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

(Stock Code: 03958)

**(1) PROPOSED APPOINTMENT OF
INDEPENDENT NON-EXECUTIVE DIRECTOR
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UNDER THE BOARD
(3) CHANGES OF ACCOUNTING POLICIES
AND
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I. PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The board of directors (the **"Board"**) of 東方證券股份有限公司 (the **"Company"**) hereby announces that:

In accordance with the Rules for Independent Directors of Listed Companies and other relevant regulations, an independent non-executive director shall not serve in the same listed company for more than six consecutive years. The term of office of Mr. JIN Qinglu, an existing independent non-executive director of the Company, will expire on October 15, 2023. In order to comply with the requirements of the relevant laws and regulations and to facilitate the transition of work, the Company proposes to elect an independent non-executive director who is an accounting professional. The Board agrees to nominate Mr. ZHU Kai (**"Mr. ZHU"**) as an independent non-executive director to the fifth session of the Board, who shall take office commencing from the date of consideration and approval at the general meeting and resignation of Mr. JIN Qinglu as an independent non-executive director of the Company till expiry of the fifth session of the Board.

The biographical details of Mr. ZHU are set out as below:

Mr. ZHU Kai, born in 1974, is a member of the Communist Party of China and a doctorate in accounting. He currently serves as the vice dean and professor of the School of Accounting of Shanghai University of Finance and Economics, and concurrently serves as an independent director of Bright Real Estate Group Co., Limited (a company listed on the Shanghai Stock Exchange, stock code: 600708) and a director of Shanghai Xinze Venture Capital Management Co., Ltd. He graduated from Nanjing University with a master's degree in accounting in June 1999, served as a lecturer in the Accounting Department of the Business School of Nanjing University from July 1999 to January 2001, graduated from Shanghai University of Finance and Economics with a doctorate degree in accounting from March 2001 to March 2004, and has served as a professor in the School of Accounting of Shanghai University of Finance and Economics since April 2004 and a vice dean of the School of Accounting of Shanghai University of Finance and Economics since February 2016. He is the vice president of Shanghai Audit Society, a member of the Review Committee for Qualification of Senior Audit Professional and Technical Positions in Shanghai, and a member of the Expert Committee of the Chinese Institute of Certified Public Accountants.

As at the date of this announcement and to the best knowledge of the directors of the Company, save as disclosed in this announcement, during the past three years, Mr. ZHU has not held any directorship in any public company whose securities are listed on any securities market in Hong Kong or overseas. As at the date of this announcement, Mr. ZHU is not connected with any directors, supervisors, senior management or substantial shareholders of the Company and does not hold any positions with the Company or any of its subsidiaries. Mr. ZHU does not have any interest in the shares of the Company or its associated corporation within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

There is no other information in relation to the appointment of Mr. ZHU which is required to be disclosed pursuant to the requirements set out in Rules 13.51(2)(h) to (v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) nor are there any matters which need to be brought to the attention of the shareholders of the Company. Mr. ZHU has not been subject to any punishment by the China Securities Regulatory Commission and other competent authorities or censorship by any stock exchanges.

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Company, the term of office of Mr. ZHU as an independent non-executive director of the Company shall commence from the date on which his directorship was considered and approved at the general meeting and the resignation of Mr. JIN Qinglu as an independent non-executive director of the Company till expiry of the term of the fifth session of the Board. The remuneration of Mr. ZHU will be determined in accordance with the resolution in relation to the Adjustment of Remuneration of the Independent Directors of the Company during his terms of office as an independent non-executive director of the Company.

As at the date of this announcement, the Company has not entered into any service contract with Mr. ZHU in relation to his position as an independent non-executive director of the Company.

As at the date of this announcement, to the best knowledge of the Board, the Board is of the view that Mr. ZHU meets the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules and is independent in accordance with the terms of the guidelines.

In accordance with the articles of association of the Company and the relevant laws and regulations of the PRC, the proposed appointment of Mr. ZHU as an independent non-executive director of the Company is subject to consideration and approval by the general meeting of the Company and a circular containing, among other things, details of the above proposal, together with a notice of the general meeting, will be despatched to the shareholders of the Company in due course.

II. APPOINTMENT OF MEMBERS OF THE SPECIAL COMMITTEES UNDER THE BOARD

The Board further announces that, in view of the recent change of director of the Company, it has considered and adjusted the members of the special committees under the Board as set out below:

1. References are made to the circular of the Company dated August 1, 2023 in relation to the resolutions in relation to the change of non-executive director of the Company and the notice of the extraordinary general meeting and the announcement of the Company dated August 18, 2023 in relation to the poll results of the extraordinary general meeting held on August 18, 2023, whereby Ms. LI Yun has formally assumed office with effect from August 18, 2023. In accordance with the relevant provisions of the Working Rules of the Strategic Development Committee of the Company regarding the appointment and removal of members, it was approved that Ms. LI Yun be elected as a member of the strategic development committee of the fifth session of the Board, and she shall assume office from the date of this announcement with a term ending on the expiry of the term of office of the fifth session of the Board;
2. In accordance with the relevant provisions of the Working Rules of the Audit Committee of the Company regarding the appointment and removal of members, it was approved that Mr. ZHU Kai be elected as a member and the chairman of the audit committee of the fifth session of the Board, and he shall assume office from the date on which he assumes office of independent non-executive director of the Company with a term ending on the expiry of the term of office of the fifth session of the Board.

III. CHANGES OF ACCOUNTING POLICIES

The changes in accounting policies are corresponding changes made by the Company in accordance with relevant interpretations of the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China (the "MOF"), which are not required to be submitted to the Board and the general meeting of the Company for consideration, and will not have any material impact on the Company's financial position, results of operations and cash flows.

1. OVERVIEW OF THE CHANGES OF ACCOUNTING POLICIES

(1) Reasons for and Date of Changes of Accounting Policies

On November 30, 2022, the MOF issued the "Notice on Issuance of Interpretation of Accounting Standard for Business Enterprises No. 16" (Caihui [2022] No. 31) (the "**Interpretation of ASBE No. 16**"), which provided for "accounting for deferred income taxes related to assets and liabilities arising from a single transaction to which the exemption at initial recognition does not apply", the contents of which became effective from January 1, 2023.

(2) *Accounting Policies Adopted by the Company Before and After the Changes*

Before the changes of accounting policies, the Company implemented the “Accounting Standards for Business Enterprises – Basic Standards” and various specific accounting standards, the guidelines for application of the accounting standards for business enterprises, the announcements of interpretations of the accounting standards for business enterprises and other relevant requirements issued by the MOF.

After the changes, the Company will implement the new requirements as mentioned above. The unchanged parts will continue to be implemented in accordance with the “Accounting Standards for Business Enterprises – Basic Standards” and various specific accounting standards, the guidelines for application of the accounting standards for business enterprises, the announcements of interpretations of the accounting standards for business enterprises and other relevant requirements previously issued by the MOF.

The changes in accounting policies are corresponding changes made by the Company in accordance with relevant interpretations of the Accounting Standards for Business Enterprises issued by the MOF, which are not required to be submitted to the Board and the general meeting for consideration.

2. DETAILS OF THE CHANGES OF ACCOUNTING POLICIES AND THE IMPACT ON THE COMPANY

(1) *Details of the Changes of Accounting Policies*

In accordance with the requirements of Interpretation of ASBE No. 16 “accounting for deferred income taxes related to assets and liabilities arising from a single transaction to which the exemption at initial recognition does not apply”, for a single transaction that is not a business combination and does not affect accounting profit or taxable income (or deductible losses) at the time of the transaction, and where the initial recognition of assets and liabilities results in the creation of taxable temporary differences and deductible temporary differences in equal amounts, the provisions of Articles 11(2) and Article 13 of “Accounting Standard for Business Enterprises No. 18 – Income Taxes” on exemption from initial recognition of deferred income tax liabilities and deferred income tax assets shall not apply. An enterprise shall separately recognize corresponding deferred income tax liabilities and deferred income tax assets at the time of the transaction for taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities for the transaction in accordance with “Accounting Standard for Business Enterprises No. 18 – Income Taxes” and other relevant requirements.

(2) *Main Impact of the Changes of Accounting Policies on Financial Reporting of the Company*

The changes of accounting policies are reasonable changes made by the Company in accordance with relevant regulations and requirements of the MOF, which are in compliance with the provisions of relevant laws and regulations, can reflect the Company’s financial position and results of operations in a more objective and fair manner, will not materially affect the Company’s financial position, results of operations and cash flows, and have no prejudice on the interests of the Company and its shareholders as a whole.

IV. PROVISION FOR ASSETS IMPAIRMENT

The following disclosure is made by the Company pursuant to the Inside Information Provisions (as defined under the Hong Kong Listing Rules under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Hong Kong Listing Rules.

1. OVERVIEW OF THE PROVISION FOR ASSETS IMPAIRMENT

In accordance with relevant requirements under the China Accounting Standards for Business Enterprises (the “CASBE”) and the relevant accounting policies of the Company, to reflect the Company’s financial position as at June 30, 2023 and its operating performance in the first half of 2023 in a more true and fair manner, after an assessment of expected credit loss on the relevant assets of the Company and its subsidiaries, a total of RMB953.8904 million was provided for assets impairment in the first half of 2023, accounting for more than 10% of the Company’s audited net profit for the latest financial year. Details are set out below:

Unit: RMB’0,000

Asset	Amount of provision in the first half of 2023
Financial assets held under resale agreements	93,629.40
Advance to customers	49.87
Debt investment	-3.35
Other debt investment	313.16
Others	1,399.96
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Total	95,389.04
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2. DETAILS OF PROVISION FOR ASSETS IMPAIRMENT

(1) Financial assets held under resale agreements

In accordance with the CASBE and the relevant accounting policies of the Company, as a result of changes in credit standing of the financiers and market value of the collaterals, RMB936.2940 million was provided for impairment on financial assets held under resale agreements in the first half of 2023, primarily targeting at share pledges of which repurchases were not conducted or supplemental collateral obligations were not performed as agreed.

(2) Advance to customers

In accordance with the CASBE and the relevant accounting policies of the Company, RMB0.4987 million was provided for impairment on advance to customers in the first half of 2023.

(3) Debt investment

In accordance with the CASBE and the relevant accounting policies of the Company, impairment of RMB0.0335 million was reversed on debt investment in the first half of 2023.

(4) Other debt investment

In accordance with the CASBE and the relevant accounting policies of the Company, as a result of deterioration of the credit rating of the debtors, RMB3.1316 million was provided for impairment on other debt investment in the first half of 2023.

(5) Others

In accordance with the CASBE and the relevant accounting policies of the Company, RMB13.9996 million was provided for other impairment in the first half of 2023.

3. EFFECT ON THE COMPANY OF THE PROVISION FOR ASSETS IMPAIRMENT

The Company provided for total assets impairment of RMB953.8904 million in the first half of 2023, leading to a reduction in the total profit for the first half of 2023 of RMB953.8904 million and in the net profit for the first half of 2023 of RMB715.4178 million.

By order of the Board of Directors

JIN Wenzhong

Chairman

Shanghai, PRC
August 30, 2023

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