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

If you have sold or transferred all your shares in 東方證券股份有限公司, you should at once hand this circular together with the accompanying form of proxy and reply slip to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).



(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 AMENDMENTS TO
THE ARTICLES OF ASSOCIATION
PROPOSED MANDATE TO ISSUE
OFFSHORE DEBT FINANCING INSTRUMENTS
BUSINESS DELINEATION OF THE COMPANY AND ITS SUBSIDIARY
PROPOSED APPOINTMENT OF
INDEPENDENT NON-EXECUTIVE DIRECTOR
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM of the Company to be held at Jing Song Hall, 4/F, Pine City Hotel, No. 777 Zhaoyiabang Road, Shanghai, the PRC on Wednesday, September 27, 2017 at 2:00 p.m. is set out on pages 13 to 15 of this circular.

The reply slip and the form of proxy for the EGM have been distributed on Tuesday, August 8, 2017 and have also been published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.dfzq.com.cn). If you are not able to attend the EGM, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the EGM (i.e. 2:00 p.m. on Tuesday, September 26, 2017), and deposit it together with the notarized power of attorney or other document of authorization with the H Share Registrar, Computershare Hong Kong Investor Services Limited (for holders of H Shares). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM should you so desire.

Shareholders intending to attend the EGM in person or by their proxies should complete and return the reply slip for attending the EGM to the H Share Registrar, Computershare Hong Kong Investor Services Limited (for holders of H Shares) on or before Thursday, September 7, 2017.

August 16, 2017

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“A Share(s)”	the domestic share(s) of the Company with a nominal value of RMB1 each, which are listed for trading on the SSE
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at Jing Song Hall, 4/F, Pine City Hotel, No. 777 Zhaojiabang Road, Shanghai, the PRC on Wednesday, September 27, 2017 at 2:00 p.m.
“Articles of Association”	the articles of association of 東方證券股份有限公司, as amended from time to time
“Board” or “Board of Directors”	the board of directors of the Company
“Company”	東方證券股份有限公司, a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange under the stock code of 03958 and the A Shares of which are listed on the SSE under the stock code of 600958
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	the ordinary share(s) of the Company with a nominal value of RMB1 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“HK\$” or “Hong Kong dollars”	the lawful currency of Hong Kong
“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 of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	August 11, 2017, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication

DEFINITIONS

“PRC” or “China”	the People’s Republic of China, but for the purposes of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rules of Procedure for Shareholders’ General Meetings”	the Rules of Procedure for Shareholders’ General Meetings of the Company, as amended from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company, including holder(s) of H Shares and holder(s) of A Shares
“SSE”	Shanghai Stock Exchange
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company

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. PAN Xinjun (*Chairman*)
Mr. JIN Wenzhong (*President*)

Non-executive Directors:

Mr. WU Jianxiong (*Vice chairman*)
Mr. ZHANG Qian
Mr. WU Junhao
Mr. CHEN Bin
Mr. LI Xiang
Mr. XU Jianguo
Ms. HUANG Laifang
Mr. ZHOU Yao

Independent Non-executive Directors:

Mr. LI Zhiqiang
Mr. XU Guoxiang
Mr. TAO Xiuming
Mr. WEI Anning
Mr. XU Zhiming

Registered office:

22/F, 23/F and 25-29/F
Building 2, No. 318 Zhongshan South Road
Shanghai
PRC

Principal place of business in Hong Kong:

28-29/F
100 Queen's Road Central
Central
Hong Kong

August 16, 2017

To the Shareholders

Dear Sir or Madam,

INTRODUCTION

The purpose of this circular is to provide you, as holders of H Shares, with the notice of the EGM (set out on pages 13 to 15 of this circular) and information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions or abstain from voting at the EGM.

At the EGM, special resolution will be proposed to approve the resolution in relation to the amendments to certain articles in the Articles of Association and ordinary resolutions will be proposed to approve the resolution in relation to the mandate to issue offshore debt financing instruments of the Company, the resolution in relation to the business delineation of the Company and Citi Orient Securities Co., Ltd., and the resolution in relation to the election of independent non-executive Director.

LETTER FROM THE BOARD

SPECIAL RESOLUTION

I. Proposed Amendments to the Articles of Association

Reference is made to the announcement of the Company published on August 7, 2017 in relation to proposed amendments to the Articles of Association. In order to further improve the Articles of Association and corporate governance documents of the Company, pursuant to the PRC policy of “including the overall requirements for party building work in the articles of association of state-owned enterprises” and the latest requirements of the regulatory authorities on comprehensive risk management of securities companies and on private investment fund subsidiaries and alternative investment subsidiaries of securities companies, and considering the actual conditions of the Company’s operations and management, the Board has resolved to amend certain articles in the Articles of Association. For details, please see Annex I to this circular.

The above amendments are subject to approval of the Shareholders at the EGM and material articles therein will come into effect after being approved by the CSRC.

The aforesaid resolution was considered and approved by the Board on August 7, 2017 and is hereby proposed at the EGM for consideration and approval.

ORDINARY RESOLUTIONS

I. Proposed Mandate to Issue Offshore Debt Financing Instruments

The mandate under “Resolution on additional issuance of offshore debt financing instruments of the Company” which was considered and approved in the 2015 Annual General Meeting of the Company held on May 25, 2016 will expire in November 2017. To deepen the implementation of international strategy, to promote financing business through multi-channels, to satisfy the needs of capital arising from the development and various operations of the Company and to maintain offshore liquidity, the Company proposes at the EGM a mandate to issue offshore debt financing instruments (“**offshore debt financing instruments**”) at the original issue size, through public or non-public offering, on a one-off or multiple issuances or multi-tranche issuances basis, with details as follows:

1. Issue Methods

Offshore debt financing instruments will be issued through public or non-public offering, on a one-off or multiple issuances or multi-tranche issuances basis.

2. Issue Type

According to the actual conditions, the issuance will be in the form of bonds, subordinated bonds or structural notes, including but not limited to USD bonds, offshore RMB or bonds or subordinated bonds in other foreign currencies, foreign currency notes (including but not limited to commercial notes), medium term note programme and etc.

LETTER FROM THE BOARD

3. *Issue Size*

Under the proposed resolution, the size of the existing mandate remains unchanged, which means that the aggregate maximum outstanding amount after the issuance of the offshore debt financing instruments of the Company shall be no more than RMB10 billion. For instrument denominated in foreign currency, it shall be based on the median exchange rate published by the People's Bank of China on the date of issuance and shall be in compliance with the requirements prescribed in the relevant laws and regulations on the maximum amount of the specific debt financing instruments to be issued.

4. *Issuer*

The Issuer of offshore debt financing instruments can be one of the following entities according to the needs of the issuance:

- (1) the Company;
- (2) offshore wholly-owned subsidiaries of the Company;
- (3) on the premise of fulfilling the following conditions ①, ② and ③, a directly or indirectly wholly-owned offshore subsidiary established overseas by the Company can be the issuer of offshore debt financing instruments to issue, on a one-off or multiple issuances or multi-tranche issuances basis, offshore debt financing instruments overseas.
 - ① Those wholly-owned offshore subsidiaries are established in Hong Kong or other appropriate offshore jurisdictions while the Company directly or indirectly holds 100% interest of those wholly-owned offshore subsidiaries.
 - ② The registered capital of the proposed directly or indirectly wholly-owned offshore subsidiaries shall not be higher than US\$10,000 or the equivalent amount in other currency. The name of the entity will be subject to the final version approved by the approving and registering authorities.
 - ③ The mandate will be granted at the general meeting and all necessary approval processes required by the regulatory authorities will have been fulfilled. Issuer will be determined in accordance with relevant laws and regulations as well as the advice and recommendations of regulatory authorities, the Company's actual needs for funding and the then prevailing market conditions at the time of issuance.

LETTER FROM THE BOARD

5. Issue Term

The term of the offshore debt financing instruments shall be no longer than 10 years (inclusive). It may have single or multiple combined maturities.

6. Issue Interest Rate, Way of Payment and Issue Price

The interest rate and payment method of the issuance of offshore debt financing instruments will be determined by the issuer and sponsor or lead underwriter (if any) in accordance with the then prevailing market conditions at the time of issuance and relevant provisions.

Issue price will be determined in accordance with the then prevailing market conditions at the time of issuance and relevant laws and regulations.

7. Security and Other Arrangements

The Company, the wholly-owned subsidiary and/or third party will provide security or issue letter of support and/or keepwell agreement, standby letter of credit or other credit enhancements, according to the structure of each issuance.

8. Use of Proceeds

The proceeds raised from the issuance of offshore debt financing instruments shall be used to fund business operation needs of the Company, improve the debt structure of the Company, supplement working capital of the Company and/or make project investment.

9. Issue Target

The issue target of the offshore debt financing instruments shall be the onshore and offshore investors whom meet the conditions for subscription.

10. Listing of Debt Financing Instruments

A resolution regarding to the application of listing of the offshore debt financing instruments will be proposed at the general meeting to authorise the Board, and agree the Board in turn to authorise the chairman and general manager of the Company (“**Authorized Representatives**”) to jointly or individually determine in accordance with the actual conditions of the Company and then prevailing market conditions at the time of issuance.

LETTER FROM THE BOARD

11. Validity Period of Resolution

The shareholder's resolutions regarding the issuance of offshore debt financing instruments shall be valid for a period of 36 months from the date of passing of the resolutions at the general meeting. Where the Board and/or its Authorized Representatives have, during the term of the authorisation, decided the issuance or partial issuance of offshore debt financing instruments, and provided that the Company has also, during the term of the authorisation, obtained the approval or license from or completed filing or registration (if applicable) with regulatory authorities on the issuance, the Company may, during the validity period of such approval, license, filing or registration, complete the issuance or relevant partial issuance of offshore debt financing instruments.

12. Authorisation Matters of Issuance of Offshore Debt Financing Instruments

To ensure effective coordination for the issuance of offshore debt financing instruments and other matters in connection with the issuance, a resolution will be proposed at the general meeting to authorise the Board, and agree the Board in turn to further authorise its Authorized Representatives to deal with, at its/their sole discretion, all matters in connection with the issuance of offshore debt financing instruments in accordance with the relevant laws and regulations as well as the advice and recommendations from regulatory authorities, within the framework and under the principles approved at the general meeting, in order to maximise the interest of the Company, including but not limited to:

- ① formulation and adjustment of the details of the proposal for issuance of offshore debt financing instruments in accordance with the applicable laws, regulations and relevant provisions from regulatory authorities as well as resolutions passed at the general meeting of the Company, and based on the actual conditions of the Company and the specific conditions of the relevant debt market, including without limitation, the determination of the suitable issuer(s), timing of issue, details of issue size and method, terms of issue, issue targets, maturity, whether to issue on a one-off, multiple issuances, multi-tranche issuances or multiple-category issuances basis and, if on multiple issuances, multi-tranche issuances or multiple-category issuances basis, the issue size and term of each issuance, tranche and category, the methods in which the nominal value and interest rate are determined, currency (including offshore RMB), pricing method, issuance arrangements, credit enhancement arrangements including letter of guarantee or letter of support, rating arrangement, details of subscription method, whether to incorporate terms of repurchase or redemption, details of placement arrangements, use of proceeds, registration, listing of offshore debt financing instruments and place of listing, measures to mitigate repayment risks, measures to ensure debt repayment (if applicable), etc. and all matters in connection with the issuance of offshore debt financing instruments;

LETTER FROM THE BOARD

- ② handling, at its/their sole discretion, the establishment of directly or indirectly wholly-owned offshore subsidiaries and all related matters, including but not limited to procedures at home or abroad such as approval, filing and registration, in relation to the issuance of offshore debt financing instruments according to relevant provisions;
- ③ determining and engaging intermediary agency, signing, implementing, amending and completing all agreements and documents relating to the issuance of offshore debt financing instruments, including without limitation, the sponsor agreement, underwriting agreement, credit enhancement agreements such as guarantee agreement or letter of support, bond indenture, engagement letter with intermediary agency, trust agreement, settlement management agreement, registration and custody agreement, listing agreement and other legal documents, etc., and disclosing the relevant information in accordance with the relevant laws, regulations and the listing rules of the stock exchanges on which the Company's securities are listed (including without limitation, the preliminary and final offering memoranda of the debt financing instruments, and all announcements and etc. in relation to the issuance of offshore debt financing instruments);
- ④ selecting and engaging trustee manager(s) and settlement manager(s) for the issuance of offshore debt financing instruments, signing the trustee agreement(s) and settlement management agreement(s) and (if applicable), formulating rules for meetings of the holders of the debt financing instruments;
- ⑤ undertaking all applications and filings as well as listing matters (if applicable) in connection with the issuance of offshore debt financing instruments, including without limitation, preparing, revising and submitting relevant application and filing materials relating to the issuance and listing of the offshore debt financing instruments and application and filing materials in respect of credit enhancement agreements such as guarantee or letter of support to be provided by the Company, the issuer and/or third party, and signing the relevant application and filing documents and other legal documents;
- ⑥ making relevant adjustments to matters relating to the issuance of offshore debt financing instruments according to the advice of and changes in the policies of regulatory authorities or the changes in market conditions, or determining whether to continue with all or part of the work in respect of the issuance of offshore debt financing instruments in accordance with the actual conditions, unless re-approval by the shareholders at general meeting is otherwise required pursuant to the relevant laws, regulations and the articles of association of the Company;
- ⑦ dealing with other relevant matters in connection with the issuance of offshore debt financing instruments;

LETTER FROM THE BOARD

- ⑧ subject to approval of the above authorisation at the general meeting, a resolution will be proposed to the Board to authorise its Authorized Representatives for the issuance of offshore debt financing instruments to jointly or individually deal with all matters in connection with the issuance of offshore debt financing instruments on behalf of the Company pursuant to the resolutions passed at the general meeting and the authorisation granted by the Board.

The aforesaid resolution was considered and approved by the Board on August 7, 2017 and is hereby proposed at the EGM for consideration and approval.

II. Business Delineation of the Company and its Subsidiary

According to the actual operating conditions of the Company and the subsidiary Citi Orient Securities Co., Ltd. (東方花旗證券有限公司) (“Citi Orient”), in order to expand the underwriting scope of the government bonds, such as local municipal bonds and financial products governed by National Association of Financial Market Institutional Investors, after mutually negotiation, the Company intends to further adjust the business delineation of “securities underwriting and sponsorship business” as follows:

Company	Existing Delineation	Delineation After Adjustment
The Company	Operating securities underwriting business of treasury bonds, policy bank financial bonds, short-term financing bills and medium-term notes	Operating securities underwriting businesses of treasury bonds, government bonds, such as local municipal bonds, policy bank financial bonds and financing products governed by National Association of Financial Market Institutional Investors (including, but not limited to debt financing instruments of non-financial institutions)
Citi Orient	Operating securities underwriting and sponsorship businesses other than the securities underwriting of treasury bonds, policy bank financial bonds, short-term financing bills and medium-term notes	Operating securities underwriting and sponsorship businesses other than the securities underwriting of treasury bonds, government bonds, such as local municipal bonds, policy bank financial bonds and financing products governed by National Association of Financial Market Institutional Investors (including, but not limited to debt financing instruments of non-financial institutions)

LETTER FROM THE BOARD

In order to implement the above business delineation, the Company proposed to the EGM to:

1. approve the above business delineation proposal relating to securities underwriting and sponsorship businesses between the Company and Citi Orient;
2. approve to change the operating scope of the Company in relation to the terms of securities underwriting to “securities underwriting of treasury bonds, government bonds, such as local municipal bonds, policy bank financial bonds and financing products governed by National Association of Financial Market Institutional Investors (including, but not limited to debt financing instruments of non-financial institutions)”, authorise the executive management of the Company to sign relevant agreements, process relevant procedures for applying to add such business scope or make relevant adjustment according to regulatory requirement; and
3. approve the Company to authorise its executive management to amend Articles of Association and other legal documents and process other related issues involving amending the Company’s operation scope after CSRC approved the related issues related to the change of business scope.

The aforesaid resolution was considered and approved by the Board on August 7, 2017 and is hereby proposed at the EGM for consideration and approval.

III. Proposed Appointment of Independent Non-Executive Director

Reference is made to the announcement of the Company published on August 7, 2017 in relation to proposed appointment of independent non-executive Director. An ordinary resolution will be proposed at the EGM to consider and approve the appointment of Mr. Jin Qinglu (“**Mr. Jin**”) as an independent non-executive Director.

The biography of Mr. Jin is summarized as follows:

Mr. JIN Qinglu (靳慶魯), a Chinese citizen, born in November 1972, is a member of Communist Party of China. Mr. Jin holds a doctorate degree in accounting from the Hong Kong University of Science and Technology and is a professor of accounting school and a doctoral supervisor of Shanghai University of Finance and Economics. He served as an assistant professor of Shanghai University of Finance and Economics, a vice professor of accounting school of Shanghai University of Finance and Economics, and a full-time researcher of Institute of Accounting and Finance of Shanghai University of Finance and Economics. Mr. Jin has been serving as a vice dean of accounting school, a vice dean of Institute of Accounting and Finance and a director of Collaborative Innovation Center for Accounting Reform and Development of Shanghai University of Finance and Economics. Mr. Jin was selected as one of Shanghai Leading Talents (上海市領軍人才), engaged as a distinguished professor under the Chang Jiang Scholars Programme (長江學者特聘教授) of Ministry of Education and received the National Science Fund for Distinguished Young Scholars (國家傑出青年科學基金). Mr. Jin was selected into the National Hundred, Thousand and Ten Thousand Talent Program (國家百千萬人才工程), and was granted the title as National Young and Middle-aged Expert with Outstanding Contributions (國家有突出貢獻中青年專家). Mr. Jin was entitled to the State Council Special Allowance (國務院政府特殊津貼).

LETTER FROM THE BOARD

As far as the Directors are aware, Mr. Jin 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 Latest Practicable Date, Mr. Jin 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. Mr. Jin does not have any interest in the shares of the Company or its associated companies within the meaning of Part XV of the 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. Jin which is required to be disclosed pursuant to the requirements set out in Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules, nor are there any matters which need to be brought to the attention of the Shareholders. Mr. Jin has not been penalized by the CSRC or other relevant departments or stock exchanges.

As at the Latest Practicable Date, the Company has not entered into any service contract with Mr. Jin. The Board proposed to appoint Mr. Jin as an independent non-executive Director. Unless adjustment is required by the relevant applicable laws and regulations, the term of office of Mr. Jin shall end on the expiry date of the term of office of the third session of the Board. During his term of office as an independent non-executive Director, Mr. Jin's remuneration will be determined in accordance with the resolution in relation to the adjustment of remuneration of the independent directors of the Company.

In accordance with the Articles of Association and the provisions of the relevant laws and regulations of the PRC, the proposed appointment of Mr. Jin as an independent non-executive Director is subject to approval of the Shareholders at the EGM and approval from the CSRC on his qualification as a Director.

The aforesaid resolution was considered and approved by the Board on August 7, 2017 and is hereby proposed at the EGM for consideration and approval.

EXTRAORDINARY GENERAL MEETING

The EGM of the Company will be held at Jing Song Hall, 4/F, Pine City Hotel, No. 777 Zhaojiabang Road, Shanghai, the PRC on Wednesday, September 27, 2017 at 2:00 p.m. The notice of the EGM is set out on pages 13 to 15 of this circular.

The register of members of H Shares of the Company will be closed from Monday, August 28, 2017 to Wednesday, September 27, 2017 (both days inclusive), during which time no share transfers of H Shares will be effected. Purchasers of H Shares who have submitted their instruments of share transfer to the H Share Registrar and registered as Shareholders on the register of members of H Shares of the Company before 4:30 p.m. on Friday, August 25, 2017 are entitled to attend and vote in respect of all resolutions to be proposed at the EGM. In order to attend the EGM, holders of H Shares should ensure that all transfer documents, accompanied by the relevant H Share certificates, are lodged with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on Friday, August 25, 2017.

LETTER FROM THE BOARD

Reply slip and the form of proxy for the EGM have been distributed on Tuesday, August 8, 2017 and have also been published on the website of Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.dfzq.com.cn). Shareholders intending to attend the EGM in person or by their proxies should complete and return the reply slip for attending the EGM to the H Share Registrar (for holders of H Shares) on or before Thursday, September 7, 2017.

To be valid, for holders of H Shares, the form of proxy and notarized power of attorney or other document of authorization must be delivered to the H Share Registrar not less than 24 hours before the time appointed for the EGM (i.e. 2:00 p.m. on Tuesday, September 26, 2017). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM in person if you so wish.

HONG KONG LISTING RULES REQUIREMENT

According to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of Shareholders at a shareholders' general meeting must be taken by poll. Therefore, all resolutions at the EGM will be taken by way of a poll.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules 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 circular 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 circular misleading.

RECOMMENDATION

There is no Shareholder who is required to abstain from voting in respect of the above ordinary resolutions and special resolution at the EGM.

The Board believes that all the resolutions mentioned above are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that all Shareholders to vote in favor of the relevant resolutions to be proposed at the EGM as set out in the notice of the EGM set out in this circular.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Annex I in this circular.

Yours faithfully,
By order of the Board
PAN Xinjun
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING



(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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (the “**Extraordinary General Meeting**”) of 東方證券股份有限公司 (the “**Company**”) will be held at Jing Song Hall, 4/F, Pine City Hotel, No. 777 Zhaojiabang Road, Shanghai, the People's Republic of China (the “**PRC**”) on Wednesday, September 27, 2017 at 2:00 p.m., for the following purposes:

SPECIAL RESOLUTION

1. To consider and approve the resolution in relation to the amendments to certain articles in the Articles of Association of the Company.

ORDINARY RESOLUTIONS

2. To consider and approve the resolution in relation to the mandate to issue offshore debt financing instruments of the Company, including:
 - 2.01. issue method;
 - 2.02. issue type;
 - 2.03. issue size;
 - 2.04. issuer;
 - 2.05. issue term;
 - 2.06. issue interest rate, way of payment and issue price;
 - 2.07. security and other arrangements;
 - 2.08. use of proceeds;
 - 2.09. issue target;
 - 2.10. listing of debt financing instruments;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- 2.11. validity period of resolution; and
- 2.12. authorisation matters of the issuance of offshore debt financing instruments.
- 3. To consider and approval the resolution in relation to the business delineation of the Company and Citi Orient Securities Co., Ltd.
- 4. To consider and approval the resolution in relation to the election of independent non-executive director of the Company.

By order of the Board of Directors
PAN Xinjun
Chairman

Shanghai, the PRC
August 8, 2017

Notes:

1. Eligibility for attending the Extraordinary General Meeting and date of registration of holders for H Shares

The register of members of H Shares of the Company will be closed from Monday, August 28, 2017 to Wednesday, September 27, 2017 (both days inclusive), during which time no share transfers of H Shares will be effected. Purchasers of shares who have submitted their instruments of share transfer to the H Share Registrar of the Company and registered as shareholders on the register of members of H Shares of the Company before 4:30 p.m. on Friday, August 25, 2017 are entitled to attend and vote in respect of all resolutions to be proposed at this Extraordinary General Meeting.

In order to attend this Extraordinary General Meeting, holders of H Shares should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on Friday, August 25, 2017.

2. Proxy

- (1) Each shareholder entitled to attend and vote at the Extraordinary General Meeting may appoint one or more proxies in writing to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
- (2) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign or other document of authorization must be notarized.

To be valid, for holders of H Shares, the form of proxy and notarized power of attorney or other document of authorization must be delivered to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the Extraordinary General Meeting (i.e. before 2:00 p.m. on Tuesday, September 26, 2017).

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. Registration procedures for attending the Extraordinary General Meeting

- (1) A shareholder or his proxy should present proof of identity when attending the Extraordinary General Meeting. If a shareholder is a legal person, its legal representative or other person authorized by the board of directors or other governing body of such shareholder may attend the Extraordinary General Meeting by providing a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.
- (2) Shareholders intending to attend the Extraordinary General Meeting in person or by their proxies should complete and return the reply slip for attending the Extraordinary General Meeting to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited (for holders of H Shares), at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before Thursday, September 7, 2017.

4. Voting by poll

According to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of shareholders at a shareholders' general meeting must be taken by poll.

5. Miscellaneous

- (1) The Extraordinary General Meeting is expected to be held for no more than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses.
- (2) The address of Computershare Hong Kong Investor Services Limited is:

17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

- (3) The registered office of the Company:

22/F, 23/F and 25-29/F
Building 2, No. 318 Zhongshan South Road
Shanghai
The People's Republic of China

Contact office: Office of the Board
Telephone No.: 86 (21) 63325888
Facsimile No.: 86 (21) 63326010
Contact Person: Mr. DENG Haipeng

As of the date of this notice, 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, Mr. XU Jianguo, Ms. HUANG Laifang and Mr. ZHOU Yao as non-executive Directors; and Mr. LI Zhiqiang, Mr. XU Guoxiang, Mr. TAO Xiuming, Mr. WEI Anning and Mr. XU Zhiming as independent non-executive Directors.

Original article	To be amended as	Basis
Articles of Association:		
	<p>Adding:</p> <p>Article 10 The Company shall, in accordance with the provisions of the Constitution of the Chinese Communist Party, establish the organizations of the Chinese Communist Party and carry out party activities. The Company shall provide necessary conditions for the activities of the Party organizations. Party organizations shall act as a political core in the Company, and the Board of Directors shall consult the Party organizations before deciding on the Company's significant issues. For major management issues involving national macro-control, national development strategy and national security, the Board of Directors shall make their decisions based on the opinions of the Party organisations.</p> <p>The following articles shall be reordered.</p>	<p>Article 19 of the Company Law of the People's Republic of China and the relevant requirements for work</p>

Original article	To be amended as	Basis
<p>Article 14 Within the scope permitted by laws and regulations, the Company may invest in other limited liability companies or joint-stock limited companies, and is accountable to such investees subject to the capital commitment of the Company. The Company can establish wholly-owned subsidiaries or set up subsidiaries with other investors through joint contributions. <u>The Company may establish a subsidiary engaging in direct investment business</u> or a subsidiary engaging in other businesses as permitted by the securities regulatory authority.</p> <p><u>In accordance with the Articles of Association, the Company may set up a subsidiary engaging in investment businesses of financial products and others upon consideration by the shareholders' general meeting or the Board of Directors.</u></p>	<p>Article 15 Within the scope permitted by laws and regulations, the Company may invest in other limited liability companies or joint-stock limited companies, and is accountable to such investees subject to the capital commitment of the Company. The Company can establish wholly-owned subsidiaries or set up subsidiaries with other investors through joint contributions; <u>the Company may establish wholly-owned private investment funds subsidiaries and alternative investment subsidiaries with its own funds, to be engaged in private investment fund business and alternative investment business such as financial products and equity respectively, it may also establish a subsidiary engaging in direct investment business</u> or a subsidiary engaging in other businesses as permitted by the securities regulatory authority.</p>	<p>Rule 2 & 11 of the Management Rules for the Alternative Investment Subsidiaries under Securities Companies and Rule 2 & 10 of the Management Rules for the Private Investment Funds Subsidiaries under Securities Companies</p>
<p>Article 19 See Note 1.1</p>	<p>Article 20 See Note 1.1</p>	<p>Updating the names of the promoters according to the requirements of Shanghai Bureau of Industry and Commerce Administration</p>

Original article	To be amended as	Basis
<p>Article 151 The Board of Directors shall perform the following duties:</p> <p>(1).....(9)</p> <p>(10) to appoint or dismiss the Company's President; appoint or dismiss Chief Risk Officer, Chief Compliance Officer and Secretary to the Board based on the nominations of Chairman of the Board; to appoint or dismiss other senior management including Vice President, Chief Finance Officer, Chief Operating Officer, Chief Investment Officer and Investment Banking Director based on the nominations of President and to determine their remuneration and penalties;</p> <p>(11).....(16)</p> <p>(17) other duties and powers granted by the laws, regulations and the Articles of Association.</p> <p>.....</p>	<p>Article 152 The Board of Directors shall perform the following duties:</p> <p>(1).....(9)</p> <p>(10) to appoint or dismiss the Company's President; appoint or dismiss Chief Risk Officer, Chief Compliance Officer and Secretary to the Board based on the nominations of Chairman of the Board; to appoint or dismiss other senior management including the Company's Vice President, Chief Finance Officer, Chief Operating Officer, Chief Investment Officer and Investment Banking Director based on the nominations of President, <u>and conduct appraisals of the above personnel</u> to determine their remuneration and penalties;</p> <p>(11).....(16)</p> <p><u>(17) to promote the Company's risk culture development, consider and approve the Company's basic regulatory system for overall risk management, risk preferences, risk tolerance and major risk limits, consider the Company's regular risk assessment reports, establish direct communication with the Chief Risk Officer and undertake the ultimate responsibilities for the Company's overall risk management;</u></p> <p>(18) other duties and powers granted by the laws, regulations and the Articles of Association.</p> <p>.....</p>	<p>Rule 7 of the Norms for Overall Risk Management of Securities Companies</p>

Original article	To be amended as	Basis
<p>Article 186 President is accountable to the Board of Directors, and shall perform the following duties:</p> <p>(1).....(6)</p> <p>(7).....(12)</p> <p>The senior management, such as vice president, the Chief Financial Officer, Chief Operation Officer, Chief investment Officer and Investment Banking Director shall be in charge of relevant work respectively under the leadership of the President. The Chief Risk Officer shall be responsible for the implementation of the risk management strategies and policies of the Company.</p>	<p>Article 187 President is accountable to the Board of Directors, and shall perform the following duties:</p> <p>(1).....(6)</p> <p><u>(7) to be responsible for implementing the Company’s overall risk management initiatives, developing the risk management system, establishing and improving the Company’s risk management structure, developing the specific risk management plans and overseeing their implementation, regularly assessing the Company’s management of overall risks and significant risks and solving the existing problems, establishing an overall performance appraisal system that covers the effectiveness of risk management, establishing the information technology system and data quality control mechanism and undertaking the primary responsibility for overall risk management;</u></p> <p>(8).....(13)</p> <p>The senior management, such as Vice President, the Chief Finance Officer, Chief Operation Officer, Chief Investment Officer and Investment Banking Director shall be in charge of relevant work respectively under the leadership of the President. The Chief Risk Officer shall be responsible for the overall risk management, such as implementation of the risk management strategies and policies of the Company.</p>	<p>Rule 9 & 10 of the Norms for Overall Risk Management of Securities Companies</p>

Original article	To be amended as	Basis
<p>Article 188 The president shall report to the Board or Supervisory Committee on the signing and execution of material contracts, application of funds as well as profit and loss of the Company as requested by the Board or Supervisory Committee. The President shall ensure the trueness of the report.</p>	<p>Article 189 The President shall report to the Board or Supervisory Committee on the signing and execution of material contracts, application of funds, profit and loss as well as risk management of the Company as requested by the Board or Supervisory Committee. The President shall ensure the trueness of the report.</p>	<p>Rule 9 of the Norms for Overall Risk Management of Securities Companies</p>
<p>Article 206 The Supervisory Committee shall perform the following duties:</p> <p>(1) to review the periodical reports of the Company prepared by the Board of Directors and to provide written comments thereon;</p> <p>(2) to inspect the financial and compliance management of the Company;</p> <p>(3).....(10)</p>	<p>Article 207 The Supervisory Committee shall perform the following duties:</p> <p>(1) to review the periodical reports of the Company prepared by the Board of Directors and to provide written comments thereon;</p> <p>2) to inspect the financial and compliance management of the Company;</p> <p><u>3) to supervise and inspect the duty performance of the Board of Directors and senior management in respect of risk management and rectification, and to undertake the responsibility for supervising the Company's overall risk management;</u></p> <p>(4).....(11)</p>	<p>Rule 8 of the Norms for Overall Risk Management of Securities Companies</p>

NOTE 1.1

Before Amendments:

Article 19 The Company was approved to issue a total of 2,139,791,800 ordinary shares upon its establishment and all the promoters contributed their capital in 2003. The number of shares initially subscribed for and the methods of capital contribution are as follows:

	Name of shareholders	Number of shares subscribed for (share)	Percentage	Methods of capital contribution
1	Shenergy (Group) Company Limited	603,335,458	28.20%	Assets and cash
2	Shanghai Tobacco Group Co., Ltd.	213,979,180	10.00%	Assets and cash
3	Wenhui Xinmin United Press Group	200,000,000	9.35%	cash
4	Shanghai Maosheng Enterprise Development (Group) Co., Ltd.	170,000,000	7.94%	cash
5	Shanghai Jiushi Corporation	163,979,180	7.66%	Assets and cash
6	Shanghai Post Bureau	113,979,180	5.33%	Assets
7	Shanghai Electric (Group) Company Limited	113,979,180	5.33%	Assets
8	Hunan Computer Co., Ltd.	100,000,000	4.67%	cash
9	Shanghai Jinqiao Export Processing Zone Development Co., Ltd.	79,785,426	3.73%	Assets
10	Shanghai Construction Co., Ltd.	64,193,754	3.00%	Assets and cash
11	Shanghai Educational Development Co., Ltd.	56,989,590	2.66%	Assets
12	Shanghai Greenland (Group) Co., Ltd.	56,989,590	2.66%	Assets
13	Shanghai Gaoyuan Property (Group) Co., Ltd.	50,000,000	2.34%	cash
14	Shanghai Minhang and Hongqiao Development Corp.	34,193,754	1.60%	Assets
15	Shanghai Taiyu Group Co., Ltd.	30,000,000	1.40%	cash
16	Shanghai Transportation Investment (Group) Co., Ltd.	22,795,836	1.07%	Assets
17	Weida Hi-Tech Holding Co., Ltd.	20,000,000	0.93%	cash
18	Shanghai Join Buy Co., Ltd.	17,096,877	0.80%	Assets

	Name of shareholders	Number of shares subscribed for (share)	Percentage	Methods of capital contribution
19	Shanghai International Trade & Investment Developing Co., Ltd.	17,096,877	0.80%	Assets
20	Shanghai No. 1 Department Store Co., Ltd.	11,397,918	0.53%	Assets
	Total	2,139,791,800	100.00%	

After Amendments:

Article 20 The Company was approved to issue a total of 2,139,791,800 ordinary shares upon its establishment and all the promoters contributed their capital in 2003. The existing name of each promoter, the number of shares initially subscribed for, the methods of capital contribution and the shareholding percentage are as follows:

	Name of Promoters	Number of shares subscribed (share)	Percentage	Method of capital contribution
1	Shenergy (Group) Company Limited	603,335,458	28.20%	Assets and cash
2	Shanghai Tobacco Group Co, Ltd.	213,979,180	10.00%	Assets and cash
3	Wenhui Xinmin United Press Group	200,000,000	9.35%	Cash
4	Shanghai Mexan Enterprise Development (Group) Limited	170,000,000	7.94%	Cash
5	Shanghai Jiushi (Group) Co., Ltd.	163,979,180	7.66%	Assets and cash
6	Shanghai Post Company (上海市郵政公司)	113,979,180	5.33%	Assets
7	Shanghai Electric (Group) Company Limited	113,979,180	5.33%	Assets
8	Greatwall Information Industry Co., Ltd.	100,000,000	4.67%	Cash
9	Shanghai Jinqiao Export Processing Zone Development Co., Ltd.	79,785,426	3.73%	Assets
10	Shanghai Construction Group Co., Ltd.	64,193,754	3.00%	Assets and cash
11	Shanghai Educational Development Co., Ltd.	56,989,590	2.66%	Assets
12	Greenland Holding Group Company Limited (綠地控股集團有限公司)	56,989,590	2.66%	Assets

	Name of Promoters	Number of shares subscribed (share)	Percentage	Method of capital contribution
13	Shanghai Gaoyuan Property (Group) Co., Ltd. (上海高遠置業(集團)有限公司)	50,000,000	2.34%	Cash
14	Shanghai Housing and Land (Group) Corporation (上海房地(集團)公司)	34,193,754	1.60%	Assets
15	Shanghai Taiyu Group Co., Ltd.	30,000,000	1.40%	Cash
16	Shanghai Transportation Investment (Group) Co., Ltd.	22,795,836	1.07%	Assets
17	Weida Hi-Tech Holding Co., Ltd.	20,000,000	0.93%	Cash
18	Shanghai Join Buy Co., Ltd.	17,096,877	0.80%	Assets
19	Shanghai International Trade & Investment Developing Co., Ltd. (上海市外經貿投資開發有限公司)	17,096,877	0.80%	Assets
20	Shanghai Bailian Group Co., Ltd. (上海百聯集團股份有限公司)	11,397,918	0.53%	Assets
	Total	2,139,791,800	100.00%	