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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)

PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR AND APPOINTMENT OF MEMBERS OF SPECIAL COMMITTEES UNDER THE BOARD

Reference is made to the announcement of 東方證券股份有限公司 (the “**Company**”) dated July 12, 2016 in relation to resignation of non-executive director. The board of directors (the “**Board**”) of the Company hereby announces that:

PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The Board resolved to nominate Mr. Xu Jianguo (“**Mr. Xu**”) as a non-executive director for the third session of the Board. The biography of Mr. Xu is summarized as follows:

Mr. Xu Jianguo (許建國), a Chinese citizen and member of Communist Party of China, born in October 1964, obtained his EMPACC degree from The Chinese University of Hong Kong and is a senior accountant. Mr. Xu served as the financial manager of the first management department of Shanghai Electric Assets Management Company Limited, the chief financial officer of Shanghai Li Da Heavy Industrial Manufacturing Limited, the deputy head of the assets and finance department of Shanghai Electric Assets Management Company Limited, and the deputy head of the financial budget department of Shanghai Electric (Group) Corporation. Mr. Xu currently serves as the head of the financial budget department of Shanghai Electric (Group) Corporation.

As far as the directors of the Company are aware, save as disclosed above, Mr. Xu has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. As at the date of this announcement, Mr. Xu does not have any relationship with any directors, supervisors, senior management or substantial shareholders of the Company, nor any position in the Company or any of its subsidiaries. As at the date of this announcement, Mr. Xu does not have any interest in the shares of the Company or its associated companies within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, there is no other information in relation to the appointment of Mr. Xu 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 nor are there any matters which need to be brought to the attention of the shareholders of the Company. Mr. Xu has not been penalized by China Securities Regulatory Commission (“**CSRC**”) or other relevant departments or stock exchanges.

As at the date of this announcement, the Company has not entered into any service contract with Mr. Xu. The Board proposed to appoint Mr. Xu as a non-executive director of the Company. Unless adjustment is required by the relevant applicable laws and regulations, the term of office of Mr. Xu shall end on the expiry date of the term of office of the third session of the Board. During his term of office as a non-executive director, Mr. Xu will not receive remuneration from the Company.

In accordance with the articles of association of the Company and the provisions of the relevant PRC laws and regulations, the proposed appointment of Mr. Xu as a director of the Company shall be proposed at the shareholders' general meeting of the Company for consideration and approval and will come into effect after his qualification as director is approved by CSRC.

A circular containing, among other things, details of the above resolution, together with the notice of the shareholders' general meeting, will be despatched to the shareholders in due course.

APPOINTMENT OF MEMBERS OF SPECIAL COMMITTEES UNDER THE BOARD

The Board resolved to elect Ms. Huang Laifang, a non-executive director, to act as a member of the Strategy Development Committee of the third session of the Board, effective from August 26, 2016 until the expiry date of the term of office of the third session of the Board.

The Board resolved to elect Mr. Xu to act as a member of the Audit Committee of the third session of the Board, effective from the date on which his proposed appointment as non-executive director is approved at the Company's general meeting and his qualification as director is approved by CSRC until the expiry date of the term of office of the third session of the Board.

By order of the Board of Directors
PAN Xinjun
Chairman

Shanghai, PRC
August 28, 2016

As at the date of this announcement, the Board of Directors comprises Mr. PAN Xinjun and Mr. JIN Wenzhong as executive Directors; Mr. WU Jianxiong, Mr. ZHANG Qian, Mr. WU Junhao, Mr. CHEN Bin, Mr. LI Xiang, Ms. HUANG Laifang and Mr. ZHOU Yao as non-executive Directors; and Mr. LI Zhiqiang, Mr. XU Guoxiang, Mr. TAO Xiuming, Mr. WEI Anning, Mr. PAN Fei and Mr. XU Zhiming as independent non-executive Directors.