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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)**

## **ANNOUNCEMENT ON THE PLAN OF REPURCHASE OF A SHARES OF THE COMPANY THROUGH CENTRALIZED PRICE BIDDING**

This announcement is made by the board of directors (the "**Board**") of 東方證券股份有限公司 (the "**Company**") pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**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 Listing Rules.

### **IMPORTANT NOTICE:**

- Purpose of the proposed share repurchase: to safeguard the value of the Company and the interests of shareholders
- Total amount of funds for repurchase: the total amount of funds for the proposed repurchase will range from RMB250 million (inclusive) at the lower end to RMB500 million (inclusive) at the higher end
- Repurchase period: not more than three months from the date of consideration and approval by the Board of the plan of repurchase of A shares
- Repurchase price: not more than RMB12 per share (inclusive)
- Source of funds for repurchase: the Company's own funds
- Whether relevant shareholders have plans to reduce their shareholdings: As of the date of disclosure of this announcement, the directors, supervisors, senior management and shareholders holding more than 5% of the shares of the Company do not have any plan to reduce their shareholdings in the Company in the next three months and the next six months. If the above parties have plans to reduce their shareholdings in the future, the relevant parties and the Company will fulfill their information disclosure obligations in strict accordance with relevant provisions of relevant laws, regulations and normative documents.

- Relevant risk warnings:
  1. There is a risk that the price of the Company's shares may continuously exceed the price ceiling disclosed in the repurchase plan during the repurchase period, resulting in the repurchase plan not being implemented;
  2. In case of significant events that have a material impact on the trading price of the Company's shares, or significant changes in the Company's operating or financial situation or external circumstances, or other events that lead to the Board deciding to terminate the repurchase plan, there is a risk that the repurchase plan will not be successfully implemented or that the repurchase plan will be changed or terminated in accordance with relevant regulations;
  3. To safeguard the value of the Company and the interests of shareholders, the shares to be repurchased by the Company will be sold through centralized price bidding after 12 months from the date of the announcement on the repurchase results and changes in shares. If the repurchased shares are not sold by the Company within three years from the date of the announcement on the repurchase results and changes in shares, the portion of the shares that have not been sold will be cancelled after performing relevant procedures;
  4. In the event that the regulatory authorities promulgate new normative documents relating to repurchase, it may result in the risk that the corresponding terms of the repurchase will be subject to adjustment in accordance with the latest requirements of the regulatory authorities during the implementation of the repurchase.

The Company will make the repurchase decision and implement the repurchase at an appropriate time based on the market situation within the repurchase period and fulfill the information disclosure obligations in a timely manner based on the progress of the share repurchase matters, and investors are advised to pay attention to the investment risks.

In accordance with the relevant requirements of the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Opinions on Supporting Share Repurchase by Listed Companies (《關於支持上市公司回購股份的意見》), the Rules for Share Repurchase by Listed Companies (《上市公司股份回購規則》), Self-Regulatory Supervision Guidelines for Listed Companies on Shanghai Stock Exchange No. 7 – Share Repurchases (《上海證券交易所上市公司自律監管指引第7號－回購股份》) and other laws, regulations and normative documents, and based on the confidence in the development of the Company and recognition of the value of the Company's shares, the Company intends to repurchase A shares from the secondary market in order to safeguard the value of the Company and the interests of shareholders. Details are as follows:

## **I. CONSIDERATION AND IMPLEMENTATION PROCEDURES OF THE REPURCHASE PLAN**

### **(i) Consideration by the Board**

On October 30, 2023, the Company held the 31st meeting of the fifth session of the Board, at which the “Proposal on the Plan of Repurchase of A Shares of the Company through Centralized Price Bidding” was considered and approved. All directors of the Company participated in the voting and it was passed with 13 votes in favor, 0 votes against and 0 abstention, and the independent non-executive directors expressed their unanimous independent opinions on this matter.

### **(ii) Submission of the repurchase plan to the shareholders’ general meeting for consideration**

In accordance with relevant requirements of the Articles of Association of 東方證券股份有限公司 (the “**Articles of Association**”), the Rules for Share Repurchase by Listed Companies and the Self-Regulatory Supervision Guidelines for Listed Companies on Shanghai Stock Exchange No. 7 – Share Repurchases, the share repurchase plan is not required to be submitted to the general meeting of the Company for consideration and approval.

The aforementioned time and procedures for consideration by the Board were in compliance with the Self-Regulatory Supervision Guidelines for Listed Companies on Shanghai Stock Exchange No. 7 – Share Repurchases and other relevant requirements.

### **(iii) Relevant conditions to fulfill for the share repurchase**

The share repurchase by the Company meets the conditions set out in Article 2(2) of the Self-Regulatory Supervision Guidelines for Listed Companies on Shanghai Stock Exchange No. 7 – Share Repurchases:

The repurchase of the company’s shares for the purpose of safeguarding the value of the company and the rights of shareholders shall meet one of the following conditions:

1. The closing price of the company’s shares is lower than the latest net asset per share;
2. A cumulative decline of 30% in the closing price of the shares over a period of 20 consecutive trading days;
3. Other conditions stipulated by the China Securities Regulatory Commission.

The share repurchase by the Company meets the conditions set out in Article 11 of the Self-Regulatory Supervision Guidelines for Listed Companies on Shanghai Stock Exchange No. 7 – Share Repurchases:

The repurchase of shares by a listed company shall meet the following conditions:

1. The company's shares have been listed for one year;
2. The company has not committed any major illegal acts in the last one year;
3. After the share repurchase, the company has the ability to repay its debts and the ability to operate on an ongoing basis;
4. After the share repurchase, the company's shareholding structure shall, in principle, comply with the listing conditions; if the company intends to terminate the listing and trading of its shares through the share repurchase, it shall comply with the relevant regulations;
5. Other conditions stipulated by the China Securities Regulatory Commission and the Shanghai Stock Exchange.

## **II. MAJOR CONTENTS OF THE REPURCHASE PLAN**

### **(i) Purpose and use of the share repurchase by the Company**

In order to safeguard the value of the Company and the interests of shareholders and facilitate the healthy, stable and sustainable development of the Company, and based on the confidence in the development of the Company and recognition of the value of the Company's shares, taking into account the Company's development strategy, operating conditions and financial situation, the Company intends to use its own funds to repurchase the A shares of the Company through centralized price bidding.

### **(ii) Type of the shares proposed to be repurchased**

RMB-denominated ordinary shares (A shares) issued by the Company.

### **(iii) Method of the proposed share repurchase**

Centralized price bidding

**(iv) Repurchase period**

1. The period of share repurchase will be no more than three months from the date of consideration and approval by the Board of the plan of repurchase of A shares. During the implementation period of the repurchase, if the Company's shares are subject to trading halt for more than 10 consecutive trading days due to the planning of material matters, the repurchase plan will be implemented after the resumption of trading in the shares and relevant disclosure will be made in a timely manner.

The repurchase period expires in advance if the following conditions are met:

- (1) If the amount of repurchase funds utilized reaches the maximum amount during the repurchase period, the repurchase plan will be completed and the repurchase period will expire in advance from that date;
- (2) If the Board resolves to terminate the repurchase plan, the repurchase period shall expire in advance from the date of the Board's resolution on the termination of the repurchase plan.

The Company will, under the authorization of the Board, make the repurchase decision and implement the repurchase at an appropriate time based on the market situation within the repurchase period, and carry out the repurchase in accordance with relevant laws and regulations and relevant rules of the China Securities Regulatory Commission and the stock exchanges on which the Company's shares are listed.

2. The Company shall not repurchase shares in the following periods:
  - (1) Within 10 trading days prior to the announcement of the Company's regular report; if the announcement date is postponed due to special reasons, it shall be counted from 10 trading days prior to the original announcement date to the day before the announcement;
  - (2) Within 10 trading days prior to the date of announcement of the Company's expected results or preliminary financial data;
  - (3) From the date of occurrence of a significant event that may have a material impact on the trading price of the Company's shares or during the decision-making process, to the date of disclosure in accordance with relevant laws;
  - (4) Other circumstances stipulated by the China Securities Regulatory Commission and the stock exchanges on which the Company's shares are listed.

**(v) Total amount of funds for proposed share repurchase, number of A shares to be repurchased, and proportion in the total share capital of the Company**

Total amount of funds for repurchase: not less than RMB250 million (inclusive) and not more than RMB500 million (inclusive).

Number of shares to be repurchased: Calculated based on the lower end of the repurchase amount of RMB250 million and the higher end of the repurchase price of RMB12 per share, the number of A shares to be repurchased will be approximately 20.83 million shares, representing approximately 0.25% of the total share capital of the Company as at the date of this announcement; Calculated based on the higher end of the repurchase amount of RMB500 million and the higher end of the repurchase price of RMB12 per share, the number of A shares to be repurchased will be approximately 41.67 million shares, representing approximately 0.49% of the total share capital of the Company as at the date of this announcement. The specific number of A shares to be repurchased shall be subject to the actual number of shares repurchased upon expiry of the repurchase period.

The specific number of shares to be repurchased and the percentage of the total share capital of the Company shall be subject to the actual repurchase by the Company upon completion of repurchase or expiry of the implementation period of the repurchase. If the Company implements any ex-rights and ex-dividend events such as transfer of capital reserve to share capital, distribution of share dividends, reduction of share capital or rights issue during the repurchase period, the Company will adjust the number of shares to be repurchased accordingly in accordance with relevant requirements of the China Securities Regulatory Commission and stock exchanges on which the Company's shares are listed.

**(vi) Repurchase price**

The price of the share repurchase shall be no more than RMB12 per share (inclusive), and the higher end of such repurchase price does not exceed 150% of the average trading price of the A shares of the Company for the 30 trading days prior to the date of passing the resolution on share repurchase by the Board. The specific repurchase price will be determined by the management of the Company during the implementation period of the repurchase, taking into account the share price of the Company at the secondary market, the financial situation and operating conditions of the Company.

**(vii) Total amount and source of funds for the repurchase**

The total amount of funds for the repurchase will range from RMB250 million (inclusive) at the lower end to RMB500 million (inclusive) at the higher end, and will be financed by the Company's own funds.

**(viii) Expected changes in the Company's shareholding structure after the repurchase**

Upon completion of the repurchase, based on the number of shares to be repurchased as estimated based on the lower end of the repurchase amount of RMB250 million, the higher end of the repurchase amount of RMB500 million and the higher end of the repurchase price, the number of circulating non-restricted A shares of the Company will be reduced correspondingly by 20.83 million to 41.67 million, which will be converted into the Company's treasury stock, and there will be no change in the Company's total share capital.

If the Company fails to implement the sale within three years after the completion of the share repurchase, it will perform relevant procedures on the portion of the shares that have not been sold for cancellation, and the Company's total share capital and circulating non-restricted shares will be reduced accordingly.

The specific number of shares to be repurchased and the actual changes in the Company's shareholding structure will be subject to subsequent implementation.

**(ix) Analysis of the possible impact of the share repurchase on the Company's daily operations, finance, research and development, profitability, solvency, future development and maintenance of its listing status**

The Company maintains sound operation and profitability. As of September 30, 2023 (unaudited), the Company's total assets amounted to RMB356.878 billion, net assets attributable to shareholders of the parent company amounted to RMB78.682 billion, and cash and bank balance (after deduction of customers' deposits) amounted to RMB21.394 billion. From January to September 2023, the Company achieved operating revenue of RMB13.695 billion and net profit attributable to shareholders of the parent company of RMB2.857 billion.

As estimated based on the higher end of the total amount of funds for repurchase of RMB500 million, the percentage of funds for repurchase to the Company's total assets, net assets attributable to the shareholders of the parent company, and cash and bank balance (after deduction of customers' deposits) will be 0.14%, 0.64%, and 2.34%, respectively.

Based on the above financial data, and taking into account the Company's sound operation, risk control and other factors, the Company believes that the share repurchase will not have a material impact on the Company's operation, finance and future development.

The share repurchase will be financed by the Company's own funds and will not have a significant impact on the Company's solvency. The purpose of share repurchase is to safeguard the value of the Company and the interests of shareholders, which will not impair the Company's ability to repay its debts and operate on an ongoing basis.

The completion of the share repurchase will not result in any change of control of the Company. The shareholding structure of the Company after the repurchase will meet the conditions for a listed company and will not affect the listing status of the Company.

**(x) Opinions of the independent non-executive directors on the compliance, necessity, reasonableness, feasibility and other related matters of the share repurchase plan**

1. The share repurchase by the Company is in compliance with the relevant requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Opinions on Supporting Share Repurchase by Listed Companies, the Rules for Share Repurchase by Listed Companies, the Self-Regulatory Supervision Guidelines for Listed Companies on Shanghai Stock Exchange No. 7 – Share Repurchases and other laws, regulations and normative documents, and the voting procedures at the Board meeting are in compliance with relevant provisions of relevant laws, regulations and the Articles of Association.
2. The share repurchase of the Company is implemented based on the actual operating conditions and financial situation of the Company, which is conducive to safeguarding the value of the Company and the interests of shareholders, facilitating the healthy, stable and sustainable development of the Company, and protecting the long-term interests of investors, and it is necessary for the Company to implement the share repurchase.
3. The total amount of funds for the proposed repurchase by the Company will range from RMB250 million (inclusive) at the lower end to RMB500 million (inclusive) at the higher end, and will be financed by the Company's own funds. The repurchase will not have any significant impact on the Company's daily operation, solvency and profitability, and will not affect the Company's listing status, and the Company's share repurchase plan is feasible.
4. The repurchase of shares by the Company will be implemented through centralized price bidding, which will not prejudice the interests of the Company and all shareholders, especially the minority shareholders.

In view of the above, we believe that the Company's repurchase of A shares is in compliance with relevant laws and regulations, and that the repurchase plan is necessary and feasible, which is in line with the interests of the Company and all shareholders, and we agree with the plan of repurchase of A shares.



- (xi) **Whether the directors, supervisors and senior management of the Company have dealt in the Company's shares within six months prior to the Board resolution on the share repurchase, whether they have any conflict of interest in the repurchase plan, whether there is any insider trading and market manipulation, and whether there is any plan to increase or decrease their shareholdings during the repurchase period**

After self-inspections, the directors, supervisors and senior management of the Company have not dealt in the Company's shares in the six months prior to the Board resolution on share repurchase, they have no conflict of interest in the repurchase plan, and there is no insider trading and market manipulation. The above persons have no plan to increase or decrease their shareholdings during the repurchase period. If the above persons have any plan to increase or decrease their shareholdings in the future, the Company will fulfill its information disclosure obligations in a timely manner in strict compliance with the requirements of relevant laws and regulations.

- (xii) **Details of the Company's inquiry on whether the directors, supervisors, senior management and shareholders holding more than 5% of the shares have any plan to reduce the shareholdings in the Company in the next three months and the next six months**

Upon inquiry, the directors, supervisors, senior management and shareholders holding more than 5% of the shares of the Company do not have any plan to reduce their shareholdings in the Company in the next three months and the next six months. If the relevant persons intend to implement any plan to reduce their shareholdings in the future, the Company will fulfill its information disclosure obligations in a timely manner in accordance with the relevant regulations.

- (xiii) **Relevant arrangements for cancellation or transfer of repurchased shares in accordance with the law**

To safeguard the value of the Company and the interests of shareholders, the shares to be repurchased by the Company will be sold through centralized price bidding after 12 months from the date of the announcement on the repurchase results and changes in shares. If the repurchased shares are not sold by the Company within three years from the date of the announcement on the repurchase results and changes in shares, the portion of the shares that have not been sold will be cancelled after performing relevant procedures.

- (xiv) **Relevant arrangements by the Company to prevent infringement of creditors' interests**

The purpose of share repurchase is to safeguard the value of the Company and the interests of shareholders, which will not affect the Company's normal operation on an on-going basis, and will not lead to insolvency of the Company. In case of share cancellation, the Company will perform the statutory procedures such as notifying the creditors in accordance with requirements of the Company Law of the People's Republic of China and other relevant laws and regulations, so as to fully safeguard the legitimate rights and interests of the creditors.

**(xv) Specific authorization for the management to handle the share repurchase, including the specific circumstances of implementation of the share repurchase and the authorization period and other contents**

In order to coordinate the specific matters in the process of share repurchase in an orderly and efficient manner, the Board has authorized the management to handle specific matters related to the share repurchase within the scope permitted by relevant laws, regulations and normative documents and under the framework and principles of the share repurchase plan considered and approved by the Board. The content and scope of the authorization include but are not limited to:

1. to establish a special securities account for the repurchase and other related matters;
2. to repurchase shares at an appropriate time within the repurchase period, including the specific time, price and number of shares to be repurchased;
3. to handle relevant approval procedures, including but not limited to preparing, amending, authorizing, signing and executing all necessary documents, contracts and agreements in relation to the share repurchase;
4. in case of changes in the policies of the regulatory authorities on share repurchase or changes in market conditions, except for matters required to be re-voted by the Board as stipulated in relevant laws, regulations and the Articles of Association, authorize the management of the Company to make corresponding adjustments to the specific plan of the share repurchase and other related matters;
5. to handle other matters not mentioned above but necessary for the share repurchase in accordance with applicable laws, regulations and relevant requirements of the regulatory authorities.

The above authorization shall be valid from the date of consideration and approval of the repurchase plan by the Board to the date of completion of the above authorized matters.

**III. RISK OF UNCERTAINTY IN RELATION TO THE REPURCHASE PLAN**

- (i) There is a risk that the price of the Company's shares may continuously exceed the price ceiling disclosed in the repurchase plan during the repurchase period, resulting in the repurchase plan not being implemented;
- (ii) In case of significant events that have a material impact on the trading price of the Company's shares, or significant changes in the Company's operating or financial situation or external circumstances, or other events that lead to the Board deciding to terminate the repurchase plan, there is a risk that the repurchase plan will not be successfully implemented or that the repurchase plan will be changed or terminated in accordance with relevant regulations;

- (iii) To safeguard the value of the Company and the interests of shareholders, the shares to be repurchased by the Company will be sold through centralized price bidding after 12 months from the date of the announcement on the repurchase results and changes in shares. If the repurchased shares are not sold by the Company within three years from the date of the announcement on the repurchase results and changes in shares, the portion of the shares that have not been sold will be cancelled after performing relevant procedures;
- (iv) In the event that the regulatory authorities promulgate new normative documents relating to repurchase, it may result in the risk that the corresponding terms of the repurchase will be subject to adjustment in accordance with the latest requirements of the regulatory authorities during the implementation of the repurchase.

The Company will make the repurchase decision and implement the repurchase at an appropriate time based on the market situation within the repurchase period and fulfill the information disclosure obligations in a timely manner based on the progress of the share repurchase matters, and investors are advised to pay attention to the investment risks.

By order of the Board of Directors

**JIN Wenzhong**

*Chairman*

Shanghai, PRC  
October 30, 2023

*As at the date of this announcement, the Board of Directors comprises Mr. JIN Wenzhong, Mr. GONG Dexiong 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. WU Hong, Mr. FENG Xingdong, Mr. LUO Xinyu, Mr. CHAN Hon and Mr. ZHU Kai as independent non-executive Directors.*