the further release of positive impact from the registration-based system, investment was robust in the equity capital market. For the year ended December 31, 2021, the Company acted as the underwriter for 9 A-share IPOs, with an increase of 27.26% in the amount underwritten as the lead underwriter from the corresponding period last year and totaling RMB13.025 billion. The Company participated in the underwriting of 17 refinancing projects with the amount underwritten as the lead underwriter reaching RMB26.028 billion, representing a significant increase in terms of the number of projects and amount underwritten as compared to the corresponding period last year. Specifically, the EverDisplay Optronics project in which Orient Investment Banking, a wholly-owned subsidiary of the Company which proposed to be merged into the Company, acted as the sole sponsor, was successfully listed on the Sci-Tech Innovation Board, setting a record for the size of financing under the registration-based system during the Track Record Period, and was the third largest project in terms of actual fundraising size since the establishment of the Sci-Tech Innovation Board. The Company secured and applied for listing of many projects on the main board, the ChiNext stock market and the Sci-Tech Innovation Board with a good growing trend in terms of number of projects.

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Moreover, Orient Investment Banking, a wholly-owned subsidiary of the Company which is proposed to be merged with the Company, strictly implemented quality control and risk control on the projects. During the Track Record Period, Orient Investment Banking, a wholly-owned subsidiary of the Company which is proposed to be merged with the Company, was awarded as the “Most Respected Growing Investment Bank by Listed Companies (最受上市公司尊敬的成長性投行)” and the “Most Respected Capital Market Department (Equity) by Listed Companies (最受上市公司尊敬的資本市場部(股權))” by Securities Times, “Best IPO Project (CICC)”, “Best Refinancing Project (Wing Tech)” and “Most Innovative Project (Wing Tech)” of New Fortune, and “IB Junding Award on the Main Board of Shanghai Stock Exchange and Shenzhen Stock Exchange (滬深主板投行君鼎獎)” and “Main Board Refinancing Junding Award (CICC IPO)” of Securities Times and was widely recognized by various parties in the society.

Set out below is the information on equity underwriting and sponsoring business completed by the Company during the Track Record Period:

Category	Item	Year 2021	Year 2020	Year 2019
IPO	Time of issuance (<i>case</i>)	9	11	3
	Amount underwritten as lead underwriter (<i>RMB100 million</i>)	130.25	102.35	15.84
Refinancing	Time of issuance (<i>case</i>)	17	10	8
	Amount underwritten as lead underwriter (<i>RMB100 million</i>)	260.28	68.47	92.93
Total ^{Note}	Time of issuance (<i>case</i>)	26	21	11
	Amount underwritten as lead underwriter (<i>RMB100 million</i>)	390.53	170.82	108.78

Note: Figures shown as totals may not be an arithmetic aggregation of the figures preceding them as certain figures included in the above tables have been subject to rounding adjustments and may be subject to further rounding adjustments.

2. Bond underwriting business

(1) Business profile

The Company provides bond underwriting services for its customers, including underwriting services for corporate bonds, enterprise bonds, treasury bonds, financial bonds and others. The Company upheld the operation strategy of “growth stabilization, risk control and reform promotion” to proactively promote the bond underwriting scale of the Company to rank into the first-tier brokers through in-depth Group collaboration, enhanced efforts on bond portfolio innovation and strengthened regional development and innovative service. During the Track Record Period, the bond underwriting cases and scale of the Company achieved rapid growth.

(2) Specific operating performances

During the Track Record Period, the bond underwriting business of the Company secured rapid development, primarily benefited from the market exploration and customer accumulation in terms of the corporate bonds, enterprise bonds and asset-backed securities business.

In 2019, the bond market maintained a volatile trend, and the credit spread showed a trend of continuous unilateral compression. Bonds issued by various institutions reached a new high, while the net financing volume in the overall credit bond market continued to increase. In 2019, the Company acted as the lead underwriter for 129 bond projects with underwritten amount of RMB87.578 billion, representing a substantial increase in the number of projects underwritten, and the Company continued to maintain the leading position in the industry in terms of sales of interest rate bonds and underwriting of local bonds.

In 2020, affected by the pandemic of COVID-19, the global economy experienced downturn which led to accommodative monetary policies. In 2020, the Company acted as the lead underwriter for 184 bond projects with underwritten amount of RMB132.202 billion, representing a substantial year-on-year increase in the number and amount of projects underwritten.

In 2021, against the economic downturn and the policy keynote of stabilizing growth, the relatively accommodating monetary policies created favorable conditions for bond issuance. The regulatory authorities continued launch innovative debt financing products to further satisfy the financing requirements of the real economy, which brought broader development potential for the development of the bond market. During the Track Record Period, the Company acted as the lead underwriter for 293 bond projects with underwritten amount of RMB151.846 billion.

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Set out below is the information on bond underwriting projects completed by the Company during the Track Record Period:

Category	Item	Year 2021	Year 2020	Year 2019
Corporate bonds	Project underwritten as lead underwriter <i>(case)</i>	130	86	44
	Amount underwritten as lead underwriter <i>(RMB100 million)</i>	731.55	656.81	352.71
Enterprise bonds	Project underwritten as lead underwriter <i>(case)</i>	18	11	15
	Amount underwritten as lead underwriter <i>(RMB100 million)</i>	113.76	75.73	94.00
Financial bonds	Project underwritten as lead underwriter <i>(case)</i>	26	17	23
	Amount underwritten as lead underwriter <i>(RMB100 million)</i>	241.80	249.03	137.10
Asset-backed securities	Project underwritten as lead underwriter <i>(case)</i>	55	14	14
	Amount underwritten as lead underwriter <i>(RMB100 million)</i>	142.87	71.70	147.45
Debt financing instrument of non-financial enterprises	Project underwritten as lead underwriter <i>(case)</i>	64	56	33
	Amount underwritten as lead underwriter <i>(RMB100 million)</i>	288.50	268.75	144.52
Total ^{Note}	Project underwritten as lead underwriter <i>(case)</i>	293	184	129
	Amount underwritten as lead underwriter <i>(RMB100 million)</i>	1,518.46	1,322.02	875.78

Note: Figures shown as totals may not be an arithmetic aggregation of the figures preceding them as certain figures included in the above tables have been subject to rounding adjustments and may be subject to further rounding adjustments.

3. *Financial advisory business*

The investment banking business of the Company also includes corporate restructuring, M&A and reorganization as well as NEEQ related financial advisory business.

In 2019, the Company completed three M&A projects with a total amount of RMB12.880 billion. The CSRC launched the NEEQ reform policy, allowing companies listed on the Innovation New Third Board to conduct public offering and enter into the Premium New Third Board. As of the end of 2019, there were a total of eight listed companies on the Innovation New Third Board supervised by the Company, and approximately five companies met the conditions of the Premium New Third Board, accounting for a higher proportion than the market average.

In 2020, the M&A business generally showed a trend of low passing rate and tightening requirements of administrative review. In particular, various travel restrictions and quarantine policies caused by the pandemic made the execution of cross-border M&A projects more difficult, and the business performance dampened by the pandemic also affected enterprises' ability and willingness to carry out M&A, thus increasing the uncertainty of the transactions. In 2020, the Company completed four M&A projects with a total amount of approximately RMB2.724 billion.

In 2021, there was still a small number of M&A projects in the domestic market. Meanwhile, the COVID-19 pandemic and complicated international situation intensified the difficulties for cross-border M&A projects and heightened uncertainties of transactions. In 2021, the Company made steady progress in terms of its M&A business, and six M&A and asset reorganization projects passed the administrative review or completed listing with total amount of approximately RMB25.124 billion.

(V) Headquarters and others business

Headquarters and others business of the Company mainly include the headquarters' treasury business, overseas business and financial technology business. Revenue from the headquarters and others business amounted to RMB-385 million, RMB-579 million and RMB-679 million for 2019, 2020 and 2021.

1. Treasury business

The Company's treasury business aims to enhance the comprehensive treasury management capability, which mainly includes liquidity risk management, liability management and liquidity reserve management. During the Track Record Period, the Company continued to optimize the reserve asset structure to enhance the safety margin of liquidity with the goal of improving the liquidity risk management system and strengthening the refined management of financing, thereby achieving an effective unity of capital safety, liquidity and profitability. Amid the intensified fluctuation in the monetary market, the Company managed to stabilize its capital to ensure that liquidity indicators continue to meet regulatory requirements.

As of the end of each year of the Track Record Period, the liquidity coverage ratio of the parent company was 284.01%, 245.56% and 272.45%, and net stable capital ratio of the parent company was 125.74%, 151.06% and 132.24%, respectively, all of which are above the regulatory warning line and maintain certain safety margin.

2. Overseas business

The Company engages in overseas business through Orient Finance Holdings, a wholly-owned subsidiary of the Company, and Orient Securities International, a subsidiary of Orient Finance Holdings. In particular, as the Group's international business platform, Orient Securities International conducts securities brokerage, futures brokerage, asset management, investment banking, margin financing and securities lending and other businesses through wholly-owned subsidiaries licensed by the SFC. For asset management business, Orient Securities International actively diversified the product portfolio and enhanced its brand influence. As of the end of the Track Record Period, the total size of assets under management of Orient Securities International amounted to approximately HK\$11.5 billion with an aggregate of 31 products. During the Track Record Period, Orient Securities International successfully launched the first independently managed fixed-income publicly offered fund, Dong Fang Hong Greater China Bond Fund, and established presence in the fund investment consultation niche market.

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During the Track Record Period, Orient Finance Holdings and its subsidiaries steadily advanced with various operations and management tasks. It was chosen as the “Best Investment Institution of G3 Bonds in Asia (亞洲地區G3債券最佳投資機構)” (the third consecutive year) by “The Asset (《財資》)”; its products won the “2021 Onshore RMB Bond Fund (5-Year) – Best Performance Award (在岸人民幣債基(5年)投資表現大獎)” by Asia Asset Management; and it was accredited as the “Best China-based Securities Firm 2020 (最佳中資券商)” under the 10th China Securities Golden Bauhinia Awards, “Three-year Overseas Golden Bull Private Equity Fund Management Company (Bond Strategy) 2019 (三年期海外金牛私募管理公司(債券策略))” chosen by China Securities Journal, and many other awards.

The brokerage business was poised for a breakthrough. During the Track Record Period, the total transaction volume of the securities brokerage business of Orient Securities International reached HK\$50.8 billion, a year-on-year increase of 26%; and the securities brokerage customers approximated 370,000 as at the end of the period, an increase of 61% compared with the beginning of the period. During the year, Orient Securities International launched a number of mobile Internet multimedia promotion platforms, established cooperation with the top two vertical securities trading platforms in China, and achieved connection between Oriental Global Fortune APP and All Funds, the international fund distributor. The institutional trading customers of Orient Securities International continued to increase, and it strengthened the promotion of PB system, started the push business of the sell-side research report on Hong Kong stocks in Hong Kong market, released 161 reports covering 72 listed companies throughout the year, and held the first research roadshow for overseas investors. Its annual institutional trading volume increased by 62% year on year.

The investment banking business of the Company accumulated rich foundations. During the Track Record Period, Orient Securities International materialized three H-share IPO underwriting projects, including SenseTime, conducted six IPO sponsoring projects, including Lao Feng Xiang and completed 50 bond underwriting projects, with a total underwriting amount of HK\$7.4 billion, ranking sixth among Hong Kong based Chinese brokers in terms of underwritten amount of overseas high-yield bonds, and completed five sell-side projects, achieving a breakthrough.

BUSINESS

In terms of asset management business, Orient Securities International continued to enhance brand value. As of the end of the Track Record Period, the asset management scale of Orient Securities International reached approximately HK\$11.5 billion, with a total of 31 products. During the Track Record Period, Orient Securities International successfully issued the first independently managed fixed-income publicly offered fund, Dong Fang Hong Greater China Bond Fund, and conducted the fund investment and consultation niche business. During the Track Record Period, the products of Orient Securities International won the “Onshore RMB Debt-based (5-year) Investment Performance Award (在岸人民幣債基(5年)投資表現大獎)” by Asia Asset Management, an authoritative magazine; “Onshore RMB Bond Fund (5 years)-Investment Performance Award (在岸人民幣債券基金(5年)-投資表現大獎)” and “Asia Pacific (excluding Japan) Equity Fund (3 years)-Investment Performance Award (亞太區(不含日本)權益基金(3年)-投資表現大獎)” by Insights & Mandates 2021 professional investment awards and other renowned awards.

The fixed-income proprietary trading business delivered stable performance. During the year, amid frequent credit defaults and great turmoil in the Chinese-funded dollar bond market, Orient Securities International closely integrated self-management with fundamental research in terms of its fixed-income proprietary trading business, insisted on the strategy of long and short absolute returns, increased short-term trading of highly volatile targets, strictly guarded against risks and identified opportunities in crisis, and achieved positive returns in the gloomy market throughout the year.

3. *Financial technology*

The Company promoted high-quality corporate development with the strategic driver of digital transformation. The Company utilized financial technology to facilitate business model transformation and management model optimization, and integrated digital experience into customer service, investment decision-making, operation management, compliance and risk control to optimize customer experience, empower business development, improve management efficiency, and build digital core competitiveness.

BUSINESS

The Company actively promotes the independent research and development of financial technology products to enhance its core competitiveness in all aspects. During the Track Record Period, the Company introduced the brand of Dong Fang Rui series and launched a new generation of distributed high-speed institutional trading system, and recorded significant increase in number of users and trading volume; independently developed the super investment management platform, and continuously expanded the scope of business access and application; continued to optimize the Orient Winners APP and achieved great results in facilitating product sales, wealth management transformation and consolidation of basic services; developed and improved the orient business platform to promote the digital transformation of business branches; created the DFZQ artificial intelligence platform – Orient Brain, and built an overall structure comprising the AI foundation platform, the middle platform and the application layer to support the intelligent transformation of business operation.

During the Track Record Period, the Company won the Shanghai High-tech Achievement Transformation Award in 2020 for its development achievements in artificial intelligence and arbitrage system, the project of “Abnormal Securities Transaction Monitoring and Identification” was awarded the first prize of the 2019 Securities and Futures Industry Financial Technology Research and Development Center (Shenzhen), “A New Generation of Institutional Trading Service Platform based on Distributed Architecture” won the third prize under the Seventh Securities and Futures Science and Technology Awards, and the “FICC Business Intelligent Trading Platform” won the award of excellence under the Seventh Securities and Futures Science and Technology Awards. Meanwhile, in terms of technological structure transformation, the Company’s “Exploration and Implementation of Cross-language Service Governance Framework in the Securities Industry” project won the second prize among the 2020 research topics of the Financial Technology Research and Development Center of the Securities and Futures Industry of Shenzhen Stock Exchange, and its “Interbank Business System” was honored the “Best Technology Award” and “Automated Transaction Innovation Award” of the China Foreign Exchange Trade System in 2020.

LETTER FROM THE BOARD



(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)

Executive Directors:

Mr. SONG Xuefeng
Mr. JIN Wenzhong (*Chairman*)

Non-executive Directors:

Mr. YU Xuechun
Mr. ZHOU Donghui
Mr. CHENG Feng
Mr. REN Zhixiang
Ms. ZHU Jing

Independent non-executive Directors:

Mr. XU Zhiming
Mr. JIN Qinglu
Mr. WU Hong
Mr. FENG Xingdong
Mr. LUO Xinyu

Registered office:

Orient Securities Building
No. 119 South Zhongshan Road
Huangpu District, Shanghai
PRC

Principal place of business in Hong Kong:

28th and 29th Floor
100 Queen's Road Central
Central
Hong Kong

To the Qualified H Shareholders and, for information purposes only, the Excluded H Shareholders

Dear Sir or Madam,

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

LETTER FROM THE BOARD

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.

A summary of the major terms of the H Share Rights Issue and the expected timetable of the H Share Rights Issue are set forth in this prospectus. The H Shareholders' Register was closed from Wednesday, April 27, 2022 to Wednesday, May 4, 2022 (both days inclusive). The last day of dealings in the H Shares on cum-right basis was Friday, April 22, 2022 and the H Shares were dealt with on an ex-rights basis from Monday, April 25, 2022. To qualify for the H Share Rights Issue, an H Shareholder must be registered as a member of the Company at the close of business on Wednesday, May 4, 2022 and must not be an Excluded H Shareholder.

The Chinese version of the A Share Rights Issue Prospectus is available for public inspection on the website of Stock Exchange (www.hkexnews.hk) and SSE (www.sse.com.cn) from Monday, April 18, 2022. Neither the A Share Rights Issue Prospectus nor any other information on the above websites is incorporated in this prospectus. A summary of the major terms of the A Share Rights Issue and the timetable of the A Share Rights Issue are included herein for information purposes only.

LETTER FROM THE BOARD

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 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. 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. The H Share Rights Issue and A Share Rights Issue are inter-conditional upon each other. The H Share Rights Issue is conditional upon the fulfillment of the conditions 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. Shareholders’ and potential investors’ attention is drawn to the paragraph headed “Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights” below. It should also be noted that the H Shares have been dealt in on an ex-rights basis from Monday, April 25, 2022 and that dealings in the H Rights Shares in nil-paid form 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 and 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 prospectus. Any person who is in any doubt about his, her or its position is recommended to consult his, her or its own professional adviser.

The purpose of this prospectus is to provide you with, among other things, details of the H Share Rights Issue as well as certain financial and other information in respect of the Company.

LETTER FROM THE BOARD

H SHARE RIGHTS ISSUE

The H Share Rights Issue is conducted 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. Based on the discussion among the Board, the Sole Financial Adviser and the underwriters in the A Share Rights Issue, the Subscription Price of HK\$10.38 per H Rights Share and RMB8.46 per A Rights Share were mainly determined by making references to: (i) 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 Hong Kong Stock Exchange on April 14, 2022 and RMB10.88 (being the latest closing price of A Shares available before the Price Determination Date) per A Share as quoted on the SSE on April 15, 2022, representing a premium of approximately 113.58% to the closing price of HK\$4.86 and a discount of approximately 22.24% to the closing price of RMB10.88 per A Share respectively; (ii) the price-to-earning ratio of approximately 11.52 times (calculated by dividing the Subscription Price of the H Rights Shares by the basic earnings per share for 2021) and the price-to-book ratio of approximately 1.00 times (calculated by dividing the Subscription Price of the H Rights Shares by the net assets per Share attributable to ordinary Shareholders of the Company for 2021) of the Shares of the Company in the secondary market; (iii) the needs to raise funds to support the Company's business plans, which include but not limited to the development of investment banking business, wealth management and securities finance business and sales and trading business, all having a large demands for fundings; and (iv) the funding and capital requirements of investment projects as discussed in the section headed "Reasons for the Rights Issue and Use of Proceeds" in the letter from the Board in this prospectus. The Subscription Prices of A Rights Share and H Rights Share remain the same after exchange rate adjustment.

After taking into account of the reasons for the Rights Issue as stated in the section headed "Reasons for the Rights Issue and Use of Proceeds" below and the aforesaid basis for determining the Subscription Price of the Company's Rights Issue, the Directors are of the view that the terms of the H Share Rights Issue, including the Subscription Price, are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

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).

The H Share Rights Issue is conditional upon the fulfillment of the conditions set out under the paragraph headed "Conditions of the H Share Rights Issue" below.

LETTER FROM THE BOARD

Details of the H Share Rights Issue are as follows:

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 Latest Practicable Date:	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 at the Latest Practicable Date):	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

Assuming no change in the number of issued H Shares on or before the H Share Rights Issue Record Date, the 287,582,400 H Rights Shares proposed to be issued pursuant to the terms of the H Share Rights Issue represent: (i) 28.00% of the existing issued H Share capital of the Company as at the Latest Practicable Date; and (ii) approximately 21.88% of the issued H Share capital of the Company as enlarged by the allotment and issuance of the H Rights Shares (assuming there is no other change in the shareholding structure of the Company since the Latest Practicable Date).

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into the H Shares.

LETTER FROM THE BOARD

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. Pursuant to the Companies (WUMP) Ordinance, the Hong Kong Listing Rules and the Articles of Association, there is no requirement on minimum subscription level in respect of the H Share Rights Issue. Subject to fulfilment of the conditions of the H Share Rights Issue, the H Share Rights Issue will proceed regardless of the ultimate subscription level.

In the event the H Share Rights Issue is undersubscribed, any H Rights Shares not taken up by the Qualified H Shareholders or transferees of Nil-paid H Rights will not be issued by the Company and the size of the H Share Rights Issue will be reduced accordingly. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the H Shares.

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, being HK\$10.38, for each H Rights Share. Qualified H Shareholders who apply for all or any of their provisional entitlement shall duly complete the Provisional Allotment Letter, and lodge the same together with the cheque or cashier’s order bearing the sum payable for the H Rights Shares subscribed for with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong on or before the Last Acceptance Date.

Qualified H Shareholders

The Company is sending the Prospectus Documents comprising this 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 at the close of business on the H Share Rights Issue Record Date and must not be an Excluded H Shareholder.

The last day of dealings in the H Shares on a cum-rights basis for the H Share Rights Issue was Friday, April 22, 2022. The H Shares have been dealt in on an ex-rights basis from Monday, April 25, 2022. In order to be a Qualified H Shareholder, H Shareholders must lodge all transfer documents accompanied by the relevant share certificates 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.

LETTER FROM THE BOARD

PRC Southbound Trading Investors

The Directors have made the relevant enquiries and were advised that the PRC Southbound Trading Investors may participate in the H Share Rights Issue Plan 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 Shares 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 Plan in accordance with the relevant laws and regulations. However, China Clear will not support applications by such PRC Southbound Trading Investors for excess H Rights Shares under the H Share Rights Issue Plan through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

In addition, according to the legal advice of the PRC legal adviser of the Company, 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 H Rights Shares can only sell those Nil-paid H Rights Shares on the Stock Exchange via China Clear under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect and can neither purchase any Nil-paid H Rights Shares nor transfer such Nil-paid H Rights Shares to other PRC Southbound Trading Investors. Save and except for the PRC Southbound Trading Investors and Qualified 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 Shareholders in the PRC are not entitled to participate in the H Share Rights Issue Plan.

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 section headed “Expected Timetable” in this prospectus 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.

According to the legal advice of the PRC legal adviser of the Company, the H Rights Shares (in both their nil-paid and fully-paid forms) shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless such person or entity is a PRC Southbound Trading Investor (subject to certain limitations in relation to its rights to participate in the H Share Rights Issue as explained in this prospectus) or a Qualified H Shareholder in the PRC, or it has otherwise been exempted by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

As such, the Prospectus Documents may not be distributed in or forwarded to the PRC or used in connection with any offer for subscription or sale of the H Rights Shares (in nil-paid and fully-paid forms) in the PRC, except that the same may be despatched to China Clear in the PRC or the Qualified H Shareholder in the PRC or to the extent in compliance with applicable PRC laws and regulations, and the Prospectus Documents may not be made publicly available in the PRC.

LETTER FROM THE BOARD

Distribution of this Prospectus and the Other Prospectus Documents

This prospectus accompanied by the other Prospectus Documents will be despatched to the Qualified H Shareholders only. For the Excluded H Shareholders, the Company will, to the extent reasonably practicable and legally permitted, send this prospectus to them for their information purposes only. The Company will not send any Provisional Allotment Letter or Excess Application Form to the Excluded H Shareholders.

This prospectus will not be sent to any H Shareholders or Beneficial H Shareholders in the Specified Territories except for those H Shareholders or Beneficial H Shareholders who satisfy relevant requirements to the satisfaction of the Company.

Distribution of this prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by laws. Persons who come into possession of the Prospectus Documents (including, but not limited to, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any H Shareholder or Beneficial H Shareholder who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay. In particular, subject to certain exceptions as determined by the Company, persons in possession of this prospectus should not distribute, forward or transmit into or from any Specified Territories, this prospectus, whether with or without the Provisional Allotment Letter or the Excess Application Form.

It is the full responsibility of any person (including, but not limited to, any agent, custodian, nominee and trustee) outside Hong Kong wishing to make an application for the H Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the H Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. H Shareholders should consult their professional advisers if in doubt. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the representations and warranties above.

LETTER FROM THE BOARD

Excluded H Shareholders

Excluded H Shareholders are those H Shareholders with registered addresses in, or who are otherwise known by the Company to be residents of, places outside Hong Kong and in respect of whom the Directors, based on enquiries made by the Directors, consider it necessary or expedient not to offer the H Rights Shares on account either of the legal restrictions under the laws of the relevant place in which the H Shareholder is located or the requirements of the relevant regulatory body or stock exchange in that place.

The Board has made enquiries regarding the legal restrictions under the applicable securities legislation of the relevant jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the H Rights Shares to the H Shareholders in those territories. Having considered the circumstances, the Directors have formed the view that, other than subject to certain limited exception as described below, it is necessary or expedient to restrict the ability of H Shareholders in the Specified Territories to take up their rights under the H Share Rights Issue due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in those territories and/or additional steps the Company and the H Shareholders need to take to comply with the local legal requirements and/or other requirements to be satisfied in order to comply with relevant local legal or regulatory requirements in those territories.

Accordingly, for the purposes of the H Share Rights Issue, the Excluded H Shareholders are:

- (i) H Shareholders whose name(s) appear in the H Shareholders' Register on the H Share Rights Issue Record Date and whose address(es) as shown in such register is/are in any of the Specified Territories, except for those H Shareholders with addresses in Australia, Germany, Luxembourg, Singapore, the United Kingdom, France, Switzerland, Sweden, Ireland, Denmark, the PRC, the Netherlands and Norway who fulfil the relevant requirements to the satisfaction of the Company; and
- (ii) any H Shareholders or Beneficial H Shareholders at that time who are otherwise known by the Company to be resident in any of the Specified Territories, except for those H Shareholders or Beneficial H Shareholders with addresses in Australia, Germany, Luxembourg, Singapore, the United Kingdom, France, Switzerland, Sweden, Ireland, Denmark, the PRC, the Netherlands and Norway who fulfil the relevant requirements to the satisfaction of the Company.

For a description of certain restrictions regarding the take-up of the Nil-paid H Rights for, and the offering and sale of, the H Rights Shares, please refer to the Notice section.

LETTER FROM THE BOARD

As of the Latest Practicable Date, to the best information and belief of the Company having made all reasonable enquiries, 237 of the H Shareholders have the addresses shown in the register of members located in the Specified Territories, and the relevant shareholding structures are as follows:

Jurisdiction	Number of Overseas Shareholder(s)	Aggregate number of H Shares held by Overseas Shareholder(s) in the jurisdiction	Approximate percentage of the total shareholdings ⁽¹⁾
Australia	3	1,313,860	0.02%
Germany	3	838,800	0.01%
Luxembourg	1	66,000	0.0009%
Singapore	9	7,927,252	0.11%
The United Kingdom	10	12,891,273	0.18%
France	3	1,571,468	0.02%
The United States	25	59,234,042	0.85%
British Virgin Islands	5	84,903,622	1.21%
Canada	3	1,125,600	0.02%
Japan	2	340,800	0.005%
Switzerland	3	842,400	0.01%
Sweden	1	174,256	0.002%
Ireland	1	102,027	0.001%
Denmark	1	30,400	0.0004%
PRC	163	821,588,177	11.75%
Netherlands	1	998,800	0.01%
Norway	1	5,569,200	0.08%
Taiwan	1	6,400	0.00009%
New Zealand	1	37,600	0.0005%

- (1) As at the Latest Practicable Date, the Company has issued 6,993,655,803 shares in total, including 5,966,575,803 A Shares and 1,027,080,000 H Shares (all the A Rights Shares successfully subscribed for by the Qualified A Shareholders have not yet been issued and registered as at the Latest Practicable Date, hence are not included in the issued share capital of the Company on the Latest Practicable Date).

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than (a) Hong Kong; (b) the PRC, in accordance with the CSRC Notice; and (c) Canada (in order to rely on an exemption from the prospectus requirements of applicable Canadian securities laws). The Company will comply with relevant requirements stipulated in the CSRC Notice.

For the Excluded H Shareholders, the Company will, to the extent reasonably practicable and legally permitted, send this prospectus to them for their information purposes. The Company will not send any Provisional Allotment Letter or Excess Application Form to the Excluded H Shareholders.

This prospectus will not be sent to any H Shareholders or Beneficial H Shareholders in the Specified Territories except for those H Shareholders or Beneficial H Shareholders who satisfy relevant requirements to the satisfaction of the Company.

Notwithstanding any other provision in this prospectus or the Provisional Allotment Letter or the Excess Application Form, the Company reserves the right to permit any H Shareholder or Beneficial H Shareholder to participate in the H Share Rights Issue and take up his/her/its rights if the Company, in its absolute discretion, is satisfied that the offer under the H Share Rights Issue is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

LETTER FROM THE BOARD

The Company also reserves the right to treat as invalid, and will not be bound to allot or issue any H Rights Shares in respect of, any acceptance or purported acceptance of the offer of Nil-paid H Rights or the H Rights Shares which:

- (i) appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction; or
- (ii) in the case of a Provisional Allotment Letter, provides for an address for delivery of the share certificates in, or, in the case of a credit of H Rights Shares in CCASS, a CCASS participant whose address is in, or is otherwise a resident of, any designated territories or any other jurisdiction in which it would be unlawful to deliver such share certificates or make such a credit of the H Rights Shares or if the Company believes or its agents believe that the same may violate applicable legal or regulatory requirements.

Receipt of this prospectus and/or a Provisional Allotment Letter and/or an Excess Application Form or the crediting of Nil-paid H Rights to a stock account in CCASS does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or a Provisional Allotment Letter and/or an Excess Application Form must be treated as sent for information purpose only and should not be copied or redistributed. Persons (including, but not limited to, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or a Provisional Allotment Letter and/or an Excess Application Form or whose stock account in CCASS is credited with Nil-paid H Rights should not, in connection with the H Share Rights Issue, distribute or send the same in, into or from, or transfer Nil-paid H Rights to any person in, into or from, any of the Specified Territories. If a Provisional Allotment Letter or an Excess Application Form or any credits of Nil-paid H Rights to a stock account in CCASS are received by any person in any Specified Territories, or by his/her/its agent, custodian, nominee or trustee, he/she/it should not seek to take up the rights referred to in the Provisional Allotment Letter or transfer the Provisional Allotment Letter (or apply for any excess H Rights Shares under the Excess Application Form) or transfer the Nil-paid H Rights in CCASS unless such person is able to demonstrate to the satisfaction of the Company, or the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, but not limited to, agents, custodians, nominees and trustees) who does forward this prospectus or a Provisional Allotment Letter or an Excess Application Form in, into or from any Specified Territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

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.

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With respect to the Excluded H Shareholders who hold interests in H Shares through CCASS, their nominees (excluding HKSCC Nominees), custodians or other intermediaries may sell, on such Excluded H Shareholders' behalf, their entitlements to the Nil-paid H Rights in compliance with applicable securities laws and distribute the proceeds thereof as appropriate. Any H Rights Shares in respect of unsold entitlements of the Excluded H Shareholders and any unsold fractional entitlements to the H Rights Shares together with any H Rights Shares in respect of Nil-paid H Rights not taken up by the Qualified H Shareholders or otherwise not subscribed for by transferees of Nil-paid H Rights, will be made available for excess application on Excess Application Forms by Qualified H Shareholders.

Limited categories of persons in the Specified Territories who may be able to take up their Nil-paid H Rights to subscribe for the H Rights Shares under the H Share Rights Issue

Notwithstanding those set out in the paragraph headed "Excluded H Shareholders" above, the following limited categories of persons in the Specified Territories may be able to take up their rights under the H Share Rights Issue:

- (i) H Shareholders or Beneficial H Shareholders in the United Kingdom are generally Excluded H Shareholders, however, a limited number of H Shareholders and Beneficial H Shareholders in the United Kingdom who the Company reasonably believes are "qualified investors" within the meaning of article 2(e) of the United Kingdom Prospectus Regulation and who are also persons who: (i) have professional experience in matters relating to investments falling within the definition of "investment professionals" in Article 19(5) of the Order; (ii) are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) otherwise are persons to whom an invitation or inducement to engage in an investment activity (within the meaning of section 21 of the FSMA) may otherwise be lawfully communicated, may be able to take up their Nil-paid H Rights to subscribe for H Rights Shares being offered in the H Share Rights Issue in transactions exempt from registration or prospectus disclosure requirements pursuant to the FSMA, the United Kingdom Prospectus Regulation and other applicable laws and regulations, provided that they fulfil the relevant requirements to the satisfaction of the Company; and
- (ii) H Shareholders or Beneficial H Shareholders (other than PRC Southbound Trading Investors) in the PRC are generally Excluded H Shareholders, however, Qualified Domestic Institutional Investors (the "QDIIs") and Beneficial H Shareholders who hold interests in H Shares through QDIIs may be able to take up their Nil-paid H Rights to subscribe for H Rights Shares being offered in the H Share Rights Issue, provided that they fulfil the requirements under the relevant PRC laws and regulations to the satisfaction of the Company.

In each case above, the Company reserves the absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so.

LETTER FROM THE BOARD

Procedure for Acceptance or Transfer

General

Any person (including, but not limited to, any agent, nominee and trustee) wishing to take up his/her/its rights under the H Share Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territories, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The attention of H Shareholders with registered addresses in any of the Specified Territories or holding H Shares on behalf of persons with such addresses is drawn to the paragraphs headed “Excluded H Shareholders” and “Limited categories of persons in the Specified Territories who may be able to take up their Nil-paid H Rights to subscribe for the H Rights Shares under the H Share Rights Issue” above.

Each subscriber (including, but not limited to, any agent, nominee and trustee) of H Rights Shares being offered and sold outside the United States will be deemed (by accepting delivery of this prospectus) to have given each of the following representations and warranties to the Company and the Sole Financial Adviser and to any person acting on their behalf, unless, in their sole discretion, the Company and the Sole Financial Adviser waive such requirement expressly in writing:

- i. he/she/it was an H Shareholder at the H Share Rights Issue Record Date, or he/she/it lawfully acquired or may lawfully acquire the Nil-paid H Rights, directly or indirectly, from such a person;
- ii. he/she/it is not located in any other jurisdiction in which it is unlawful to purchase or take up the Nil-paid H Rights or subscribe for or accept H Rights Shares;
- iii. he/she/it is not resident or located in, or a citizen of, the United States;
- iv. he/she/it is not accepting an offer to purchase or take up the Nil-paid H Rights or subscribe for or accept H Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of, the United States at the time the instruction to accept was given;
- v. he/she/it is not doing so for the account of any person who is located in the United States, unless:
 - a. the instruction to purchase or take up the Nil-paid H Rights or to subscribe for or accept H Rights Shares was received from a person outside the United States; and
 - b. the person giving such instruction has confirmed that he/she/it (x) has the authority to give such instruction and (y) either (A) has investment discretion over such account or (B) is an investment manager or investment company that is acquiring the H Rights Shares in an “offshore transaction” within the meaning of Regulation S under the U.S. Securities Act;
- vi. he/she/it is acquiring the Nil-paid H Rights and/or the H Rights Shares in an “offshore transaction” as defined in Regulation S under the U.S. Securities Act;

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- vii. he/she/it has not been offered the H Rights Shares by means of any “directed selling efforts” as defined in Regulation S under the U.S. Securities Act;
- viii. he/she/it is not purchasing or taking up the Nil-paid H Rights or subscribing for or accepting the H Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil-paid H Rights or H Rights Shares into the United States or any other jurisdiction referred to in paragraph (ii) above; and
- ix. he/she/it understands that neither the Nil-paid H Rights nor the H Rights Shares have been or will be registered under the U.S. Securities Act or with any securities regulatory authority of any state, territory, or possession of the United States and the Nil-paid H Rights or H Rights Shares are being distributed and offered outside the United States in reliance on Regulation S under the U.S. Securities Act. Consequently, he/she/it understands the Nil-paid H Rights or H Rights Shares may not be offered, sold, pledged or otherwise transferred in or into the United States, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the representations and warranties above.

LETTER FROM THE BOARD

Action to be taken by Qualified H Shareholders

Subscription for all H Rights Shares provisionally allotted

For each Qualified H Shareholder, a Provisional Allotment Letter is enclosed with this prospectus which entitles the Qualified H Shareholder(s) to whom it is addressed to subscribe for the number of the H Rights Shares shown thereon. If a Qualified H Shareholder wishes to take up his/her/its right to subscribe for any or all of the H Rights Shares provisionally allotted to him/her/it as specified in the Provisional Allotment Letter, he/she/it must lodge the Provisional Allotment Letter in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by no later than 4:00 p.m. on Friday, May 20, 2022.

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 orders must be issued by, a licensed bank in Hong Kong and made payable to "**Orient Securities Company Limited – PAL**" and crossed "**Account Payee Only**". Qualified H Shareholders should note that they may apply for H Rights Shares in a number equal to or less than that set out in the Provisional Allotment Letter (by following the instructions in the paragraph below headed "Transfer and 'Splitting' of Nil-Paid H Rights").

It should be noted that, unless the completed Provisional Allotment Letter, together with the appropriate remittance, has been lodged with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by 4:00 p.m. on the Last Acceptance Date, whether by the original allottee or any person in whose favour the rights have been validly transferred, provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions. The Company may require such incomplete Provisional Allotment Letter to be completed by the relevant applicants at a later stage.

All cheques and cashier's orders as well as the completed Provisional Allotment Letters 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 Provisional Allotment Letter in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected and, in that event, the provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. 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. If the H Share Rights Issue does not proceed, the monies received in respect of the relevant provisional allotments will be returned to the respective registered addresses of relevant persons and in the case of joint applicants, to the registered address of the person who appears first on the H Shareholders' Register or the transfer form without interest and by means of cheques despatched by ordinary post or courier at the risk of such persons on or about Monday, May 30, 2022.

LETTER FROM THE BOARD

Transfer and “splitting” of Nil-paid H Rights

The Nil-paid H Rights can be traded on the Stock Exchange. A Qualified H Shareholder can accept all of his/her/its provisional allotment of H Rights Shares, or sell all of his/her/its provisional allotment on the Stock Exchange, or accept only part of his/her/its provisional allotment and sell the remaining part on the Stock Exchange.

If a Qualified H Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its Nil-paid H Rights provisionally allotted to him/her/it under the Provisional Allotment Letter or transfer his/her/its Nil-paid H Rights to more than one person, the entire Provisional Allotment Letter must be surrendered and lodged for cancellation, together with a covering letter stating clearly the number of split Provisional Allotment Letters required and the number of Nil-paid H Rights to be comprised in each split Provisional Allotment Letter (which, in aggregate, should be equal to the number of H Rights Shares provisionally allotted to such holder as stated in Box B of the original Provisional Allotment Letter), by no later than 4:30 p.m. on Thursday, May 12, 2022 to the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, who will cancel the original Provisional Allotment Letter and issue new Provisional Allotment Letters in the denominations required which will be available for collection at the H Share Registrar after 9:00 a.m. on the second Business Day after the surrender of the original Provisional Allotment Letters. This process is commonly known as “splitting” the Nil-paid H Rights. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of the rights of the Qualified H Shareholders to subscribe for the relevant H Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

Having “split” the Nil-paid H Rights, a Qualified H Shareholder who wishes to accept the provisional allotment of H Rights Shares represented by a new Provisional Allotment Letter should do so in accordance with the instructions given above in relation to the subscription for all the H Rights Shares provisionally allotted.

If a Qualified H Shareholder wishes to transfer all of his/her/its Nil-paid H Rights under a Provisional Allotment Letter (or a split Provisional Allotment Letter, as the case may be) to another person, he/she/it should complete and sign the “Form of Transfer and Nomination” (Form B) in the Provisional Allotment Letter and hand the Provisional Allotment Letter to the person(s) to or through whom he/she/it is transferring his/her/its Nil-paid H Rights. The transferee must then complete and sign the “Registration Application Form” (Form C) in the Provisional Allotment Letter and lodge the Provisional Allotment Letter intact, together with a remittance for the full amount payable on acceptance with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong by no later than 4:00 p.m. on the Last Acceptance Date.

It should be noted that Hong Kong stamp duty is payable in connection with the transfer of your Nil-paid H Rights to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favor of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

LETTER FROM THE BOARD

Important notice and representations and warranties relating to the Qualified H Shareholders in any of the Specified Territories

As described above, H Shareholders with registered addresses in the Specified Territories are only permitted to take up their rights under the H Share Rights Issue if they fulfil relevant requirements to the satisfaction of the Company.

Any Qualified H Shareholder accepting and/or transferring a Provisional Allotment Letter or requesting registration of the H Rights Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person's use of the Provisional Allotment Letter will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or transferring the Provisional Allotment Letter to, or requesting registration of the relevant Nil-paid H Rights or the H Rights Shares from, any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil-paid H Rights or the H Rights Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Specified Territories at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the Nil-paid H Rights or the H Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil-paid H Rights or H Rights Shares into any of the Specified Territories. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the above representations and warranties.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of H Rights Shares comprised in, or transfer or purported transfer of, a Provisional Allotment Letter if it: (a) appears to the Company to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws of the relevant Specified Territory or the acceptance is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (b) provides an address in any of the Specified Territories for delivery of definitive share certificates for H Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

LETTER FROM THE BOARD

Action to be taken by Beneficial H Shareholders holding interests in H Shares which are held by a registered H Shareholder (other than H Shares deposited in CCASS)

Subscription for H Rights Shares provisionally allotted and transfer and “splitting” of Nil-paid H Rights

If you are a Beneficial H Shareholder whose H Shares are registered in the name of a registered H Shareholder and you wish to subscribe for the H Rights Shares provisionally allotted to you, or sell all of your Nil-paid H Rights, or “split” your Nil-paid H Rights and accept part of your provisional allotment and sell the remaining part, you should contact the registered H Shareholder and provide the registered H Shareholder with instructions or make arrangements with the registered H Shareholder in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for the H Rights Shares which have been provisionally allotted in respect of the H Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of the registered H Shareholder in order to allow the registered H Shareholder sufficient time to ensure that your instructions are given effect.

Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories whose H Shares are held by a registered H Shareholder (other than CCASS)

As described above, Beneficial H Shareholders resident in the Specified Territories are only permitted to take up their rights under the H Share Rights Issue if they fulfil relevant requirements to the satisfaction of the Company.

Any Beneficial H Shareholder accepting and/or transferring a Provisional Allotment Letter or requesting registration of the H Rights Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person’s use of the Provisional Allotment Letter will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or renouncing the Provisional Allotment Letter, or requesting registration of the relevant Nil-paid H Rights or the H Rights Shares from within any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil-paid H Rights or the H Rights Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Specified Territories at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the Nil-paid H Rights or the H Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil-paid H Rights or H Rights Shares into any of the Specified Territories.

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The Company may treat as invalid any acceptance or purported acceptance of the allotment of H Rights Shares comprised in, or transfer or purported transfer of, a Provisional Allotment Letter if it: (a) appears to the Company to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws of the relevant Specified Territory or the acceptance is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (b) provides an address in any of the Specified Territories for delivery of definitive share certificates for H Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

Action to be taken by Beneficial H Shareholders holding interests in H Shares through CCASS

Subscription for H Rights Shares provisionally allotted and transfer and “splitting” of Nil-paid H Rights

If you are a Beneficial H Shareholder whose H Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the H Rights Shares provisionally allotted to you, or sell all of your Nil-paid H Rights, or “split” your Nil-paid H Rights and accept part of your provisional allotment and sell the remaining part, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of your Nil-paid H Rights. Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the H Rights Shares provisionally allotted to CCASS stock accounts in respect of the H Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

Beneficial H Shareholders who are CCASS Investor Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial H Shareholders’ interests in H Rights Shares should be dealt with. The procedure for acceptance, transfer and/or “splitting” of Rights Shares provisionally allotted to Beneficial H Shareholders who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with “Operating Guide for Investor Participants” in effect from time to time and any other requirements of CCASS.

LETTER FROM THE BOARD

Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories holding interests in H Shares through CCASS

As described above, Beneficial H Shareholders resident in the Specified Territories are only permitted to take up their rights under the H Share Rights Issue if they fulfil relevant requirements to the satisfaction of the Company.

Any Beneficial H Shareholder holding interests in H Shares through CCASS and any CCASS participant who makes a valid acceptance and/or transfer in accordance with the procedures set out above represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil-paid H Rights or the H Rights Shares; (ii) such person is not acting on a non-discretionary basis for a person located within any of the Specified Territories at the time the instruction to accept was given; and (iii) such person is not acquiring the Nil-paid H Rights or the H Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil-paid H Rights or the H Rights Shares into any of the Specified Territories. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the above representations and warranties.

The Company may treat as invalid any instruction which appears to the Company to have been despatched from any of the Specified Territories and which may involve a breach of the laws of the relevant Specified Territory or any instruction which otherwise appears to the Company may involve a breach of the laws of any jurisdiction; or if the Company or its agents believes the same may violate any applicable legal or regulatory requirement; or which purports to exclude the representation and/or warranty required by the paragraph immediately above.

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 a tropical cyclone warning signal number 8 or above, or "extreme conditions" caused by super typhoons or a 'black' rainstorm warning is:

- 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 for 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..

LETTER FROM THE BOARD

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 Last Acceptance Date, the dates mentioned in the section headed “Expected Timetable” in this prospectus may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

If you have questions in relation to the H Share Rights Issue, please call the H Shareholder hotline on (852) 2862 8555 during business hours from 9:00 a.m. to 6:00 p.m., Monday to Friday (other than public holidays).

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. 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 available on 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 premium of the theoretical diluted price of HK\$6.07 per H Share to the benchmark price of HK\$4.86 per H Share is approximately 24.90%.

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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. Based on the discussion among the Board, the Sole Financial Adviser and the underwriters in the A Share Rights Issue, the Subscription Price of HK\$10.38 per H Rights Share and RMB8.46 per A Rights Share were mainly determined by making references to: (i) 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 Hong Kong Stock Exchange on April 14, 2022 and RMB10.88 (being the latest closing price of A Shares available before the Price Determination Date) per A Share as quoted on the SSE on April 15, 2022, representing a premium of approximately 113.58% to the closing price of HK\$4.86 and a discount of approximately 22.24% to the closing price of RMB10.88 per A Share respectively; (ii) the price-to-earning ratio of approximately 11.52 times (calculated by dividing the Subscription Price of the H Rights Shares by the basic earnings per share for 2021) and the price-to-book ratio of approximately 1.00 times (calculated by dividing the Subscription Price of the H Rights Shares by the net assets per Share attributable to ordinary Shareholders of the Company for 2021) of the Shares of the Company in the secondary market; (iii) the needs to raise funds to support the Company's business plans, which include but not limited to the development of investment banking business, wealth management and securities finance business and sales and trading business, all having a large demands for fundings; and (iv) the funding and capital requirements of investment projects as discussed in the section headed "Reasons for the Rights Issue and Use of Proceeds" in the letter from the Board in this prospectus. The Subscription Prices of A Rights Share and H Rights Share remain the same after exchange rate adjustment.

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 approximately HK\$10.34.

After taking into account of the reasons for the Rights Issue as stated in the section headed "Reasons for the Rights Issue and Use of Proceeds" below and the aforesaid basis for determining the Subscription Price of the Company's Rights Issue, the Directors are of the view that the terms of the H Share Rights Issue, including the Subscription Price, are fair and reasonable and are in the interests of the Company and its 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.

LETTER FROM THE BOARD

Odd Lot Arrangement

In order to facilitate the trading of odd lots of the H Shares arising from the Rights Issue, the Company has appointed Orient Securities (Hong Kong) Limited as the broker to match the purchase and sale of odd lots of the Shares at the ordinary odd lot trading quotes during the period from Tuesday, May 31, 2022 to Thursday, June 23, 2022 (both days inclusive).

Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a new full board lot, may directly or through their brokers, contact Mr. Ken Ho at (852) 3519 1221 or by facsimile at (852) 3108 4391 during such period. Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is on a best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

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.

Action to be taken by Qualified H Shareholders who wish to apply for excess H Rights Shares

Excess H Rights Shares application procedures

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 "**Orient Securities Company Limited – EAF**" 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.

LETTER FROM THE BOARD

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. Beneficial H Shareholders with their H Shares held by a nominee company (including HKSCC Nominees Limited) should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Beneficial H Shareholder in accordance with the H Shareholders' Register. Accordingly, the Beneficial 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. Beneficial 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.

The Excess Application Form is for use only by the person(s) to whom it is addressed and is not transferable. All enquiries in connection with the Excess Application Form should be addressed to the H Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

Excess Application Form with a separate remittance for the amount payable on application in respect of the excess H Rights Shares being applied for shall be lodged to the H Share Registrar as mentioned above at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:00 p.m. on Friday, May 20, 2022.

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.

LETTER FROM THE BOARD

Important notice and representations and warranties relating to the Qualified H Shareholders in any of the Specified Territories

Those set out under the heading “Important notice and representations and warranties relating to the Qualified H Shareholders in any of the Specified Territories” above in the paragraph headed “Procedure for acceptance or transfer” also apply to applications for excess H Rights Shares, with appropriate changes to reflect that the context is an application for excess H Rights Shares.

Action to be taken by Beneficial H Shareholders holding interests in H Shares which are held by a registered H Shareholder (other than H Shares deposited in CCASS) who wish to apply for excess H Rights Shares

Excess H Rights Shares application procedures

If you are a Beneficial H Shareholder whose H Shares are registered in the name of a registered H Shareholder and you wish to apply for excess H Rights Shares, you should contact the registered H Shareholder and provide the registered H Shareholder with instructions or make arrangements with the registered H Shareholder in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess H Rights Shares in the section headed “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of the registered H Shareholder, in order to allow the registered H Shareholder sufficient time to ensure that your instructions are given effect.

Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories whose H Shares are held by a registered H Shareholder (other than CCASS)

Those set out under the heading “Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories whose H Shares are held by a registered H Shareholder (other than CCASS)” above in the paragraph headed “Procedure for acceptance or transfer” also apply to applications for excess H Rights Shares, with appropriate changes to reflect that the context is an application for excess H Rights Shares.

LETTER FROM THE BOARD

Action to be taken by Beneficial H Shareholders holding interests in H Shares through CCASS who wish to apply for excess H Rights Shares

Excess H Rights Shares application procedures

If you are a Beneficial H Shareholder whose H Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for excess H Rights Shares, you should (unless you are a CCASS Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the application for excess H Rights Shares. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess H Rights Shares in the section headed “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of your Intermediary, in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedures for application for excess H Rights Shares by Beneficial H Shareholders who are CCASS Participants shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS. Beneficial H Shareholders who are CCASS Investor Participants should contact CCASS to provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess H Rights Shares. The procedure for acceptance, transfer and/or “splitting” of excess H Rights Shares by Beneficial H Shareholders who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with “Operating Guide for Investor Participants” in effect from time to time and any other requirements of CCASS.

Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories holding interests in H Shares through CCASS

Those set out under the heading “Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories holding interests in H Shares through CCASS” above in the paragraph headed “Procedure for acceptance or transfer” also apply to applications for excess H Rights Shares, with appropriate changes to reflect that the context is an application for excess H Rights Shares.

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;

LETTER FROM THE BOARD

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 this 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 Latest Practicable Date, 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. With reference to the announcement of the Company dated April 28, 2022, the subscription level of the A Share Rights Issue is 89.96%.

The Largest Shareholder's Undertakings

Shenergy Group, the largest Shareholder of the Company, directly held 0 H Shares and 1,767,522,422 A Shares as at the Latest Practicable Date, 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.

LETTER FROM THE BOARD

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.

Please note that without approval from the relevant regulatory authorities, the H Rights Shares and the A Rights Shares are neither interchangeable nor fungible, and there is no trading or settlement between the A share and the H share markets.

Registration of subscription, purchase and transfer of H Rights Shares

Each acquirer of the H Rights Shares agrees with the Company and each of the Shareholders, and the Company agrees with each of the Shareholders, to observe and comply with the PRC Company Law, the Companies Ordinance, the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies and the Articles of Association.

Each acquirer of the H Rights Shares agrees with the Company, each of the Shareholders, Directors, Supervisors, managers and officers, and the Company (acting for itself and for each of its Directors, Supervisors, managers and officers) agrees with each of the Shareholders, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning its affairs to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive.

Each acquirer of the H Rights Shares agrees with the Company and each of the Shareholders that the H Rights Shares are freely transferable by the holders thereof. Each acquirer of the H Rights Shares authorizes the Company to enter into a contract on his/her/its behalf with each of the Company’s Directors and officers whereby such Directors and officers undertake to observe and comply with their obligations to the Shareholders as stipulated in the Articles of Association.

H Share Rights Issue to Proceed on a Best-effort Basis

The H Share Rights Issue will proceed on a best-effort basis without any underwriting arrangements.

LETTER FROM THE BOARD

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

Existing H Shares have been 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 recommended 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 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 nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, the Securities and Futures Commission transaction levy and 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 forms of the H Rights Shares 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).

LETTER FROM THE BOARD

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, being 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.

LETTER FROM THE BOARD

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. With reference to the announcement of the Company dated April 28, 2022, the subscription level of the A Share Rights Issue is 89.96%.

LETTER FROM THE BOARD

None of the above conditions for completion of the A Share Rights Issue may be waived by the Company. As at the Latest Practicable Date, all of the conditions above have been fulfilled. However, the issuance and registration of the A Rights Shares have not been completed as at the Latest Practicable Date. It is expected that the issue and registration of the A Rights Shares will be completed on or around May 14, 2022. The Company is not aware of any obstacle in completing such procedures.

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. With reference to the announcement of the Company dated April 28, 2022, the subscription level of the A Share Rights Issue is 89.96%.

A Shareholder's Undertakings

As at the Latest Practicable Date, 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 RMB12.6 billion are expected to be raised from the A Share Rights Issue, with reference to the announcement of the Company dated April 28, 2022, the subscription level of the A Share Rights Issue is 89.96%.

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.

LETTER FROM THE BOARD

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

The following table sets out the Company's shareholding structure as of the Latest Practicable Date and its proposed shareholding structure upon completion of the Rights Issue Plans (taking into account the subscription level of 89.96% for A Rights Shares and assuming full subscription for the H Rights Shares and no change in the issued share capital of the Company between the Latest Practicable Date and the Rights Issue Record Date):

Share category	Total number of issued Shares as at the Latest Practicable Date	Approximate percentage of total number of issued Shares	Number of Shares to be issued pursuant to the Rights Issue Plans (assuming the subscription level of the H Rights Shares is 100%)	Total number of issued Shares immediately after the Rights Issue Plans (assuming the subscription level of the H Rights Shares is 100%)	Approximate percentage of total number of issued Shares immediately after the Rights Issue Plans (assuming the subscription level of the H Rights Shares is 100%)
A Shares	5,966,575,803	85.3%	1,502,907,061	7,469,482,864	85.0%
Publicly-held A Shares	4,199,053,381	60.0%	1,008,000,783	5,207,054,164	59.3%
Non-publicly-held A Shares ⁽¹⁾	1,767,522,422	25.3%	494,906,278	2,262,428,700	25.8%
H Shares	1,027,080,000	14.7%	287,582,400	1,314,662,400	15.0%
Publicly-held H Shares	1,020,490,000	14.6%	285,737,200	1,306,227,200	14.9%
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%	1,790,489,461	8,784,145,264	100.0%
Publicly-held Shares	5,219,543,381	74.6%	1,293,737,983	6,513,281,364	74.1%
Non-publicly-held Shares	1,774,112,422	25.4%	496,751,478	2,270,863,900	25.9%

(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 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.

(3) Figures shown as totals may not be an arithmetic aggregation of the figures preceding them as certain figures included in the above tables have been subject to rounding adjustments and may be subject to further rounding adjustments.

Pursuant to information publicly available, as at the Latest Practicable Date, 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.

LETTER FROM THE BOARD

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

Except for the Rights Issue, the Company has not engaged in any equity fund raising activity in the past 12 months from the Latest Practicable Date.

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, so as to promote development of investment banking in the whole industrial chain, which is expected to be fully utilised by December 31, 2026.

The investment banking business mainly refers to underwriting and sponsoring business, financial consultancy business, project co-investment, equity investment funds and other corporate financing life-cycle services etc.

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.

LETTER FROM THE BOARD

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, so as to further promote the transformation of its wealth management business, which is expected to be fully utilised by December 31, 2023.

The wealth management and securities finance business mainly refers to wealth management, margin financing and securities lending and financial technology etc.

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, which is expected to be fully utilised by December 31, 2023.

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.

LETTER FROM THE BOARD

4. Other working capital arrangement

The Company proposes to use no more than RMB1 billion out of the proceeds for other working capital arrangements, including but not limited to (i) upgrading the Company's talent management system and carry out hierarchical talent training; (ii) increasing investment in information technology and accelerating the realization of digital operation management and risk control compliance system construction; and (iii) satisfying the demands for working capital in other business development processes. The aforesaid proceeds planning for other working capital arrangements is expected to be fully utilised by December 31, 2022.

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.

As at the Latest Practicable Date, save for the Rights Issue, the Board has no intention or concrete plan to conduct other equity fund raising activities in the next 12 months.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this prospectus and in the 2019, 2020 and 2021 annual reports of the Company.

By order of the Board of Directors
JIN Wenzhong
Chairman

Shanghai, PRC
May 5, 2022

FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended December 31, 2019, 2020 and 2021 is disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.dfzq.com.cn>):

- annual report of the Company for the year ended December 31, 2019 published on April 23, 2020 (pages 283 to 480)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0423/2020042300468.pdf>);
- annual report of the Company for the year ended December 31, 2020 published on April 21, 2021 (pages 311 to 520)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0421/2021042100740.pdf>); and
- annual report of the Company for the year ended December 31, 2021 published on April 20, 2022 (pages 299 to 504)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0420/2022042000450.pdf>).

INDEBTEDNESS STATEMENT

As at the close of business on March 31, 2022, being the latest practicable date for the purpose of this indebtedness statement of the Group prior to the printing of this prospectus, the total indebtedness of the Group was as follows:

	<i>RMB'000,000</i>
Short-term commercial papers – unsecured and unguaranteed	
– Amount in issue	2,000
– Amount to be issued pursuant to approval	8,700
	<u>10,700</u>
Public issue of corporate bonds and subordinated bonds to qualified investors	
– unsecured and unguaranteed	
– Amount in issue	42,300
– Amount to be issued pursuant to approval	53,100
	<u>95,400</u>
Non-public issue of corporate bonds and subordinated bonds – unsecured and unguaranteed	
– Amount in issue	12,000
Overseas debt – unsecured and unguaranteed	
– Amount in issue	4,260
Overseas debt – unsecured and guaranteed	
– Amount in issue	5,779
Borrowings – unsecured and unguaranteed	548
Income certificates – unsecured and unguaranteed	3,970
Lease liabilities – unsecured and unguaranteed	94
Lease liabilities – secured and unguaranteed (<i>note 1</i>)	675
	<u><u>133,426</u></u>

Note:

1. Secured by rental deposits

Save as disclosed above, as at March 31, 2022, the Group did not have any issued, outstanding, authorized but unissued debt securities, outstanding term loans, other borrowings, indebtedness, mortgages, charges, guarantees or contingent liabilities.

The Directors have confirmed that there has been no material change in the liabilities or contingent liabilities of the Company from March 31, 2022 up to the Latest Practicable Date.

WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, with the forecasted cash flow generated from ordinary operating activities, the financial resources available to the Group, the bond issuance quota that has been approved by the regulatory authorities and the estimated net proceeds from the A Share Rights Issue and H Share Rights Issue, the Group has sufficient working capital to meet its funding requirements for at least 12 months from the date of this prospectus in the absence of unforeseen circumstances.

FUTURE PROSPECTS OF FINANCIAL CONDITION AND PROFITABILITY

China's economic pattern is upgrading from rapid growth to quality development, which redefines the positioning and missions of the capital market during the new era. The Central Economic Working Conference proposed that given the close interconnection between capital market and financial operation, we should forge a standardized, transparent, open, energetic and resilient capital market leveraging in-depth reform. The "14th five-year plan" has made it clear to "increase the proportion of direct financing" and the implementation of the new Securities Law of the People's Republic of China in 2020 turned a new leaf in in-depth reform of the capital market. Meanwhile, thanks to the two-way business opening in the financial market, the regulatory authorities issue new business licenses in foreign exchange business, cross-border investment, wealth management and other fields to promote industry innovation and development. Dynamic financial activities will revitalize economic development and a brand new era has unfolded for the growth of securities market.

Amid the progress of China's capital market reform, competition in the securities industry has been intensifying. On one hand, with the accelerating competition and increasing market concentration in the securities market, it is apparent that large-scale security firms with strong capital strength and leading operating scale are more advantageous. On the other, due to the further opening of the securities market, measures to allow access to foreign-held joint ventures and expansion of the business scope of joint ventures will accelerate penetration of overseas large-scale investment banks and asset management institutions, thereby further intensifying competition in domestic securities industry.

The Company currently offers comprehensive and one-stop financial services comprising securities, futures, asset management, investment banking, investment consultancy and securities research and its proprietary investment, asset management and securities research businesses are at the forefront of the industry. Under the pressure of declining profitability of traditional businesses, security firms are shifting from the commission-focused business model in the past to comprehensive business models with due regards to service agency and capital agency business as well as investment trading business, and revenue and profit generated from fund utilization business and comprehensive operations are on the rise. To promote long-term sustainable development, upholding the strategy of “shoring up weak spots and sharpening advantages”, the Company increases investment in investment banking, wealth management and distribution and trading business, so as to proactively forge a more balanced business portfolio.

Upon capital replenishment with proceeds from the Rights Issue, the Company proposes to further expand the scale of distribution and trading as well as capital agency business and take the initiative to explore foreign exchange, derivatives and other innovation business, in a bid to improve hedging methods and trading strategies. Meanwhile, the Company will continue to extend the depth and breadth of its wealth management, asset management and investment banking business and accelerate transformation with a focus on fields such as customer base, products and investment consultancy to establish an extensive investment banking ecosystem covering the whole industry chain. Forward-looking planning and scientific and effective allocation of funds will facilitate the Company to optimize business structure and profit model and enhance asset yields, thus creating greater value for the Shareholders and contributing to serving the development of real economy and wealth management of residents.

For illustrative purpose, the financial information prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by completion of the H Share Rights Issue as if the H Share Rights Issue had been completed on December 31, 2021. The statement has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the Group's financial position on the completion of the H Share Rights Issue.

I. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at December 31, 2021 (the "Unaudited Pro Forma Financial Information") which has been prepared by the Directors in accordance with Rule 4.29 of the Hong Kong Listing Rules to illustrate the effects of the H Share Rights Issue on the audited consolidated net tangible assets of the Group attributable to shareholders as if the H Share Rights Issue had taken place at December 31, 2021.

The Unaudited Pro Forma Financial Information was prepared based on the consolidated net tangible assets of the Group attributable to Shareholders as at December 31, 2021, as extracted from the published annual report of the Company for the year ended December 31, 2021, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the unaudited consolidated net tangible assets of the Group attributable to Shareholders immediately after completion of the H Share Rights Issue or any future date after completion of the H Share Rights Issue.

		Unaudited pro forma adjusted	Consolidated net	Unaudited pro	Unaudited pro
Consolidated net		consolidated net	tangible assets	forma adjusted	forma adjusted
tangible assets		tangible assets	attributable to	consolidated net	consolidated net
attributable to	Estimated net	attributable to	Shareholders	tangible assets	tangible assets
Shareholders	proceeds from	Shareholders	per Share as at	per Share as at	per Share as at
as at December 31,	the H Share	as at December 31,	December 31,	December 31,	December 31,
2021	Rights issue	2021	2021	2021	2021
(Note 1)	(Note 2)		(Note 3)	(Note 4)	(Note 5)
RMB'000,000	RMB'000,000	RMB'000,000	RMB	RMB	HKD
Based on 287,582,400					
H Rights Shares to be issued					
at the Subscription Price of					
HK\$10.38 per H Rights Share	58,844.33	2,423.00	61,267.33	8.41	10.32

Notes:

1. The consolidated net tangible assets attributable to Shareholders of approximately RMB58,844.33 million as at December 31, 2021 is based on consolidated net assets attributable to Shareholders of approximately RMB64,127.11 million after deducting intangible assets, goodwill, and other equity instruments of approximately RMB5,282.78 million as extracted from the published annual report for the year ended December 31, 2021.
2. The estimated net proceeds from the H Share Rights Issue of approximately RMB2,423.00 million are calculated based on 287,582,400 H Rights Shares to be issued at the Subscription Price of HK\$10.38 per H Rights Share as at the Latest Practicable Date and after deduction of estimated related expenses of approximately RMB8.97 million.
3. The consolidated net tangible assets attributable to Shareholders per share as at December 31, 2021 is based on the consolidated net tangible assets attributable to Shareholders as at December 31, 2021 of approximately RMB58,844.33 million divided by 6,993,655,803 Shares in issue as at December 31, 2021.
4. The unaudited pro forma adjusted consolidated net tangible assets per Share as at December 31, 2021 after completion of the H Share Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of approximately RMB61,267.33 million divided by 7,281,238,203 Shares in issue after completion of the H Share Rights Issue as at December 31, 2021, which comprises of 1,314,662,400 H Shares. It does not take into account of any Shares which may be issued upon A Share Rights Issue.
5. For the purpose of the Unaudited Pro Forma Financial Information, conversion of RMB and HK\$ is calculated at the exchange rate of RMB0.8147 to HK\$1. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, and may be exchanged at this or any other rate or at all.

6. No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders as at December 31, 2021 to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2021. In particular, the unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders as shown on II-1 have not been adjusted to illustrate the effect of the A Share Rights Issue completed on April 29, 2022. Had the A Share Rights Issue been completed on December 31, 2021, 1,502,907,061 A Rights Shares would be issued at the Subscription Price of RMB8.46 per A Rights Share, raising estimated net proceed of RMB12,567.22 million after deduction of estimated related expenses of approximately RMB147.38 million. The A Share Rights Issue would have increased the total share in issue assumption stated in note 4 by 1,502,907,061 A Rights Shares to a total of 8,784,145,264 shares in issue. The adjustment to the unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders after the A Share Rights Issue would be as follows:

Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders as at December 31, 2021 after H Share Rights Issue <i>RMB000'000</i>	Estimated net proceeds from the A Share Rights Issue <i>RMB000'000</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders after A Share Rights Issue and H Share Rights Issue as at December 31, 2021 <i>RMB000'000</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders per Share as at December 31, 2021 after H Share Rights Issue <i>RMB</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share after A Share Rights Issue and H Share Rights Issue as at December 31, 2021 <i>RMB</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share after A Share Rights Issue and H Share Rights Issue as at December 31, 2021 <i>HKD</i>
Based on 287,582,400 H Rights Shares to be issued at the Subscription Price of HK\$10.38 per H Rights Share and 1,502,907,061 A Rights Shares to be issued at the Subscription Price of RMB8.46 per A Rights Share					
<u>61,267.33</u>	<u>12,567.22</u>	<u>73,834.55</u>	<u>8.41</u>	<u>8.41</u>	<u>10.32</u>

II. REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the unaudited pro forma financial information of the Group.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**To the Directors of Orient Securities Co., Ltd.**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of DFZQ (東方證券股份有限公司) (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to shareholders of the Company as at December 31, 2021 and the related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated May 5, 2022 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed H share rights issue on the basis of two point eight H rights shares for every ten existing H shares held on the record date (“**Rights Issue**”) on the Group’s financial position as at December 31, 2021 as if the Rights Issue had taken place at December 31, 2021. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s historical financial information for the year ended December 31, 2021, on which an auditor’s report has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at December 31, 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, May 5, 2022

RESPONSIBILITY STATEMENT

This document, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**Particulars of the Directors, Supervisors and senior management of the Company**

Name	Address
<i>Executive Directors</i>	
Mr. SONG Xuefeng (宋雪楓先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Mr. JIN Wenzhong (金文忠先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
<i>Non-executive Directors</i>	
Mr. YU Xuechun (俞雪純先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Mr. ZHOU Donghui (周東輝先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Mr. CHENG Feng (程峰先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Mr. REN Zhixiang (任志祥先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai

Name	Address
<i>Independent non-executive Directors</i>	
Mr. XU Zhiming (許志明先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Mr. JIN Qinglu (靳慶魯先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Mr. WU Hong (吳弘先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Mr. FENG Xingdong (馮興東先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Mr. LUO Xinyu (羅新宇先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
<i>Employee representative Director</i>	
Ms. ZHU Jing (朱靜女士)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
<i>Shareholder representative Supervisors</i>	
Mr. ZHANG Qian (張芊先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Mr. WU Junhao (吳俊豪先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Mr. ZHANG Jian (張健先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Mr. SHEN Guangjun (沈廣軍先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Ms. TONG Jie (佟潔女士)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai

Name	Address
<i>Employee representative Supervisors</i>	
Mr. DU Weihua (杜衛華先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Ms. RUAN Fei (阮斐女士)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Ms. DING Yan (丁豔女士)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
<i>Independent Supervisor</i>	
Mr. XIA Lijun (夏立軍先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
<i>Senior management</i>	
Mr. LU Weiming (魯偉銘先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Mr. SHU Hong (舒宏先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Mr. ZHANG Jianhui (張建輝先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Mr. YANG Bin (楊斌先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Ms. XU Haining (徐海寧女士)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Mr. WANG Rufu (王如富先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai
Mr. LU Dayin (盧大印先生)	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai

Biographies of the Directors, Supervisors and senior management of the Company***Executive Directors***

Mr. SONG Xuefeng, born in 1970, is a member of the Communist Party of China (the “CPC”), a doctorate in management, a senior economist and a certified public accountant. He currently serves as the secretary of the CPC party committee and an executive Director of the Company, a member of the CPC party committee and vice president of Shenergy Group, a director of China SME Development Fund Co., Ltd. and the chairman of Orient Securities Asset Management. He served as the manager of the financial department of Shenergy Company Limited, a deputy manager and manager of financial department of Shenergy Company Limited from March 2001 to May 2008, an assistant to the general manager and finance manager, chief accountant and finance manager, deputy general manager and chief accountant at Shenergy Company Limited from March 2005 to April 2011, the chairman of the supervisory committee of Shenergy Company Limited from May 2011 to June 2020 (a temporary assistant mayor of Zigong, Sichuan from November 2010 to November 2011), and the assistant to general manager of Shenergy Group from January 2012 to August 2014. He has been serving as a vice president of Shenergy Group since August 2014, a member of the CPC party committee of Shenergy Group since December 2016, and the secretary of the CPC party committee of the Company since September 2020. He has been serving as an executive Director of the Company since March 2021.

Mr. JIN Wenzhong, born in 1964, is a member of the CPC, holds a master’s degree in economics and is an economist. He currently serves as the deputy secretary of the CPC party committee, chairman of the Board, the chairman of Orient Securities Capital Investment, a director of Orient Futures, the chairman of Orient Investment Banking, and a director of Orient Securities Innovation Investment. He served as the deputy manager of the distribution department, the deputy director of the research institute and the assistant to the president of Wanguo Securities from January 1992 to September 1995, the deputy director of the office for enterprise modernization committee of Nomura Securities from October 1995 to December 1997, a member of the CPC party committee and the deputy general manager of the Company from December 1997 to September 2010 and the general manager of the securities investment business department from March 2016 to March 2017. He has been serving as the deputy CPC party committee secretary, executive director, and president of the Company since September 2010, acting as the chairman of the Board of the Company from October 2020 to March 2021, serving as the president of the Company from September 2010 to March 2022, and serving as the chairman of the Board of the Company since March 2021.

Non-executive Directors

Mr. YU Xuechun, born in 1964, is a member of the CPC, holds a bachelor's degree in engineering, and is a senior engineer. He currently serves as a non-executive Director of the Company, the deputy chief economist, general manager of strategic development department and an employee representative supervisor of Shenergy Group, the general manager of Shenergy Hongkong Holding Limited, the chairman of supervisory committee of Shenergy Company Limited, a director of Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. and a director of Shanghai Shenergy Nengchuang Energy Development Co., Ltd.. He served as an engineer of Shanghai Electric Automation Research Institute and Shanghai Nanyang International Industrial Co., Ltd., the deputy director of marketing department, office manager and deputy office director of Shenergy Company Limited from November 1995 to April 2005, the deputy office director, deputy manager of asset management department, manager of asset management department and office director of Shenergy Group from May 2005 to March 2020, an employee representative supervisor of Shenergy Group since September 2012, and the deputy chief economist and general manager of strategic development department of Shenergy Group since March 2020.

Mr. ZHOU Donghui, born in 1969, is a member of the CPC, holds a bachelor's degree in accounting and is a senior accountant. He currently serves as a non-executive Director of the Company, a director and general manager of Shanghai Haiyan Investment Management Company Limited, a director of Haitong Securities Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 06837) and the SSE (stock code: 600837)) and a director of China Pacific Insurance (Group) Co., Ltd (a company listed on the Hong Kong Stock Exchange (stock code: 02601) and the SSE (stock code: 601601)). He served as a clerk and deputy chief of the financial department of Shanghai Tobacco (Group) Company from July 1991 to September 2000, the deputy manager and manager of the financial department of China Tobacco Shanghai Import and Export Co., Ltd. from September 2000 to September 2008, the deputy director of the investment management department of Shanghai Tobacco (Group) Company from September 2008 to April 2011, the deputy general manager of Shanghai Haiyan Investment Management Company Limited from August 2010 to April 2011, the deputy director of financial department and deputy director of fund management center of Shanghai Tobacco Group Co., Ltd. from April 2011 to February 2015, the standing deputy director of investment department of Shanghai Tobacco Group Co., Ltd. and standing deputy general manager of Shanghai Haiyan Investment Management Company Limited from February 2015 to July 2015, the director of investment management department of Shanghai Tobacco Group Co., Ltd. and a director and general manager of Shanghai Haiyan Investment Management Company Limited from July 2015 to September 2016, and has served as a director and general manager of Shanghai Haiyan Investment Management Company Limited since September 2016.

Mr. CHENG Feng, born in 1971, is a member of the CPC and holds a master's degree in business administration. He currently serves as a non-executive Director of the Company, a member of the CPC party committee and the deputy general manager of Shanghai United Media Group, the chairman of Shanghai Shangbao Asset Management Co., Ltd., the chairman of Shanghai Oriental Press Co., Ltd., the chairman of Shanghai Real Power Capital Co., Ltd., the chairman of Shanghai Culture Assets and Equity Exchange Co., Ltd., the executive vice chairman of Shanghai XinHua Media Co., Ltd. (a company listed on the SSE (stock code: 600825)), a director of Shanghai Oriental Pearl Real Estate Co., Ltd., an executive director of Shanghai Realty Times Co., Ltd., a director of China Universal, an executive director of Shanghai Jiefang Media Information Development Co., Ltd., an executive director of Shanghai Wenhui Xinmin Industrial Co. Ltd., the chairman of Shanghai Shangbao Chuanyue Properties Development Co., Ltd., an executive director of Shanghai Shenwen Industry Co., Ltd., the chairman of Shanghai Oriental Ticketing Co., Ltd., the chairman of Shanghai Shangbao Industrial Co., Ltd., the chairman of supervisory committee of Shanghai Jiemian CLS Technologies Co., Ltd., the chairman of Shanghai Ruiyi Investment Management Co., Ltd., the chairman of Shanghai Ruili Financial Information Service Co., Ltd. and the supervisor of Shanghai CLS Financial Technology Co., Ltd. He served as a clerk, executive, member and deputy secretary of the CPC youth league committee, deputy secretary of the CPC youth league committee (in charge of works) and secretary of the CPC youth league committee of the Office of Foreign Economic of Shanghai Foreign Economic and Trade Commission from March 1995 to February 2001, the vice president of Shanghai Electrical Machinery Group Import & Export Co., Ltd. from February 2001 to June 2002, the deputy director of Office of Technology Import as well as deputy director (in charge of works) and director of Office of Technological Development and Technology Trade of Shanghai Foreign Economic and Trade Commission from June 2002 to April 2005, the office director, director of information center and general manager of administration department of Shanghai International Group Co., Ltd. from April 2005 to June 2009, the deputy secretary of the CPC party committee, general manager, secretary of the CPC party committee and chairman of Shanghai International Group Financial Services Co., Ltd. from June 2009 to March 2013, the secretary of the CPC party committee and chairman of Shanghai State-owned Assets Operation Co., Ltd. from March 2013 to October 2013, and a member of the CPC party committee and deputy general manager of Shanghai United Media Group since October 2013.

Mr. REN Zhixiang, born in 1969, is a member of the CPC and holds a doctorate degree in economics. He currently serves as a non-executive Director of the Company, the deputy secretary of the CPC party committee and director and general manager of Zheneng Capital Holdings Co., Ltd., a director of Zhejiang Fuzhe Investment Co., Ltd., the vice chairman of Zheshang Property and Casualty Insurance Co., Ltd. and a director of China Zheshang Bank Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 02016) and the SSE (stock code: 601916)). He served as an office clerk, engineer and secretary of the CPC youth league committee of Zhejiang Water Conservancy and Hydropower Engineering Bureau from August 1995 to August 2001, a senior researcher and deputy general manager of investment banking division of Zhejiang International Trust & Investment Company Ltd. from June 2004 to February 2007, a senior director of asset management department of Zhejiang Provincial Energy Group Co., Ltd. from February 2007 to October 2010, the chief economist, deputy director and director of strategy management and legal department of Zhejiang Provincial Energy Group Co., Ltd. from October 2010 to October 2019, the deputy secretary to the CPC party committee and general manager of Zheneng Capital Holdings Co., Ltd. since October 2019, and a director of Zheneng Capital Holdings Co., Ltd. since June 2020.

Independent Non-executive Directors

Mr. XU Zhiming, born in 1961, holds a doctorate degree in economics. He currently serves as an independent non-executive Director of the Company, a founding partner of China Broadband Capital, a director of Donlink Group Co., Ltd., a director of Guangzhou Donlink Industrial Investment Group Co., Ltd., a director of Beijing Lianhang Hezhong Media Technology Co., Ltd., a director of Beijing Baoxuan Culture Media Co., Ltd. and an independent director of Tianjin Capital Environmental Protection Group Company Limited (a company listed on the Hong Kong Stock Exchange (stock code: 01065) and the SSE (stock code: 600874)) . He successively served as a research analyst of Institute for International Studies in China International Trust and Investment Corporation, and the co-director of corporate finance department and co-director of capital market department of Nomura International (Hong Kong) Limited, a director and the director of investment banking division in the Great China Region of National Westminster Bank of Britain, a director and the director of corporate financing division in the Great China Region of Bank of Boston of the United States from December 1986 to August 1999, an executive director of China Resources Enterprise, Limited, an executive director of China Resources (Beijing) Land Limited, the managing director and chief operating officer of China Resources Logic Limited from August 1999 to December 2001, as well as a senior consultant of TOM Group Limited, and an executive director and chief operating officer of TOM Online Inc from January 2002 to May 2005. He has been a founding partner of China Broadband Capital since March 2006.

Mr. JIN Qinglu, born in 1972, is a member of the CPC and holds a doctorate degree in accountancy. He currently serves as an independent non-executive Director of the Company, the dean of the School of Accountancy, a professor in accounting and a doctoral supervisor of Shanghai University of Finance and Economics and independent director of Harbin Bank Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 6138)). He served as an assistant professor of accountancy in the School of Accountancy of Shanghai University of Finance and Economics from June 2005 to June 2011, then an associate professor of accountancy in the School of Accountancy of Shanghai University of Finance and Economics from July 2011 to June 2012, and a professor of accountancy in the School of Accountancy of Shanghai University of Finance and Economics since July 2012. He served as the associate dean of the Institute of Accounting and Finance of Shanghai University of Finance and Economics from February 2014 to November 2018, the associate dean of the School of Accountancy of Shanghai University of Finance and Economics from April 2015 to November 2018, the director of the Collaborative Innovation Center for Accounting Reform and Development of Shanghai University of Finance and Economics from January 2016 to November 2018, an independent director of Shanghai Emperor of Cleaning Hi-Tech Co., Ltd (a company listed on the SSE (stock code: 603200)) from October 2017 to September 2020, and the dean of the School of Accountancy of Shanghai University of Finance and Economics since November 2018.

Mr. WU Hong, born in 1956, is a member of the CPC and holds a degree of bachelor of laws. He currently serves as an independent non-executive Director of the Company, a professor and a doctoral supervisor of East China University of Political Science and Law, an independent director of Shanghai Pudong Development Bank Co., Ltd. (a company listed on the SSE (stock code: 600000)), an independent director of Zhejiang Tailong Commercial Bank Co., Ltd. and an independent director of Western Leadbank Fund Management Co., Ltd.. He has been working in East China University of Political Science and Law since July 1984, and used to serve as the dean of School of Economic Laws of East China University of Political Science and Law, the vice president of China Banking Law Society, an executive member of China Commercial Law Society, the president of Finance Law Committee under the Shanghai Law Society, the vice president of Shanghai Finance Law Society, the vice president of Shanghai International Commercial Law Society, and successively served as a member of the Proposition Committee of the Chinese National Judicial Examination, a legislative consultation expert of the Standing Committee of Shanghai Municipal People's Congress and a member of the Shanghai Consumer Council.

Mr. FENG Xingdong, born in 1977, is a member of the CPC and holds a doctorate degree in statistics. He currently serves as an independent non-executive Director of the Company, the dean, a professor of statistics and doctoral supervisor of School of Statistics and Management of Shanghai University of Finance and Economics. He served as an assistant professor of statistics and an associate professor of statistics of School of Statistics and Management of Shanghai University of Finance and Economics from June 2011 to June 2015, a professor and doctoral supervisor of School of Statistics and Management of Shanghai University of Finance and Economics since July 2015, and the dean of School of Statistics and Management of Shanghai University of Finance and Economics since November 2019.

Mr. LUO Xinyu, born in 1974, holds a master's degree. He is currently an independent non-executive Director of the Company, the general manager (president) of Shanghai State-owned Capital Operation Research Institute Co., Ltd., chairman of Shanghai State-owned Capital Training Center Co., Ltd., a director of Shanghai Pudong Technology Investment Co., Ltd., a director of Kunshan Culture Business Tourism Group Co., Ltd., a supervisor of Shanghai Guosheng Guxian Venture Capital Investment Management Co., Ltd., an executive director of Shanghai Shengzhizi Corporation Management Co., Ltd., the director of Shanghai Yangtze River Delta Rural Revitalization Talent Development Center, the director of Boao Government-backed Investment Funds 50 Development Center and vice president of China Enterprise Reform and Development Society. He once served as a teacher of Shaodong No. 10 Middle School in Hunan Province, a reporter from the Propaganda Department of Shaodong County Committee in Hunan Province, a reporter from China Youth Daily, and a reporter from Xinhua News Agency Shanghai Branch. From July 2004 to July 2009, he served as the general manager of the membership department of Shanghai United Assets and Equity Exchange, from July 2009 to April 2020, he served as the deputy director of the board office and the strategy and investment decision committee of Shanghai Guosheng (Group) Co., Ltd. and served as the general manager (president) of Shanghai State-owned Capital Operation Research Institute Co., Ltd. since June 2018.

Employee representative Director

Ms. ZHU Jing, born in 1969, is a member of the CPC and holds a master's degree in economics. She currently serves as an employee representative Director and the general manager of strategic development department of the Company, the director of the labor union office, a director and general manager of Orient Finance Holdings, a director of Orient Futures, a director of Orient Securities International, a director of Chengtay Financial Leasing (Shanghai) Co., Ltd., a director of Great Wall Fund Management Co., Ltd. and a supervisor of Orient Securities Asset Management. She served as a staff of Xi'an Mining Machinery Factory from July 1992 to May 1995, the manager and deputy general manager of securities management department of Shanghai Caitong International Investment Management Co., Ltd. from May 1995 to February 1999, a staff, business planning director, senior operation director and assistant to general manager of brokerage business department, assistant to general manager and deputy general manager of operational management department and deputy director of the Board office of the Company from March 1999 to January 2015, the general manager of strategic development department of the Company since February 2015, and the director of the labor union office of the Company since September 2021.

Supervisors

Mr. ZHANG Qian, born in 1974, a member of the CPC, holds a master's degree in business administration, and is a senior economist. He is currently a shareholder representative Supervisor and chairman of the Supervisory Committee of the Company, a member of the CPC party committee, the deputy secretary of the CPC party committee and chairman of the labor union of Shenergy Group. He joined Shenergy Group in July 1996, and served as the deputy director and the director of the comprehensive management department of Shenergy Group from January 2001 to October 2004, the deputy manager and the manager of the financial asset department of Shanghai Shenergy Asset Management Co., Ltd. from October 2004 to January 2006, the deputy head of the preparatory team of Shenergy Group Finance Co., Ltd. from January 2006 to February 2007, the deputy general manager of Shenergy Group Finance Co., Ltd. from February 2007 to August 2009, as well as the secretary of the CPC party branch and the general manager of Shenergy Group Finance Co., Ltd. from August 2009 to July 2016, during which period, he served as the vice president of Shenergy Group from September 2015 to May 2020 and a member of the CPC party committee and the vice president of Shenergy Group from May 2020 to March 2021. He has served as the deputy secretary of the CPC party committee of Shenergy Group from March 2021 and the chairman of the labor union of Shenergy Group since June 2021.

Mr. WU Junhao, born in 1965, a member of the CPC, holds a master's degree in management and is a senior economist. He is currently a shareholder representative Supervisor of the Company, the general manager of the financial management department of Shenergy Group, the chairman of supervisory committee of Shanghai Shenergy ICY Equity Investment Co., Ltd., a director of Shanghai ICY New Energy Venture Capital Investment Co., Ltd., a supervisor of Shanghai ICY Capital Co., Ltd., a director of China Pacific Insurance (Group) Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 02601) and the SSE (stock code: 601601)), a director of China Pacific Life Insurance Co., Ltd., a director of China Pacific Property Insurance Co., Ltd. and a supervisor of China Everbright Bank Company Limited. He served as the executive deputy general manager of Shanghai New Resource Investment Consulting Co., Ltd. and the deputy general manager of Shanghai Pericom Investment Company. He also served as the deputy director of Shanghai Shenergy Asset Management Co., Ltd. from September 2003 to January 2006, and the deputy director, director and senior manager of the asset management department, and the deputy manager (in charge of affairs) of the financial management department in Shenergy Group from January 2006 to April 2011. He has been serving as the general manager of financial management department in Shenergy Group since April 2011.

Mr. ZHANG Jian, born in 1965, is a member of the CPC and holds a master's degree in business administration. He is currently a shareholder representative Supervisor of the Company, the deputy general manager and a member of the CPC party committee of China Post Group Corporation Limited, Shanghai Branch. He served as a clerk, deputy section chief and deputy director of Nantong Post and Telecommunication Office from July 1984 to July 2004, the deputy director and senior accountant of Taizhou Post Office from July 2004 to November 2007, the deputy director and president of the trade union of Nantong Post Office from November 2007 to March 2008, the director of Taizhou Post Office from March 2008 to December 2008, the director and secretary of the CPC party committee of Taizhou Post Office from December 2008 to June 2011, the director and secretary of the CPC party committee of Nantong Post Office from June 2011 to February 2014, the general manager and secretary of the CPC party committee of Jiangsu Post Company, Nantong Branch from February 2014 to June 2015, the general manager and secretary of the CPC party committee of China Post Group Corporation, Nantong Branch from June 2015 to February 2016, and the deputy general manager and a member of the CPC party committee of China Post Group Corporation Limited, Shanghai Branch since February 2016.

Mr. SHEN Guangjun, born in 1979, is a member of the CPC and holds a master's degree in accountancy. He is currently a shareholder representative Supervisor of the Company, the deputy chief accountant of Shanghai Construction Group Co., Ltd., the deputy general manager of Shanghai Construction Group Investment Co., Ltd., executive deputy general manager of Shanghai Construction Group (Hainan) Investment Co., Ltd., a supervisor of Shanghai Construction Environmental Technology Co., Ltd. and a director of Shanghai Pudong BOC Fudeng Rural Bank Co., Ltd. He served as a staff, assistant to manager, deputy manager and general manager of asset and finance department of Shanghai Municipal Engineering Design General Institute (Group) Co., Ltd. from April 2004 to May 2017, the deputy chief accountant and general manager of asset and finance department of Shanghai Municipal Engineering Design General Institute (Group) Co., Ltd. from May 2017 to February 2018, the assistant to president (assistant to director), deputy chief accountant (in charge of affairs) and general manager of asset and finance department of Shanghai Municipal Engineering Design General Institute (Group) Co., Ltd. from February 2018 to June 2019, the chief accountant of the overseas business department of Shanghai Construction Group Co., Ltd. from June 2019 to March 2021, and the deputy chief accountant of Shanghai Construction Group Co., Ltd. since March 2021.

Ms. TONG Jie, born in 1968, holds a bachelor's degree in financial accounting and is a senior accountant. She is currently a shareholder representative Supervisor of the Company, the chief financial officer of Shanghai Jinqiao Export Processing Zone Development Co., Ltd., a director of Shanghai Xinjinqiao Plaza Industrial Co., Ltd., a director of Shanghai Huade Meiju Building Materials Decoration Storage Co., Ltd. (上海華德美居建材裝飾倉儲有限公司) and a director of Shanghai Huade Meiju Supermarket Co., Ltd. (上海華德美居超市有限公司). She served as the audit supervisor of China First Tractor Engineering Machinery Group Co., Ltd. from December 1988 to December 2001, the internal audit supervisor, deputy manager of the financial department, deputy manager of the capital operation department, and manager of the financial department of Zhongbang Group Limited from December 2001 to December 2008, the senior audit manager of Xuhui Group Co., Ltd. from December 2008 to August 2009 and the external task supervisor of the Managing Centre of Director and Supervisor under the SASAC of Pudong New District of Shanghai from August 2009 to May 2016. She has been the chief financial officer of Shanghai Jinqiao Export Processing Zone Development Co., Ltd. since May 2016.

Mr. DU Weihua, born in 1964, is a member of the CPC and holds a master's degree in economics and is an associate professor. He is currently the deputy secretary of the CPC party committee, the secretary of the discipline inspection commission, the vice chairman of the Supervisory Committee, an employee representative Supervisor and chairman of the labor union of the Company, a supervisor of Orient Securities Capital Investment, a supervisor of Orient Securities Innovation Investment, a supervisor of Orient Futures and the director-general in Shanghai Orient Securities Xindeyizhang Public Welfare Foundation. He served as a teacher in the School of Finance at Shanghai University of Finance and Economics from July 1984 to June 1998, and the manager of sales department, assistant to the general manager and deputy general manager of the brokerage business department, general manager of the operation and management department, and the general manager of human resources management department of the Company from June 1998 to May 2017, an assistant to the president and employee representative Supervisor of the Company from January 2012 to August 2015. He served as vice president of the Company from August 2015 to February 2020, an employee representative Director from March 2018 to February 2020, the deputy secretary of the CPC party committee and the secretary of the discipline inspection commission of the Company since January 2020 and the vice chairman of the Supervisory Committee and an employee representative Supervisor of the Company since February 2020.

Ms. RUAN Fei, born in 1971, is a member of the CPC, holds a master's degree in finance, and is a senior accountant and senior economist. She is currently an employee representative Supervisor of the Company, the secretary to the Supervisory Committee, office director of the Supervisory Committee and director of the discipline inspection office of the Company. She served as a researcher of the development research department of China Worldbest Group Co., Ltd. from January 1997 to June 1998, a researcher of the securities research institute of the Company from June 1998 to March 2005, the assistant to office director and deputy office director of the Company from March 2005 to March 2012, the secretary to the Supervisory Committee and office director of the Supervisory Committee of the Company since March 2012, the director of the discipline inspection office of the Company since December 2012.

Ms. DING Yan, born in 1979, is a member of the CPC, holds a master's degree in economic laws and a degree of master of science, and is an economist. She is currently an employee representative Supervisor of the Company, the deputy general manager (in charge of affairs) of the audit department of the Company and a supervisor of Orient Investment Banking. She served as a clerk and deputy chief clerk of the banking management department and the office of People's Bank of China, Shanghai branch from August 2001 to August 2005, the deputy chief clerk, chief clerk and section chief of the secretariat of general management department and the anti-money laundering division of financial services department II of People's Bank of China, Shanghai headquarter from August 2005 to January 2017, the assistant to general manager and deputy general manager of the audit department of the Company from January 2017 to April 2020, the deputy general manager (in charge of affairs) of the audit department of the Company since April 2020.

Mr. XIA Lijun, born in 1976, a member of the CPC, holds a doctorate degree in accountancy and is a certified public accountant. He is currently the independent Supervisor of the Company, a professor, a doctoral supervisor and the head of Department of Accountancy of Antai College of Economics and Management of Shanghai Jiao Tong University, a member of the Guiding Committee of Professional Education of Accountancy of the Ministry of Education of the PRC, the president-designate of Higher Engineering College Committee under Accounting Society of China, an executive member of Accounting Education Committee under Accounting Society of China, a member of China Audit Society, an executive member of Accounting Society of Shanghai, the vice president of Shanghai Cost Research Society, an independent director of Orient Fortune Information Co., Ltd. (a company listed on the SZSE (stock code: 300059)), an independent director of Zhejiang Shengtai Garment Group Co., Ltd. (a company listed on the SSE (stock code: 605138)), an independent director of Shanghai Sanyou Medical Co., Ltd. (a company listed on the SSE (stock code: 688085)), an independent director of Huatai Baoxing Fund Management Co., Ltd., an independent director of Access Point Technologies Medical Inc (a company listed on the SSE (stock code: 688617)), an independent director of Shanghai Tongji Science & Technology Industrial Co., Ltd. (a company listed on the SSE (stock code: 600846)) and an executive director of Shanghai Bacai Information Technology Co., Ltd. He served as a lecturer, master's supervisor, professor and doctoral supervisor of School of Accountancy of Shanghai University of Finance and Economics from July 2006 to March 2011, an independent director of Visionox Technology Inc. (a company listed on the SZSE (stock code: 002387)) from April 2020 to April 2021, and a professor, a doctoral supervisor and the head of Department of Accountancy of Antai College of Economics and Management of Shanghai Jiao Tong University since March 2011.

Senior management members

Mr. LU Weiming, born in 1971, a member of the CPC, is a holder of a master's degree in economics and an economist. He is currently the president of the Company and a director of Orient Securities Capital Investment. He served as the salesman and the project manager of business office of the transaction department of Guotai Securities Co., Ltd. from July 1994 to March 1998, the staff and deputy general manager of the securities investment department under the transaction business department, the director of the securities investment business department, the assistant to the general manager, deputy general manager and deputy general manager (in charge of affairs) of the fixed income business department of the Company from March 1998 to October 2014. He served as the general manager of the Company's fixed income business department from October 2014 to August 2021, an assistant to the president of the Company from September 2017 to September 2020, the vice president of the Company from September 2020 to March 2022, and the general manager of the financial derivatives business department of the Company from January 2021 to March 2021 and serving as the president of the Company since March 2022.

Mr. SHU Hong, born in 1967, a member of the CPC, is a holder of a master's degree in business administration and an engineer. He is currently a vice president and chief financial officer of the Company, and the chief information officer of Orient Investment Banking. He served as the manager for the computer network center system development department of Shenyin & Wanguo Securities Co., Ltd. from January 1993 to October 1998, and the head of the Information Technology Center and general manager of the Company from October 1998 to March 2004. He also served as the assistant to president and general manager of the Information Technology Center, the assistant to president and general manager of the brokerage business department, the director of IT technology and assistant to president, operating controller and assistant to president, and operating controller of the Company from December 2001 to April 2014. He has been serving as vice president of the Company since April 2014, the chief information officer of the Company from June 2019 to November 2021. He has been serving as the chief financial officer of the Company since November 2021.

Mr. ZHANG Jianhui, born in 1968, a member of the CPC, is a holder of a master's degree in economics and business administration, an accountant and an economist. He is currently a vice president of the Company, chairman of Orient Securities Innovation Investment, chairman of Orient Finance Holdings, chairman of Orient Securities International, a director of Orient Securities Capital Investment, a supervisor of China Securities Credit Investment Co., Ltd. and a supervisor of Shanghai ICY New Energy Venture Capital Investment Co., Ltd. He served as a clerk of Shanghai Pudong Development Bank from March 1994 to March 1998, the assistant to the general manager of the fund and financial management department of Orient Securities Company Limited from March 1998 to July 2003, the deputy general manager and general manager for Liaoning administrative department, the deputy general manager (in charge of affairs) and general manager of the fund and financial management department of the Company from July 2003 to June 2015, the general manager of the general office of financial planning of the Company from June 2015 to August 2019. He served as the chief financial officer of the Company from May 2014 to November 2021, the vice president of the Company since July 2015, and the general manager of fund management department of the Company from August 2020 to November 2021.

Mr. YANG Bin, born in 1972, a member of the CPC, is a holder of a master's degree in economics. He is currently a vice president, the chief risk officer and chief compliance officer of the Company, a director of Orient Futures, a director of Orient Securities Innovation Investment, a director of Orient Finance Holdings, a director of Orient Investment Banking, a director of Orient Securities Asset Management and a supervisor of Great Wall Fund Management Co., Ltd. He served as the clerk of the non-banking financial institute administrative office of the People's Bank of China Shanghai Branch from July 1997 to July 1998, a deputy senior staff and senior staff of the inspection bureau and case proceedings of inspection bureau of Shanghai Bureau of the CSRC from July 1998 to March 2004, the senior staff of the No.1 inspection office and the No.2 institute supervision office of Shanghai Bureau of the CSRC from March 2004 to February 2007, and the deputy director of the No.1 institute supervision office, futures regulatory office director, and legal affairs office director of Shanghai Bureau of the CSRC from February 2007 to May 2015. He has served as the chief risk officer of the Company since June 2015, the chief compliance officer of the Company since July 2015, the general manager of audit department of the Company from August 2017 to April 2020, the general manager of the compliance and legal management department of the Company from June 2020 to June 2021, and a vice president of the Company since March 2021.

Ms. XU Haining, born in 1970, a member of the CPC, holds a doctorate in business administration and is an accountant. She is currently a vice president and the general manager of the finance management department of the Company. She served as a member of the finance section and deputy chief of the finance department of Marine Geology Comprehensive Research Brigade of the Ministry of Geology and Mineral Resources (地質礦產部海洋地質綜合研究大隊) from July 1990 to December 1997, the manager of the finance department and deputy chief accountant of Shanghai Haiti Construction Engineering (Group) Co., Ltd. (上海海地建設工程(集團)有限公司) from December 1997 to October 2001, the vice president of China Merchants Holdings Co., Ltd. (通商控股有限公司) from March 2002 to May 2007, the general manager and chairman of Shanghai Guanghe Investment Co., Ltd. (上海廣和投資有限公司) from May 2007 to December 2008, the deputy general manager of Shanghai HNA Daxinhua Real Estate Co., Ltd. (上海海航大新華置業有限公司) from June 2010 to January 2011, the general manager of Grand China Logistics Holding (Group) Company Limited from January 2011 to August 2011, the general manager of Shanghai Daxinhua Investment Management Co., Ltd. (上海大新華投資管理有限公司) from August 2011 to December 2011, and the director and executive vice president of Shanghai Nine Dragon Co., Ltd. from December 2011 to October 2012. She served as the deputy general manager of the Company's sales and trading department (in charge of affairs) from October 2012 to October 2014, and has been serving as the general manager of the Company's wealth management business department (the former sales and trading department) since October 2014, the assistant to the president of the Company from September 2017 to March 2021, and a vice president of the Company since March 2021.

Mr. WANG Rufu, born in 1973, a member of the CPC, is a holder of master's degree in engineering and a certified public accountant. He is currently the secretary to the Board, the joint company secretary and the director of the Board office of the Company, a supervisor of China Universal, and a director of Shanghai ICY New Energy Venture Capital Investment Co., Ltd. He served as the comprehensive planner of Planning Head Office and the strategic manager of Development and Coordination Office of Shenyin Wanguo Securities from August 2002 to April 2004, the assistant to general manager of planning and development department and the deputy chief (in charge of affairs) of secretariat of Kinghing Securities from May 2004 to October 2005, as well as the senior strategic researcher of securities market of the research institute of the Company from October 2005 to March 2008. He has been serving as the senior head, assistant to the chief, deputy chief, chief and the representative of securities affairs (concurrent) from March 2008 to November 2016, the director of the Board office of the Company since October 2014, the secretary to the Board of the Company since November 2016. He has been concurrently serving as the joint company secretary since November 2019.

Mr. LU Dayin, born in 1972, is a member of the CPC, a PhD Candidate in Business Management and a senior economist. He is currently the chief information officer of the Company, chairman of Orient Futures, chairman of Orient Securities Runhe, chairman of Orient Futures International (Singapore) Co., Ltd. and legal representative of Shanghai Futures Association. He served as the computer administrator of Pusan Road Securities Branch, assistant manager of Loushanguan Road Securities Branch, assistant manager of Lujiazui Securities Trading Branch of the brokerage management headquarters, assistant manager of Yincheng East Road Securities Branch and deputy manager of Lujiabang Road Securities Branch of Shenyin & Wanguo Securities Co., Ltd. from July 1994 to June 2001. He served as an employee, assistant to general manager and deputy general manager of information technology center of Orient Securities Limited Liability Company from June 2001 to July 2002, deputy general manager of the e-commerce business department of the Company (in charge of affairs) from July 2002 to March 2004, deputy general manager of the brokerage business department of the Company from March 2004 to October 2009, deputy general manager of Orient Futures from October 2009 to November 2012, general manager of Orient Futures from November 2012 to January 2021, the secretary of the CPC party committee of Orient Futures since November 2020, the chairman of Orient Futures since December 2020 and the chief information officer of the Company since November 2021.

Save as disclosed above, none of the Directors, Supervisors and senior management of the Company held any directorship in any public companies, the shares of which are listed in Hong Kong or overseas stock markets, during the last three years prior to the date of this prospectus.

Directors' and Supervisors' Employment with Substantial Shareholders

As at the Latest Practicable Date, the following Directors and Supervisors were in the employment of those companies which had interests or short positions in the Shares or underlying Shares of the Company which are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of Director and Supervisor	Name of Shareholder	Position held
SONG Xuefeng	Shenergy Group	Vice president Member of the CPC party committee
YU Xuechun	Shenergy Group	Deputy chief economist and general manager of strategic development department Employee representative supervisor
ZHOU Donghui	Shanghai Haiyan Investment Management Company Limited	Director and general manager
ZHANG Qian	Shenergy Group	Deputy secretary of the CPC party committee President of the work union Member of the CPC party committee
WU Junhao	Shenergy Group	General manager of financial management department

As of the Latest Practicable Date, the interests in the Shares of the Company owned by Shenergy Group and Shanghai Haiyan Investment Management Company Limited which are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, have been recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

PARTIES INVOLVED IN THE RIGHTS ISSUE AND CORPORATE INFORMATION

**Sole Financial Adviser
(H Share Rights Issue)**

Orient Capital (Hong Kong) Limited
28th and 29th Floor
100 Queen's Road Central
Central
Hong Kong

**Sole Global Coordinator,
Sole Bookrunner
and Sole Lead Manager
(H Share Rights Issue)**

Orient Securities (Hong Kong) Limited
28th and 29th Floor
100 Queen's Road Central
Central
Hong Kong

Legal Advisers to the Company

as to Hong Kong and U.S. laws
Clifford Chance
27/F, Jardine House
One Connaught Place
Central, Hong Kong

as to PRC law
Grandall Law Firm (Shanghai)
27/F, Garden Square
968 West Beijing Road
Shanghai, the PRC

**Legal Adviser to the
Sole Financial Adviser**

as to Hong Kong law
Baker & McKenzie
14th Floor, One Taikoo Place
979 King's Road, Quarry Bay
Hong Kong

Auditors and Reporting Accountants

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Registered office of the Company	Orient Securities Building No. 119 South Zhongshan Road Huangpu District Shanghai, the PRC
Principal place of business of the Company in Hong Kong	28th and 29th Floor 100 Queen's Road Central Central Hong Kong
Joint Company Secretaries of the Company	Mr. WANG Rufu Mr. NGAI Wai Fung (<i>a fellow member of the Hong Kong Chartered Governance Institute, a fellow member of the Chartered Governance Institute, UK, an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the Chartered Institution of Arbitrators</i>)
Authorized Representatives of the Company	Mr. SONG Xuefeng Orient Securities Building No. 119 South Zhongshan Road Huangpu District Shanghai, the PRC Mr. JIN Wenzhong Orient Securities Building No. 119 South Zhongshan Road Huangpu District Shanghai, the PRC

Principal Banks of the Company**Industrial and Commercial Bank of China Limited**

55 Fuxingmennei Avenue
Xicheng District
Beijing, the PRC

Shanghai Pudong Development Bank Co., Ltd.

No. 12, Zhongshan Dong Yi Road
Huangpu District
Shanghai, the PRC

China Merchants Bank Co., Ltd.

No. 7088 Shennan Boulevard
Futian District
Shenzhen
Guangdong, the PRC

Industrial Bank Co., Ltd.

No.154, Hudong Road
Fuzhou
Fujian, the PRC

China Construction Bank Corporation Limited

No. 25, Finance Street
Xicheng District
Beijing, the PRC

SHARE CAPITAL

The registered share capital of the Company as at the Latest Practicable Date is RMB6,993,655,803. As announced by the Company, subscriptions under the A Share Rights Issue were completed on April 28, 2022 with a subscription level of 89.96%. All the A Rights Shares successfully subscribed for by the Qualified A Shareholders have not yet been issued and registered as at the Latest Practicable Date, hence are not included in the issued share capital of the Company on the Latest Practicable Date. The following table sets out the Company's shareholding structure as at the Latest Practicable Date and its proposed shareholding structure upon completion of the Rights Issue:

Share class	Total number of issued Shares before the Rights Issue as at the Latest Practicable Date	Percentage of the total number of issued Shares	Number of Shares to be issued under the Rights Issue	Total number of issued Shares immediately after the Rights Issue	Percentage of the total number of issued Shares immediately after the Rights Issue
H Shares	1,027,080,000	14.69%	287,582,400 ¹	1,314,662,400	14.97%
A Shares	5,966,575,803	85.31%	1,502,907,061 ²	7,469,482,864	85.03%
Total	6,993,655,803	100.00%	1,790,489,461	8,784,145,264	100.00%

Notes:

1. Assuming the H Share Rights Issue becomes unconditional and 287,582,400 of the H Rights Shares are fully subscribed for and no further A Rights Shares are issued by the Company.
2. Such figures are calculated with reference to the subscription level of the A Share Rights Issue as announced by the Company on April 28, 2022.

All H Shares and A Shares presently in issue rank *pari passu* in all respects as regards voting, dividends, distribution and return of capital.

The H Rights Shares to be allotted and issued pursuant to the H Share Rights Issue will, when issued and fully paid, rank *pari passu* in all respects with the H Shares then in issue as regards voting, dividends, distributions and return of capital.

The H Shares in issue are listed on the Stock Exchange. The A Shares in issue are listed on the SSE. Save as disclosed, no part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company is not a party to any agreements to issue new Shares and none of the members of the Group had any other outstanding options or convertible securities.

As at the Latest Practicable Date, there was no arrangement under which future dividends were waived or agreed to be waived.

DISCLOSURE OF INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE OF THE COMPANY

As at the Latest Practicable Date (without taking into account the effect of the A Share Rights Issue), none of the Directors, Supervisors or the chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO): (i) which were required to be notified to the Company and the Stock Exchange, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

So far as the Directors are aware, as at the Latest Practicable Date (without taking into account the effect of the A Share Rights Issue), the persons other than a Director, Supervisor or chief executive of the Company who had interests or short positions in the Shares and underlying Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO are as follows:

Name of Shareholders	Capacity/ nature of interest	Class	Number of Shares directly or indirectly held (Note 1)	Approximate shareholding percentage of total issued A Shares/ H Shares (%) (Note 2)	Approximate shareholding percentage of the Company (%) (Note 2)
Shenergy (Group) Company Limited	Beneficial owner	A Share	1,767,522,422 (L)	29.62	25.27
China National Tobacco Corporation (Note 3)	Interests in controlled corporation	A Share	345,486,596 (L)	5.79	4.94
Shanghai Tobacco (Group) Company (Note 3)	Beneficial owner	A Share	345,486,596 (L)	5.79	4.94
Shanghai Haiyan Investment Management Company Limited (Note 3)	Interests in controlled corporation	A Share	345,486,596 (L)	5.79	4.94
ZHU Lijia (Note 4)	Interests in controlled corporation	H Share	94,940,800 (L)	9.24	1.36
SUN Hongyan (Note 4)	Interests in controlled corporation	H Share	94,940,800 (L)	9.24	1.36

Name of Shareholders	Capacity/ nature of interest	Class	Number of Shares directly or indirectly held (Note 1)	Approximate shareholding percentage of total issued A Shares/ H Shares (%) (Note 2)	Approximate shareholding percentage of the Company (%) (Note 2)
Hung Jia Finance Limited (Note 4)	Interests in controlled corporation	H Share	94,940,800 (L)	9.24	1.36
Kaiser Century Investments Limited (Note 4)	Beneficial owner	H Share	94,940,800 (L)	9.24	1.36
Bank of Communications Co., Ltd. (Note 5)	Interests in controlled corporation	H Share	93,991,600 (L)	9.15	1.34
Bank of Communications (Nominee) Company Limited (Note 5)	Interests in controlled corporation	H Share	93,991,600 (L)	9.15	1.34
BOCOM International Asset Management Limited (Note 5)	Interests in controlled corporation	H Share	93,991,600 (L)	9.15	1.34
BOCOM International Holdings Company Limited (Note 5)	Interests in controlled corporation	H Share	93,991,600 (L)	9.15	1.34
BOCOM International Global Investment Limited (Note 5)	Beneficial owner	H Share	93,991,600 (L)	9.15	1.34
Shanghai Wealspring Asset Management Co., Ltd.	Investment manager	H Share	143,821,200 (L)	14.00	2.06
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) (Note 6)	Asset manager	H Share	55,066,000 (L)	5.36	0.79

Notes:

1. (L) represents the long position.
2. As at the Latest Practicable Date, the Company has issued 6,993,655,803 shares in total, including 5,966,575,803 A Shares and 1,027,080,000 H Shares (all the A Rights Shares successfully subscribed for by the Qualified A Shareholders have not yet been issued and registered as at the Latest Practicable Date, hence are not included in the issued share capital of the Company on the Latest Practicable Date).
3. Shanghai Haiyan Investment Management Company Limited is wholly owned by Shanghai Tobacco (Group) Co., Ltd., which in turn is wholly owned by China National Tobacco Corporation. Therefore, each of China National Tobacco Corporation and Shanghai Tobacco (Group) Co., Ltd. is deemed to be interested in the shares of the Company held by Shanghai Haiyan Investment Management Company Limited under the SFO.
4. Kaiser Century Investments Limited is owned as to 100% by Hung Jia Finance Limited. Hung Jia Finance Limited is owned as to 50% by each of Mr. ZHU Lijia and his spouse Ms. SUN Hongyan. Therefore, each of Mr. ZHU Lijia, Ms. SUN Hongyan and Hung Jia Finance Limited is deemed to be interested in the shares of the Company held by Kaiser Century Investments Limited under the SFO.
5. BOCOM International Global Investment Limited is wholly owned by BOCOM International Asset Management Limited. BOCOM International Asset Management Limited is wholly owned by BOCOM International Holdings Company Limited, which in turn is wholly owned by Bank of Communications (Nominee) Company Limited. Bank of Communications (Nominee) Company Limited is wholly owned by Bank of Communications Co., Ltd. Therefore, each of Bank of Communications Co., Ltd., Bank of Communications (Nominee) Company Limited, BOCOM International Holdings Company Limited and BOCOM International Asset Management Limited is deemed to be interested in the shares of the Company held by BOCOM International Global Investment Limited under the SFO.
6. According to the Company's employee stock ownership plan, China Universal Asset Management Company Limited (as the asset manager) purchases and owns the shares of the Company through China Universal – DFZQ ESOP Single Asset Management Scheme No. 1 and China Universal – DFZQ ESOP Single Asset Management Scheme No. 2.

Interests of substantial Shareholders in the Company's member companies (excluding the Company)

As at the Latest Practicable Date, none of the substantial Shareholders or parties has any interests or short positions in the members of the Company (other than the Company) which are required to be recorded in the register required to be kept pursuant to Section 336 of the SFO.

EXPERT

The following is the qualification of the expert who has given its opinion or advice which is contained in this prospectus:

Name	Qualification	Nature of report/advice	Date of report/advice
Deloitte Touche Tohmatsu	Certified Public Accountants	Report on the unaudited pro forma financial information of the Group	May 5, 2022

Deloitte Touche Tohmatsu has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports and references to its name in the form and context in which they are included.

As at the Latest Practicable Date, Deloitte Touche Tohmatsu did not have any shareholding in any member of the Group, or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As of the Latest Practicable Date, the above expert did not have interest in any assets which have been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group since December 31, 2021, being the date to which the latest published audited consolidated accounts of the Company were made up.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS AND/OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or have been proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2021, being the date to which the latest published audited consolidated accounts of the Company were made up.

As at the Latest Practicable Date, none of the Directors, Supervisors or their respective associates was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

MATERIAL ADVERSE CHANGE

In 2022, due to the intensified volatility of China's capital market, the Company's investment income dropped significantly as compared to the same period of the previous year; in addition, other business income formed by the sales of bulk commodities also decreased on a year-on-year basis. As at the end of the first quarter of 2022, both the Company's operating revenue and the net profit attributable to the parent company decreased as compared to the same period of the previous year. All businesses of the Company were operating normally. Please refer to the Company's first quarterly report of 2022 published on the websites of Stock Exchange (www.hkexnews.hk) and SSE (www.sse.com.cn) on April 29, 2022.

Save as disclosed in this prospectus, there was no material adverse change in the financial or trading positions of the Group since December 31, 2021, being the date to which the latest published audited consolidated accounts of the Company were made up.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The Prospectus Documents and the written consent of Deloitte Touche Tohmatsu as referred to under the paragraph headed "Expert" in this appendix have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Hong Kong Companies (WUMP) Ordinance.

MATERIAL LITIGATION

As of the Latest Practicable Date, there was no material litigation or claim known to the Directors to be pending or threatened by or against any member of the Group.

MATERIAL CONTRACT

The Company did not have any material contracts (being contracts not entered into in its normal business course) during the two years immediately preceding the date of this prospectus and up to the Latest Practicable Date.

RESTRICTION AFFECTING REMITTANCE OF PROFIT AND CAPITAL

A significant part of the Group's turnover and operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Under the PRC existing foreign exchange regulations, the foreign exchange disbursements under current accounts (including payment of dividends, trade and service-related foreign exchange) can be paid with self-owned foreign exchange or foreign exchange bought from designated financial institutions for foreign exchange operations without prior approval from PRC foreign exchange administrative department by complying with certain procedural requirements. However, for the foreign exchange disbursements under capital account (such as the repayment of foreign debts and foreign investments), which are required to be registered with or approved by the competent bank or governmental authority according to applicable PRC laws and regulations, such registration or approval shall be obtained before paying the foreign exchange disbursements with self-owned foreign exchange or foreign exchange bought from designated financial institutions for foreign exchange operations.

Save as disclosed above, the Directors are not aware of any other restriction affecting the remittance of profits or repatriation of capital of the Group into Hong Kong or from outside Hong Kong.

GENERAL

- (a) The expenses in connection with the H Share Rights Issue, including the Sole Financial Adviser fees, best-effort commission, printing fees, registration fees, translation fees, legal and accounting fees, are estimated to amount to approximately RMB9.0 million and will be payable by the Company.
- (b) The expenses in connection with the A Share Rights Issue, including the underwriting sponsorship fees, legal fees, accounting fees, information disclosure fees, rights issue registration and other fees, amount to approximately RMB147.4 million and will be payable by the Company.
- (c) In any event of any inconsistency, the English language text of this document shall prevail over the Chinese language text.

DOCUMENTS ON DISPLAY

The following documents will be available at (i) the website of the Company (www.dfzq.com.cn) and (ii) the website of the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this prospectus (both days inclusive):

- (1) the report on the unaudited pro forma financial information of the Group issued by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus; and
- (2) the written consent referred to in the paragraph headed "Expert" in this appendix.