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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)**

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**AND**  
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**AND CLASS MEETINGS**

References are made to (i) the announcement of the Company dated February 3, 2017 in relation to, among other things, the Proposed Non-public Issuance of A Shares; (ii) the announcement of the Company dated February 13, 2017 in relation to, among other things, (1) the Proposed Non-public Issuance of A Shares, (2) connected transaction – proposed subscription of A Shares by substantial shareholder, and (3) the proposed subscription of A Shares by existing shareholders; and (iii) the notice of the extraordinary general meeting and notice the class meetings dated February 14, 2017 of the Company.

On February 17, 2017, CSRC issued the Decision on Amending Implementing Rules on Non-public Issuance of Shares by Listed Companies (《關於修改<上市公司非公開發行股票實施細則>的決定》) and relevant regulatory questions and answers. According to the aforementioned documents and regulatory requirements, the pricing principles of the Proposed Non-public Issuance of A Shares should be consistent with the amended Implementing Rules on Non-public Issuance of Shares by Listed Companies, meaning the pricing benchmark date, which was originally “the date on which the Board resolutions in respect of the Proposed Non-public Issuance of A Shares are announced on the Shanghai Stock Exchange”, shall be revised to “the first day of the offering period of the A Shares under the Proposed Non-public Issuance of A Shares.” The description in respect of applicable laws and pricing benchmark date in the resolutions passed at the meeting of the Board on February 13, 2017 shall be amended accordingly. On February 28, 2017, the Board approved to revise the proposals in relation to the Proposed Non-public Issuance of A Shares. The revised proposals in relation to the Proposed Non-Public issuance of A shares are disclosed in this announcement.

## **PROPOSED NON-PUBLIC ISSUANCE OF A SHARES**

The Board is pleased to announce that, on February 28, 2017, the Board has approved the Proposed Non-public Issuance of A Shares, pursuant to which the Company will issue a maximum of 800 million A Shares (inclusive) to not more than 10 specific target subscribers, including Shenergy Group, Shanghai Haiyan Investment and SUMG, which is expected to raise a gross proceeds of up to RMB12 billion (inclusive of the issuance expenses).

The issue price of the A Shares to be issued under the Proposed Non-public Issuance of A Shares shall not be lower than the Benchmark Price, being 90% of the Average Trading Price (being the average trading price of the A Shares during the 20 trading days immediately preceding the Pricing Benchmark Date (exclusive of the Pricing Benchmark Date), which is calculated by dividing the total trading amount of the A Shares during the 20 trading days immediately preceding the Pricing Benchmark Date by the total trading volume of the A Shares during the 20 trading days immediately preceding the Pricing Benchmark Date).

The A Shares to be issued under the Proposed Non-public Issuance of A Shares (assuming fully issued) represents (i) approximately 15.42% of the existing issued A Shares and approximately 12.87% of the existing total issued share capital of the Company as at the date of this announcement; and (ii) approximately 13.36% of the enlarged issued A Shares and approximately 11.40% of the enlarged total issued share capital of the Company upon completion of the Proposed Non-public Issuance of A Shares.

The Company will issue the A Shares under the specific mandate to be sought from the independent shareholders at the EGM and the Class Meetings. The Company will apply to the Shanghai Stock Exchange for the listing of, and permission to deal in, the A Shares to be issued under the Proposed Non-public Issuance of A Shares. The A Shares to be issued under the Proposed Non-public Issuance of A Shares can be traded on the Shanghai Stock Exchange upon the expiration of the lock-up period.

## **CONNECTED TRANSACTION – PROPOSED SUBSCRIPTION OF A SHARES BY SUBSTANTIAL SHAREHOLDER**

As part of the Proposed Non-public Issuance of A Shares, on February 28, 2017, the Company and Shenergy Group entered into the Shenergy Subscription Agreement, pursuant to which Shenergy Group has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, not less than 200 million and not more than 230 million A Shares under the Proposed Non-public Issuance of A Shares. Shenergy Group will not participate in the pricing exercise for the Proposed Non-public Issuance of A Shares, but will accept results of market inquiry and subscribe for the A Shares at the same subscription price as other target subscribers.

As at the date of this announcement, Shenergy Group and its associates control or are entitled to exercise control over the voting rights in respect of 1,537,522,422 A Shares, representing approximately 24.74% of the total issued share capital of the Company. Accordingly, Shenergy Group is a substantial shareholder of the Company and therefore a connected person of the Company. The Shenergy Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **PROPOSED SUBSCRIPTION OF A SHARES BY EXISTING SHAREHOLDERS**

As part of the Proposed Non-public Issuance of A Shares, on February 28, 2017, the Company entered into the Haiyan Subscription Agreement with Shanghai Haiyan Investment and the SUMG Subscription Agreement with SUMG respectively, pursuant to which Shanghai Haiyan Investment has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, not more than 120 million A Shares (for an amount of not more than RMB1,800 million) under the Proposed Non-public Issuance of A Shares, and SUMG has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, not more than 50 million A Shares (for an amount of not more than RMB750 million) under the Proposed Non-public Issuance of A Shares.

As at the date of this announcement, Shanghai Haiyan Investment and its associates control or are entitled to exercise control over the voting rights in respect of 286,271,333 A Shares, representing approximately 4.61% of the total issued share capital of the Company, and SUMG and its associates control or are entitled to exercise control over the voting rights in respect of 246,878,206 A Shares, representing approximately 3.97% of the total issued share capital of the Company. Accordingly, neither Shanghai Haiyan Investment nor SUMG is a connected person of the Company under Chapter 14A of the Listing Rules. Neither the Haiyan Subscription nor the SUMG Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to applicable PRC laws and regulations, Shanghai Haiyan Investment and SUMG are related party of the Company. Therefore the Haiyan Subscription and the SUMG Subscription constitute related-party transactions and are subject to the approval of non-related Shareholders.

## **CANCELLATION AND RECONVENING OF EGM AND CLASS MEETINGS**

The Original Meetings were scheduled to be held consecutively from 2:00 p.m. on Friday, March 31, 2017 at Meeting Room, 4/F, Building No.2, 318 Zhongshan South Road, Shanghai, the PRC, for the purpose of considering and, if thought fit, passing the resolutions as set out in the Original Notices. The register of members of H Shares of the Company was scheduled to be closed from Wednesday, March 1, 2017 to Friday, March 31, 2017 (both days inclusive).

On February 17, 2017, CSRC issued the “Decision on Amending Implementing Rules on Non-public Issuance of Shares by Listed Companies” (關於修改<上市公司非公開發行股票實施細則>的決定) and relevant regulatory questions and answers. According to the aforementioned documents and regulatory requirements, the pricing principles of the Proposed Non-public Issuance of A Shares should be consistent with the amended Implementing Rules on Non-public Issuance of Shares by Listed Companies, meaning the pricing benchmark date, which was originally “the date on which the Board resolutions in respect of the Proposed Non-public Issuance of A Shares are announced on the Shanghai Stock Exchange”, shall be revised to “the first day of the offering period of the A Shares under the Proposed Non-public Issuance of A Shares.”. Accordingly, the relevant resolutions should be adjusted and resubmit to the EGM and the Class Meetings. Therefore, the Original Meetings and the book closure period stated in the Original Notices will be cancelled.

On February 28, 2017, the Board approved to reconvene the EGM and the Class Meetings, to consider and, if thought fit, approve, among other things, (i) the Proposed Non-public Issuance of A Shares, (ii) the Shenergy Subscription, (iii) the Haiyan Subscription and (iv) the SUMG Subscription.

Shenergy Group and its associates will be required to abstain from voting on the resolutions to be proposed at the EGM and/or the Class Meetings in relation to the Proposed Non-public Issuance of A Shares and the Shenergy Subscription. Shanghai Haiyan Investment and its associates will be required to abstain from voting on the resolutions to be proposed at the EGM and/or the Class Meetings in relation to the Proposed Non-public Issuance of A Shares and the Haiyan Subscription. SUMG and its associates will be required to abstain from voting on the resolutions to be proposed at the EGM and/or the Class Meetings in relation to the Proposed Non-public Issuance of A Shares and the SUMG Subscription. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Proposed Non-public Issuance of A Shares and therefore no other Shareholder is required to abstain from voting at the EGM and/or the Class Meetings.

A circular containing, among other things, (i) further details of the Proposed Non-public Issuance of A Shares, the Shenergy Subscription, the Haiyan Subscription and the SUMG Subscription; (ii) a letter from the independent board committee to the independent shareholders containing its recommendation in respect of the Shenergy Subscription; (iii) a letter from an independent financial adviser to the independent board committee and the independent Shareholders containing its recommendation in respect of the Shenergy Subscription; and (iv) the notice of the EGM and the Class Meetings is expected to be dispatched to the Shareholders on or before March 21, 2017 in accordance with the requirements of the Listing Rules.

**Since the completion of the Proposed Non-public Issuance of A Shares, the Shenergy Subscription, the Haiyan Subscription and the SUMG Subscription are subject to the fulfillment of certain conditions, the Proposed Non-public Issuance of A Shares, the Shenergy Subscription, the Haiyan Subscription and the SUMG Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

References are made to (i) the announcement of the Company dated February 3, 2017 in relation to, among other things, the Proposed Non-public Issuance of A Shares; (ii) the announcement of the Company dated February 13, 2017 in relation to, among other things, (1) the Proposed Non-public Issuance of A Shares, (2) connected transaction – proposed subscription of A Shares by substantial shareholder, and (3) the proposed subscription of A Shares by existing shareholders; and (iii) the notice of the Extraordinary General Meeting and notice the Class Meetings dated February 14, 2017 of the Company.

On February 17, 2017, CSRC issued the Decision on Amending Implementing Rules on Non-public Issuance of Shares by Listed Companies (《關於修改<上市公司非公開發行股票實施細則>的決定》) and relevant regulatory questions and answers. According to the aforementioned documents and regulatory requirements, the pricing principles of the Proposed Non-public Issuance of A Shares should be consistent with the amended Implementing Rules on Non-public Issuance of Shares by Listed Companies, meaning the pricing benchmark date, which was originally “the date on which the Board resolutions in respect of the Proposed Non-public Issuance of A Shares are announced on the Shanghai Stock Exchange”, shall be revised to “the first day of the offering period of the A Shares under the Proposed Non-public Issuance of A Shares.” The description in respect of applicable laws and pricing benchmark date in the resolutions passed at the meeting of the Board on February 13, 2017 shall be amended accordingly. On February 28, 2017, the Board approved to revise the proposals in relation to the Proposed Non-public Issuance of A Shares. The revised proposals in relation to the Proposed Non-Public Issuance of A shares are disclosed in this announcement.

## **PROPOSED NON-PUBLIC ISSUANCE OF A SHARES**

The Board is pleased to announce that, on February 28, 2017, the Board has approved the Proposed Non-public Issuance of A Shares, pursuant to which the Company will issue a maximum of 800 million A Shares (inclusive) to not more than 10 specific target subscribers, including Shenergy Group, Shanghai Haiyan Investment and SUMG, which is expected to raise a gross proceeds of up to RMB12 billion (inclusive of the issuance expenses).

The details of the Proposed Non-public Issuance of A Shares are set out below. The final issue plan shall be the one as approved by CSRC.

**Method and time of issuance:** The Proposed Non-public Issuance of A Shares will be carried out by way of non-public issue to specific target subscribers. The Company will choose appropriate opportunity to issue shares to specific target subscribers within six months after obtaining the approval from CSRC.

**Class and par value of shares to be issued:** A Shares with a par value of RMB1.00 each.

**Pricing Benchmark Date, issue price and pricing principles:** The Pricing Benchmark Date of the Proposed Non-public Issuance of A Shares is the first day of the offering period of the A Shares under the Proposed Non-public Issuance of A Shares.

The issue price shall not be lower than the Benchmark Price, being 90% of the Average Trading Price (being the average trading price of the A Shares during the 20 trading days immediately preceding the Pricing Benchmark Date (exclusive of the Pricing Benchmark Date), which is calculated by dividing the total trading amount of the A Shares during the 20 trading days immediately preceding the Pricing Benchmark Date by the total trading volume of the A Shares during the 20 trading days immediately preceding the Pricing Benchmark Date).

The Benchmark Price will be adjusted accordingly if there occurs any ex-right or ex-dividend event (such as distribution of dividend, bonus issue or capitalization of capital reserves) between the Pricing Benchmark Date and the Issue Date.

Subject to the abovementioned Benchmark Price, the final issue price will be determined by the Board or other authorized persons, in accordance with the authorization granted at the EGM, the A Shares Class Meeting and the H Shares Class Meeting, with the sponsor (lead underwriter) after the Company has obtained approvals from CSRC for the Proposed Non-public Issuance of A Shares and in accordance with the Implementation Rules for the Non-public Issue of Shares by Listed Companies (Revised in 2017) (《上市公司非公开发行股票实施细则》(2017年修订)), having regard to the price offered by the target subscribers and based on principle with price in priority.

Shenergy Group, Shanghai Haiyan Investment and SUMG will not participate in the pricing exercise for the Proposed Non-public Issuance of A Shares, but will accept results of market inquiry and subscribe for the A Shares at the same subscription price as other target subscribers.

**Target subscribers and subscription method:**

The target subscribers for the Proposed Non-public Issuance of A Shares will be not more than 10 specific target subscribers (including Shenergy Group, Shanghai Haiyan Investment and SUMG). The target subscribers include securities investment fund management companies, securities companies, insurance institutional investors, trust investment companies subscribing with their own funds, finance companies, asset management companies, qualified foreign institutional investors and other institutional or individual investors in compliance with the requirements of CSRC. Securities investment fund management companies, which subscribe for the A Shares with two or more of the funds managed by them, shall each be taken as one single subscriber. Trust investment companies may only subscribe for the A Shares with their own funds.

The final subscribers, other than Shenergy Group, Shanghai Haiyan Investment and SUMG, will be determined by the Board or other authorized persons, in accordance with the authorization granted at the EGM, the A Shares Class Meeting and the H Shares Class Meeting, with the sponsor (lead underwriter) after the Company has obtained approvals from CSRC for the Proposed Non-public Issuance of A Shares, having regard to the price offered by the target subscribers and based on principle with price in priority.

All the target subscribers will subscribe for the A Shares under the Proposed Non-public Issuance of A Shares in cash.

If any subscriber and parties acting in concert with it will hold 5% or more of the enlarged total issued share capital of the Company as a result of the Proposed Non-public Issuance of A Shares, such subscriber and parties acting in concert with it shall notify the Company in advance and report to CSRC for approval in advance in accordance with relevant rules.

**Number of the A Shares to be issued:**

A maximum of 800 million A Shares (inclusive) will be issued under the Proposed Non-public Issuance of A Shares, which represents (assuming fully issued):

- (i) approximately 15.42% of the existing issued A Shares and approximately 12.87% of the existing total issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 13.36% of the enlarged issued A Shares and approximately 11.40% of the enlarged total issued share capital of the Company upon completion of the Proposed Non-public Issuance of A Shares,

among which, Shenergy Group intends to subscribe for not less than 200 million and not more than 230 million A Shares in cash, Shanghai Haiyan Investment intends to subscribe for not more than 120 million A Shares in cash (for an amount of not more than RMB1,800 million), and SUMG intends to subscribe for not more than 50 million A Shares in cash (for an amount of not more than RMB750 million).

The number of A Shares to be issued will be adjusted accordingly if there occurs any ex-right or ex-dividend event (such as distribution of dividend, bonus issue or capitalization of capital reserves) between the date of the Board resolutions in respect of the Proposed Non-public Issuance of A Shares and the Issue Date.

Subject to the above, the final number of A Shares to be issued will be determined by the Board or other authorized persons, in accordance with the authorization granted at the EGM, the A Shares Class Meeting and the H Shares Class Meeting, with the sponsor (lead underwriter), having regard to the actual subscription status.

**Lock-up period:**

Shenergy Group shall not transfer the A Shares subscribed under the Proposed Non-public Issuance of A Shares within 48 months from the date of completion of the Proposed Non-public Issuance of A Shares.

Shanghai Haiyan Investment shall not transfer the A Shares subscribed under the Proposed Non-public Issuance of A Shares, within 48 months if it holds 5% or more of the enlarged total issued share capital of the Company, or within 36 months if it holds less than 5% of the enlarged total issued share capital of the Company, from the date of completion of the Proposed Non-public Issuance of A Shares.

SUMG shall not transfer the A Shares subscribed under the Proposed Non-public Issuance of A Shares within 36 months from the date of completion of the Proposed Non-public Issuance of A Shares.

All other target subscribers shall not transfer the A Shares subscribed under the Proposed Non-public Issuance of A Shares, within 12 months if it holds less than 5% of the enlarged total issued share capital of the Company, or within 48 months if it holds 5% or more of the enlarged total issued share capital of the Company, from the date of completion of the Proposed Non-public Issuance of A Shares.

**Use of proceeds:**

The gross proceeds to be raised from the Proposed Non-public Issuance of A Shares will be not more than RMB12 billion (inclusive of the issuance expenses).

After deducting issuance expenses, the proceeds are intended to be fully used for replenishing capital base and working capital of the Company, so as to expand business scale and improve the competitiveness and risk prevention capacity. Details are as follows:

- (1) Supporting brokerage and securities financing business development
  - Further improving the securities financing service capacity
  - Promoting the transformation and development of the wealth management business of the Company
- (2) Investing in securities sales and trading business development
  - Continuing to develop the fixed income proprietary business
  - Investing greater resources in market neutral investment strategy
  - Further developing NEEQ market-making business

- (3) Improving investment management service capacity
  - Strengthening active management capacity of investment management business
  - Maintaining rapid growth of mutual fund management business
  - Expanding investment in direct investment and private equity business
- (4) Expanding investment in innovative business
  - Expanding investment in FICC, OTC market, internet finance, and internationalized business
  - Expanding investment in building internet platform, trading and information system
- (5) Promoting the group development strategy of the Company
- (6) Working capital and other general corporate purposes

<b>Place of listing of the A Shares to be issued:</b>	The Company will apply to the Shanghai Stock Exchange for the listing of, and permission to deal in, the A Shares to be issued under the Proposed Non-public Issuance of A Shares. The A Shares to be issued under the Proposed Non-public Issuance of A Shares can be traded on the Shanghai Stock Exchange upon the expiration of the lock-up period.
<b>Distribution of profit:</b>	Upon completion of the Proposed Non-public Issuance of A Shares, both existing and new Shareholders will be entitled to share the Company's cumulative undistributed profits retained prior to the Proposed Non-public Issuance of A Shares.
<b>Validity period of the resolution:</b>	The resolutions regarding the Proposed Non-public Issuance of A Shares shall be valid for 12 months from the date of the passing of such resolutions at the EGM, the A Shares Class Meeting and the H Shares Class Meeting.
<b>Specific mandate to issue the A Shares:</b>	The Company will issue the A Shares under the specific mandate to be sought from the independent Shareholders at the EGM and the Class Meetings.
<b>Rights of the A Shares to be issued:</b>	The A Shares to be issued under the Proposed Non-public Issuance of A Shares, when fully paid and issued, will rank pari passu in all respects amongst themselves and with the A Shares in issue at the time of the issuance of such A Shares.

## **CONNECTED TRANSACTION – PROPOSED SUBSCRIPTION OF A SHARES BY SUBSTANTIAL SHAREHOLDER**

As part of the Proposed Non-public Issuance of A Shares, on February 28, 2017, the Company and Shenergy Group entered into the Shenergy Subscription Agreement, pursuant to which Shenergy Group has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, not less than 200 million and not more than 230 million A Shares under the Proposed Non-public Issuance of A Shares.

### **Major terms of the Shenergy Subscription Agreement**

**Date:** February 28, 2017

**Parties:**

- (1) The Company, as the issuer; and
- (2) Shenergy Group, as the subscriber.

**Subscription price and pricing principles:** The subscription price shall not be lower than the Benchmark Price.

The Benchmark Price will be adjusted accordingly if there occurs any ex-right or ex-dividend event (such as distribution of dividend, bonus issue or capitalization of capital reserves) between the Pricing Benchmark Date and the Issue Date.

Subject to the abovementioned Benchmark Price, the final subscription price will be determined by the Board or other authorized persons, in accordance with the authorization granted at the EGM, the A Shares Class Meeting and the H Shares Class Meeting, with the sponsor (lead underwriter) after the Company has obtained approvals from CSRC for the Proposed Non-public Issuance of A Shares and in accordance with the Implementation Rules for the Non-public Issue of Shares by Listed Companies (Revised in 2017) (《上市公司非公開發行股票實施細則》(2017年修訂)), having regard to the price offered by the target subscribers and based on principles such as price priority.

Shenergy Group will not participate in the pricing exercise for the Proposed Non-public Issuance of A Shares, but will accept results of market inquiry and subscribe for the A Shares at the same subscription price as other target subscribers.

**Number of the A Shares to be issued:** Pursuant to the Shenergy Subscription Agreement, Shenergy Group intends to subscribe for not less than 200 million and not more than 230 million A Shares in cash.

The number of A Shares to be issued under the Proposed Non-public Issuance of A Shares and the number of A Shares to be subscribed by Shenergy Group will be adjusted accordingly if there occurs any ex-right or ex-dividend event (such as distribution of dividend, bonus issue or capitalization of capital reserves) between the date of the Board resolutions in respect of the Proposed Non-public Issuance of A Shares and the Issue Date.

**Time and method of subscription price payment:**

Shenergy Group agrees to pay the total subscription price in one lump sum in cash into the specific account opened by the sponsor for the Proposed Non-public Issuance of A Shares in accordance with the payment notice issued from the Company and the sponsor upon the Shenergy Subscription Agreement taking effect. After capital verification and deducting relevant expenses, such subscription price will be transferred into the specific proceeds account of the Company in respect of the Proposed Non-public Issuance of A Shares.

**Lock-up period:**

Shenergy Group shall not transfer the A Shares subscribed under the Proposed Non-public Issuance of A Shares within 48 months from the date of completion of the Proposed Non-public Issuance of A Shares.

**Conditions precedent and effective date:**

The Shenergy Subscription Agreement is concluded upon execution by both parties and takes effect upon the satisfaction of all conditions below:

- (1) the respective approvals by the Board and Shareholders' meetings (including the EGM, the A Shares Class Meeting and the H Shares Class Meeting) of all matters relating to the Proposed Non-public Issuance of A Shares (including without limitation the approval by non-related/connected Shareholders of the Shenergy Subscription Agreement and the related-party/connected transaction contemplated thereunder);
- (2) the Department of Fund and Intermediary Supervision (證券基金機構監管部) of CSRC having no objection to the Proposed Non-public Issuance of A Shares and approving the change in registered capital and other matters involved in the Proposed Non-public Issuance of A Shares;
- (3) the approval by CSRC of the Proposed Non-public Issuance of A Shares; and
- (4) the date on which the last of the above conditions is satisfied shall be the effective date of the Shenergy Subscription Agreement.

## **GENERAL INFORMATION ON THE PARTIES TO THE SHENERGY SUBSCRIPTION AGREEMENT**

The Company is principally engaged in securities sales and trading, investment management, brokerage and securities finance, investment banking and other businesses.

Shenergy Group is a limited liability company incorporated under the laws of the PRC and is principally engaged in the investment, development and management of electric power and energy infrastructure industry, the investment of natural gas resources, the investment of municipal gas pipe network, the investment and management of real estate and high-technology industry, the industrial investment, the assets management and the domestic trades (except for specific items).

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SHENERGY SUBSCRIPTION AGREEMENT**

The Board considers that the Proposed Non-public Issuance of A Shares is conducive for the Company to enhance its capital strength, relieve the net capital bottle-neck, optimize the business and profit structure of the Company, constantly fulfill the needs of regulatory requirements; improve the comprehensive competitiveness capacity, keep its position of a Class A securities company, realize the strategic goals of the Company; speed up expanding the innovative business, and increase the risk prevention capacity during the operation of the Company. The Shenergy Subscription is aimed to successfully complete the A Share refinancing. The subscription of the A Shares by Shenergy Group under the Proposed Non-public Issuance of A Shares demonstrates its positive expectation and support towards the Company's long-term development in the future, which is conducive for the Company to enlarge its capital scale and enhance its capital strength, further accelerate the adjustment to business revenue structure, and grasp strategic opportunities during increasingly intensive competition, which would guarantee the sound and sustainable development of the Company.

In light of the above, the Board (including the independent non-executive Directors) believes that the terms of the Shenergy Subscription Agreement are fair and reasonable and on normal commercial terms. Entering into the Shenergy Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Shenergy Group and its associates control or are entitled to exercise control over the voting rights in respect of 1,537,522,422 A Shares, representing approximately 24.74% of the total issued share capital of the Company. Accordingly, Shenergy Group is a substantial shareholder of the Company and therefore a connected person of the Company. The Shenergy Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wu Jianxiong, Mr. Zhang Qian and Mr. Wu Junhao, all being Directors, serve as the general manager, the vice general manager and the department manager of the finance management department, respectively, in Shenergy Group. Accordingly each of the aforementioned Directors has a material interest in the Proposed Non-public Issuance of A Shares and the Shenergy Subscription and have therefore abstained from voting on the relevant Board resolutions.

An independent board committee has been formed to advise the independent Shareholders in respect of the Shenergy Subscription. An independent financial adviser will be appointed by the Company to advise the independent board committee and the independent Shareholders on the above.

## PROPOSED SUBSCRIPTION OF A SHARES BY EXISTING SHAREHOLDERS

As part of the Proposed Non-public Issuance of A Shares, on February 28, 2017, the Company entered into the Haiyan Subscription Agreement with Shanghai Haiyan Investment and the SUMG Subscription Agreement with SUMG respectively, pursuant to which Shanghai Haiyan Investment has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, not more than 120 million A Shares (for an amount of not more than RMB1,800 million) under the Proposed Non-public Issuance of A Shares, and SUMG has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, not more than 50 million A Shares (for an amount of not more than RMB750 million) under the Proposed Non-public Issuance of A Shares.

### Major terms of the Haiyan Subscription Agreement

<b>Date:</b>	February 28, 2017
<b>Parties:</b>	(1) The Company, as the issuer; and  (2) Shanghai Haiyan Investment, as the subscriber.
<b>Subscription price and pricing principles:</b>	<p>The subscription price shall not be lower than the Benchmark Price.</p> <p>The Benchmark Price will be adjusted accordingly if there occurs any ex-right or ex-dividend event (such as distribution of dividend, bonus issue or capitalization of capital reserves) between the Pricing Benchmark Date and the Issue Date.</p> <p>Subject to the abovementioned Benchmark Price, the final subscription price will be determined by the Board or other authorized persons, in accordance with the authorization granted at the EGM, the A Shares Class Meeting and the H Shares Class Meeting, with the sponsor (lead underwriter) after the Company has obtained approvals from CSRC for the Proposed Non-public Issuance of A Shares and in accordance with the Implementation Rules for the Non-public Issue of Shares by Listed Companies (Revised in 2017) (《上市公司非公开发行股票实施细则》(2017年修订)), having regard to the price offered by the target subscribers and based on principle with price in priority.</p> <p>Shanghai Haiyan Investment will not participate in the pricing exercise for the Proposed Non-public Issuance of A Shares, but will accept results of market inquiry and subscribe for the A Shares at the same subscription price as other target subscribers.</p>

**Number of the A Shares to be issued:**

Pursuant to the Haiyan Subscription Agreement, Shanghai Haiyan Investment intends to subscribe for not more than 120 million A Shares in cash.

The number of A Shares to be issued under the Proposed Non-public Issuance of A Shares and the number of A Shares to be subscribed by Shanghai Haiyan Investment will be adjusted accordingly if there occurs any ex-right or ex-dividend event (such as distribution of dividend, bonus issue or capitalization of capital reserves) between the date of the Board resolutions in respect of the Proposed Non-public Issuance of A Shares and the Issue Date.

**Time and method of subscription price payment:**

Subject to the abovementioned Benchmark Price and number of A Shares to be subscribed, the aggregate subscription price to be paid by Shanghai Haiyan Investment shall be not more than RMB1,800 million.

Shanghai Haiyan Investment agrees to pay the total subscription price in one lump sum in cash into the specific account opened by the sponsor for the Proposed Non-public Issuance of A Shares in accordance with the payment notice issued from the Company and the sponsor upon the Haiyan Subscription Agreement taking effect. After capital verification and deducting relevant expenses, such subscription price will be transferred into the specific proceeds account of the Company in respect of the Proposed Non-public Issuance of A Shares.

**Lock-up period:**

Shanghai Haiyan Investment shall not transfer the A Shares subscribed under the Proposed Non-public Issuance of A Shares, within 48 months if it holds 5% or more of the enlarged total issued share capital of the Company, or within 36 months if it holds less than 5% of the enlarged total issued share capital of the Company, from the date of completion of the Proposed Non-public Issuance of A Shares.

**Conditions precedent and effective date:** The Haiyan Subscription Agreement is concluded upon execution by both parties and takes effect upon the satisfaction of all conditions below:

- (1) the respective approvals by the Board and Shareholders' meetings (including the EGM, the A Shares Class Meeting and the H Shares Class Meeting) of all matters relating to the Proposed Non-public Issuance of A Shares (including without limitation the approval by non-related Shareholders of the Haiyan Subscription Agreement and the related-party transaction contemplated thereunder);
- (2) the Department of Fund and Intermediary Supervision (證券基金機構監管部) of CSRC having no objection to the Proposed Non-public Issuance of A Shares and approving the change in registered capital, Shanghai Haiyan Investment holding more than 5% of the share capital of the Company and other matters involved in the Proposed Non-public Issuance of A Shares;
- (3) the approval by CSRC of the Proposed Non-public Issuance of A Shares; and
- (4) the date on which the last of the above conditions is satisfied shall be the effective date of the Haiyan Subscription Agreement.

#### **Major terms of the SUMG Subscription Agreement**

**Date:** February 28, 2017

**Parties:**

- (1) The Company, as the issuer; and
- (2) SUMG, as the subscriber.

**Subscription price and pricing principles:** The subscription price shall not be lower than the Benchmark Price.

The Benchmark Price will be adjusted accordingly if there occurs any ex-right or ex-dividend event (such as distribution of dividend, bonus issue or capitalization of capital reserves) between the Pricing Benchmark Date and the Issue Date.

Subject to the abovementioned Benchmark Price, the final subscription price will be determined by the Board or other authorized persons, in accordance with the authorization granted at the EGM, the A Shares Class Meeting and the H Shares Class Meeting, with the sponsor (lead underwriter) after the Company has obtained approvals from CSRC for the Proposed Non-public Issuance of A Shares and in accordance with the Implementation Rules for the Non-public Issue of Shares by Listed Companies (Revised in 2017) (《上市公司非公开发行股票实施细则》(2017年修订)), having regard to the price offered by the target subscribers and based on principle with price in priority.

SUMG will not participate in the pricing exercise for the Proposed Non-public Issuance of A Shares, but will accept results of market inquiry and subscribe for the A Shares at the same subscription price as other target subscribers.

**Number of the A Shares to be issued:**

Pursuant to the SUMG Subscription Agreement, SUMG intends to subscribe for not more than 50 million A Shares in cash.

The number of A Shares to be issued under the Proposed Non-public Issuance of A Shares and the number of A Shares to be subscribed by SUMG will be adjusted accordingly if there occurs any ex-right or ex-dividend event (such as distribution of dividend, bonus issue or capitalization of capital reserves) between the date of the Board resolutions in respect of the Proposed Non-public Issuance of A Shares and the Issue Date.

**Time and method of subscription price payment:**

Subject to the abovementioned Benchmark Price and number of A Shares to be subscribed, the aggregate subscription price to be paid by SUMG shall be not more than RMB750 million.

SUMG agrees to pay the total subscription price in one lump sum in cash into the specific account opened by the sponsor for the Proposed Non-public Issuance of A Shares in accordance with the payment notice issued from the Company and the sponsor upon the SUMG Subscription Agreement taking effect. After capital verification and deducting relevant expenses, such subscription price will be transferred into the specific proceeds account of the Company in respect of the Proposed Non-public Issuance of A Shares.

- Lock-up period:** SUMG shall not transfer the A Shares subscribed under the Proposed Non-public Issuance of A Shares within 36 months from the date of completion of the Proposed Non-public Issuance of A Shares.
- Conditions precedent and effective date:** The SUMG Subscription Agreement is concluded upon execution by both parties and takes effect upon the satisfaction of all conditions below:
- (1) the respective approvals by the Board and Shareholders' meetings (including the EGM, the A Shares Class Meeting and the H Shares Class Meeting) of all matters relating to the Proposed Non-public Issuance of A Shares (including without limitation the approval by non-related Shareholders of the SUMG Subscription Agreement and the related-party transaction contemplated thereunder);
  - (2) the Department of Fund and Intermediary Supervision (證券基金機構監管部) of CSRC having no objection to the Proposed Non-public Issuance of A Shares and approving the change in registered capital and other matters involved in the Proposed Non-public Issuance of A Shares;
  - (3) the approval by CSRC of the Proposed Non-public Issuance of A Shares; and
  - (4) the date on which the last of the above conditions is satisfied shall be the effective date of the SUMG Subscription Agreement.

As at the date of this announcement, Shanghai Haiyan Investment and its associates control or are entitled to exercise control over the voting rights in respect of 286,271,333 A Shares, representing approximately 4.61% of the total issued share capital of the Company, and SUMG and its associates control or are entitled to exercise control over the voting rights in respect of 246,878,206 A Shares, representing approximately 3.97% of the total issued share capital of the Company. Accordingly, neither Shanghai Haiyan Investment nor SUMG is a connected person of the Company under Chapter 14A of the Listing Rules. Neither the Haiyan Subscription nor the SUMG Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to applicable PRC laws and regulations, Shanghai Haiyan Investment and SUMG are related party of the Company. Therefore, the Haiyan Subscription and the SUMG Subscription constitute related-party transactions and are subject to the approval of non-related Shareholders.

Mr. Chen Bin, being a Director, serves as the assistant to general manager in Shanghai Haiyan Investment. Accordingly Mr. Chen Bin has a material interest in the Proposed Non-public Issuance of A Shares and the Haiyan Subscription and have therefore abstained from voting on the relevant Board resolutions.

Mr. Li Xiang, being a Director, serves as the head of operation and management office in SUMG. Accordingly Mr. Li Xiang has a material interest in the Proposed Non-public Issuance of A Shares and the SUMG Subscription and have therefore abstained from voting on the relevant Board resolutions.

## EFFECTS OF THE PROPOSED NON-PUBLIC ISSUANCE OF A SHARES ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the total issued share capital of the Company is 6,215,452,011 shares, which comprises 5,188,372,011 A Shares and 1,027,080,000 H Shares.

The shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after completion of the Proposed Non-public Issuance of A Shares (assuming that (i) Shenergy Group subscribes for 230 million A Shares at the Benchmark Price, (ii) Shanghai Haiyan Investment subscribes for 120 million A Shares at the Benchmark Price, (iii) SUMG subscribes for 50 million A Shares at the Benchmark Price, (iv) the other target subscribers subscribe for 400 million A Shares at the Benchmark Price and (v) there is no change in the total issued share capital of the Company since the date of this announcement save for the issue of the A Shares pursuant to the Proposed Non-public Issuance of A Shares) is as set out below:

Name of Shareholder	Class of shares	Shareholding as the date of this announcement			Shareholding immediately after completion of the Proposed Non-public Issuance of A Shares		
		Number of shares	Approximate percentage of the issued A Share capital (%)	Approximate percentage of the total issued share capital (%)	Number of shares	Approximate percentage of the issued A Share capital (%)	Approximate percentage of the total issued share capital (%)
Shenergy Group and its associates	A	1,537,522,422	29.63	24.74	1,767,522,422	29.52	25.19
Shanghai Haiyan Investment and its associates	A	286,271,333	5.52	4.61	406,271,333	6.78	5.79
SUMG and its associates	A	246,878,206	4.76	3.97	296,878,206	4.96	4.23
Public A Shareholders	A	3,117,700,050	60.09	50.16	3,517,700,050	58.74	50.14
Public H Shareholders	H	1,027,080,000	—	16.52	1,027,080,000	—	14.64
<b>Total</b>		<b>6,215,452,011</b>	<b>100.00</b>	<b>100.00</b>	<b>7,015,452,011</b>	<b>100.00</b>	<b>100.00</b>

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed in this announcement and apart from the equity fund-raising activity mentioned below, the Company has not conducted any fund raising activity involving issue of equity securities during the 12 months immediately before the date of this announcement.

Date of initial announcement	Equity fund-raising activity	Amount of net proceeds	Intended use of net proceeds <sup>(2)</sup>	Actual use of net proceeds <sup>(2)</sup>
July 7, 2016	The H Shares were listed and began trading on the Hong Kong Stock Exchange on July 8, 2016 and the Company partially exercised the over-allotment option on August 3, 2016. A total number of 1,027,080,000 H Shares were issued at the issue price of HK\$8.15 per H Share.	Approximately HK\$7,417.1334 million (equivalent to approximately RMB6,386.8843 million <sup>(1)</sup> )	<p>(1) Approximately 35% (equivalent to approximately RMB2,291.6495 million) for further developing the brokerage and securities financing business of the Company;</p> <p>(2) Approximately 30% (equivalent to approximately RMB1,953.5377 million) for developing the overseas business of the Company;</p> <p>(3) Approximately 15% (equivalent to approximately RMB982.3679 million) for expanding the investment management business of the Company;</p> <p>(4) Approximately 10% (equivalent to approximately RMB654.9120 million) for developing the securities sales and trading business of the Company;</p>	<p>(1) Approximately RMB2,291.6495 million has been fully utilized for the brokerage and securities financing business;</p> <p>(2) As to approximately RMB947.1000 million has been utilized for the overseas business, unutilized as to approximately RMB1,006.4377 million;</p> <p>(3) Approximately RMB982.3679 million has been fully utilized for the investment management business;</p> <p>(4) Approximately RMB654.9120 million has been fully utilized for the securities sales and trading business;</p>

Date of initial announcement	Equity fund-raising activity	Amount of net proceeds	Intended use of net proceeds <sup>(2)</sup>	Actual use of net proceeds <sup>(2)</sup>
			(5) Approximately 5% (equivalent to approximately RMB359.0980 million) for capital expenditures to improve IT systems and expand capital-light branches network;	(5) Approximately RMB359.0980 million has not been utilized;
			(6) Approximately 5% (equivalent to approximately RMB359.0980 million) for working capital and other general corporate purpose.	(6) Approximately RMB359.0980 million has not been utilized.

*Notes:*

- (1) Translation of the amounts is made at the exchange rate on the date when the proceeds arrived at the Company's account.
- (2) Translation of the amounts for the proceeds already utilized is made at the exchange rate at the end of the month when the proceeds were used. Translation of the amounts for the proceeds not been utilized is made at the exchange rate at December 31, 2016.

## **CANCELLATION AND RECONVENING OF EGM AND CLASS MEETINGS**

The Original Meetings were scheduled to be held consecutively from 2:00 p.m. on Friday, March 31, 2017 at Meeting Room, 4/F, Building No.2, 318 Zhongshan South Road, Shanghai, the PRC, for the purpose of considering and, if thought fit, passing the resolutions as set out in the Original Notices. The register of members of H Shares of the Company was scheduled to be closed from Wednesday, March 1, 2017 to Friday, March 31, 2017 (both days inclusive).

On February 17, 2017, CSRC issued the “Decision on Amending Implementing Rules on Non-public Issuance of Shares by Listed Companies” (關於修改<上市公司非公開發行股票實施細則>的決定) and relevant regulatory questions and answers. According to the aforementioned documents and regulatory requirements, the pricing principles of the Proposed Non-public Issuance of A Shares should be consistent with the amended Implementing Rules on Non-public Issuance of Shares by Listed Companies, meaning the pricing benchmark date, which was originally “the date on which the Board resolutions in respect of the Proposed Non-public Issuance of A Shares are announced on the Shanghai Stock Exchange”, shall be revised to “the first day of the offering period of the A Shares under the Proposed Non-public Issuance of A Shares.”. Accordingly, the relevant resolutions should be adjusted and resubmit to the EGM and the Class Meetings. Therefore, the Original Meetings and the book closure period stated in the Original Notices will be cancelled.

On February 28, 2017, the Board approved the reconvene the EGM and the Class Meetings, to consider and, if thought fit, approve, among other things, (i) the Proposed Non-public Issuance of A Shares, (ii) the Shenergy Subscription, (iii) the Haiyan Subscription and (iv) the SUMG Subscription.

The voting in relation to the Proposed Non-public Issuance of A Shares, the Shenergy Subscription, the Haiyan Subscription and the SUMG Subscription at the EGM and/or the Class Meetings will be conducted by way of poll.

Shenergy Group and its associates will be required to abstain from voting on the resolutions to be proposed at the EGM and/or the Class Meetings in relation to the Proposed Non-public Issuance of A Shares and the Shenergy Subscription. Shanghai Haiyan Investment and its associates will be required to abstain from voting on the resolutions to be proposed at the EGM and/or the Class Meetings in relation to the Proposed Non-public Issuance of A Shares and the Haiyan Subscription. SUMG and its associates will be required to abstain from voting on the resolutions to be proposed at the EGM and/or the Class Meetings in relation to the Proposed Non-public Issuance of A Shares and the SUMG Subscription. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Proposed Non-public Issuance of A Shares and therefore no other Shareholder is required to abstain from voting at the EGM and/or the Class Meetings.

A circular containing, among other things, (i) further details of the Proposed Non-public Issuance of A Shares, the Shenergy Subscription, the Haiyan Subscription and the SUMG Subscription; (ii) a letter from the independent board committee to the independent Shareholders containing its recommendation in respect of the Shenergy Subscription; (iii) a letter from an independent financial adviser to the independent board committee and the independent Shareholders containing its recommendation in respect of the Shenergy Subscription; and (iv) the notice of the EGM and the Class Meetings is expected to be dispatched to the Shareholders on or before March 21, 2017 in accordance with the requirements of the Listing Rules.

**Since the completion of the Proposed Non-public Issuance of A Shares, the Shenergy Subscription, the Haiyan Subscription and the SUMG Subscription are subject to the fulfillment of certain conditions, the Proposed Non-public Issuance of A Shares, the Shenergy Subscription, the Haiyan Subscription and the SUMG Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

<b>“A Shareholder(s)”</b>	holder(s) of A Share(s)
<b>“A Share(s)”</b>	the domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed for trading on the Shanghai Stock Exchange
<b>“A Shares Class Meeting”</b>	the class meeting of the A Shareholders
<b>“associate(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Average Trading Price”</b>	the average trading price of the A Shares during the 20 trading days immediately preceding the Pricing Benchmark Date (exclusive of the Pricing Benchmark Date), which is calculated by dividing the total trading amount of the A Shares during the 20 trading days immediately preceding the Pricing Benchmark Date by the total trading volume of the A Shares during the 20 trading days immediately preceding the Pricing Benchmark Date
<b>“Benchmark Price”</b>	90% of the Average Trading Price
<b>“Board”</b>	the board of Directors of the Company
<b>“Class Meetings”</b>	the A Shares Class Meeting and the H Shares Class Meeting
<b>“Company”</b>	東方證券股份有限公司, a joint stock limited company established in the PRC, whose 1,027,080,000 H shares are listed on the Hong Kong Stock Exchange (stock code: 3958) and 5,188,372,011 A shares are listed on the Shanghai Stock Exchange (stock code: 600958), respectively
<b>“connected person”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“CSRC”</b>	the China Securities Regulatory Commission (中國證券監督管理委員會)
<b>“Director(s)”</b>	the director(s) of the Company
<b>“EGM”</b>	the extraordinary general meeting of the Company
<b>“H Shareholder(s)”</b>	holder(s) of H Share(s)

<b>“H Share(s)”</b>	the overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
<b>“H Shares Class Meeting”</b>	the class meeting of the H Shareholders
<b>“Haiyan Subscription”</b>	the proposed subscription of A Shares by Shanghai Haiyan Investment pursuant to the Haiyan Subscription Agreement
<b>“Haiyan Subscription Agreement”</b>	the subscription agreement dated February 28, 2017 entered into between the Company and Shanghai Haiyan Investment, pursuant to which Shanghai Haiyan Investment has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, not more than 120 million A Shares (for an amount of not more than RMB1,800 million) under the Proposed Non-public Issuance of A Shares (replacing the subscription agreement entered into between the Company and Shanghai Haiyan Investment on the same subject on February 13, 2017)
<b>“HK\$”, “HKD” or “Hong Kong dollars”</b>	the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Hong Kong Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Issue Date”</b>	the date on which the A Shares are issued under the Proposed Non-public Issuance of A Shares
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
<b>“Original Meetings”</b>	the EGM and the Class Meetings originally scheduled on March 31, 2017
<b>“Original Notices”</b>	the notice of the Extraordinary General Meeting and notice of the Class Meetings dated February 14, 2017
<b>“PRC”</b>	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
<b>“Pricing Benchmark Date”</b>	the first day of the offering period of the A Shares under the Proposed Non-public Issuance of A Shares

<b>“Proposed Non-public Issuance of A Shares”</b>	the proposed non-public issuance of a maximum of 800 million A Shares (inclusive) by the Company to not more than 10 specific target subscribers, including Shenergy Group, Shanghai Haiyan Investment and SUMG
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Shanghai Haiyan Investment”</b>	Shanghai Haiyan Investment Management Company Limited, a PRC state-owned enterprise and a Shareholder of the Company
<b>“Shanghai Stock Exchange”</b>	the Shanghai Stock Exchange
<b>“Shareholder(s)”</b>	the shareholder(s) of the Company
<b>“Shenergy Group”</b>	Shenergy (Group) Company Limited, a PRC state-owned enterprise and the substantial shareholder of the Company
<b>“Shenergy Subscription”</b>	the proposed subscription of A Shares by Shenergy Group pursuant to the Shenergy Subscription Agreement
<b>“Shenergy Subscription Agreement”</b>	the subscription agreement dated February 28, 2017 entered into between the Company and Shenergy Group, pursuant to which Shenergy Group has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, not less than 200 million and not more than 230 million A Shares under the Proposed Non-public Issuance of A Shares (replacing the subscription agreement entered into between the Company and Shenergy Group on the same subject on February 13, 2017)
<b>“substantial shareholder”</b>	has the meaning ascribed to it under the Listing Rules
<b>“SUMG”</b>	Shanghai United Media Group, a PRC state-owned enterprise and a Shareholder of the Company
<b>“SUMG Subscription”</b>	the proposed subscription of A Shares by SUMG pursuant to the SUMG Subscription Agreement
<b>“SUMG Subscription Agreement”</b>	the subscription agreement dated February 28, 2017 entered into between the Company and SUMG, pursuant to which SUMG has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, not more than 50 million A Shares (for an amount of not more than RMB750 million) under the Proposed Non-public Issuance of A Shares (replacing the subscription agreement entered into between the Company and SUMG on the same subject on February 13, 2017)

“trading day(s)” a day on which the Shanghai Stock Exchange is open for dealing or trading in securities

“%” per cent.

By order of the Board of Directors  
**PAN Xinjun**  
Chairman

Shanghai, PRC  
February 28, 2017

*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, 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, Mr. PAN Fei and Mr. XU Zhiming as independent non-executive Directors.*