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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)

U.S.\$300,000,000 Floating Rate Guaranteed Bonds due 2028 (Stock Code: 5953)

**(1) POTENTIAL NOTIFIABLE TRANSACTION – THE POTENTIAL ACQUISITION OF 100% EQUITY INTERESTS IN SHANGHAI SECURITIES BY WAY OF ISSUE OF CONSIDERATION A SHARES UNDER SPECIFIC MANDATE AND PAYMENT OF CASH;
(2) APPLICATION FOR WHITEWASH WAIVER;
AND
(3) RESUMPTION OF TRADING IN A SHARES**

POTENTIAL NOTIFIABLE TRANSACTION – THE POTENTIAL ACQUISITION OF 100% EQUITY INTERESTS IN SHANGHAI SECURITIES BY WAY OF ISSUE OF CONSIDERATION A SHARES UNDER SPECIFIC MANDATE AND PAYMENT OF CASH

The Board is pleased to announce that on May 6, 2026, the Company has entered into the Framework Agreement with the Vendors, pursuant to which the Company has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, in aggregate 100% of the equity interests in Shanghai Securities (being the Target Equities), in consideration of (i) the allotment and issuance of the Consideration A Shares at a price of RMB10.49 per A Share to four of the Vendors; and (ii) the allotment and issuance of the Consideration A Shares at the same issue price and the payment of the Cash Consideration to the remaining Vendor. Upon completion of the implementation of the 2025 annual profit distribution plan by the Company, the issue price of the Consideration A Shares will be adjusted to RMB10.29 per A Share.

The Total Consideration will be determined after arm's length negotiations between the parties based on the appraised value of the Target Equities set out in the Asset Valuation Report, to be issued by a PRC asset appraisal agency with appropriate qualifications and experience and filed with the Shanghai SASAC, and will be confirmed by way of entering into the Definitive Agreement between the Company and the Vendors.

Upon completion of the Potential Transaction, Shanghai Securities will become a wholly-owned subsidiary of the Company, and the financial information of Shanghai Securities will be consolidated into the consolidated financial statements of the Group.

The Consideration A Shares will be allotted and issued under the Specific Mandate to be approved by the Shareholders at the EGM and the Class Meetings.

Shareholders of and potential investors to the Company are advised that further announcement(s) will be made by the Company with respect to, among other things, the entering into of the Definitive Agreement, the Asset Valuation Report (setting out the appraised value of the Target Equities), the Total Consideration for the Potential Transaction and the number of the Consideration A Shares, in accordance with the applicable laws and regulations.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

If the Potential Transaction materialises, it is expected to constitute a notifiable transaction of the Company under the Hong Kong Listing Rules. As the consideration for the Potential Transaction has not yet been finalised, the classification of the Potential Transaction under Chapter 14 of the Hong Kong Listing Rules cannot be determined at this stage. Upon the finalisation of the consideration for the Potential Transaction, the Company will enter into the Definitive Agreement with the Vendors. The Company will comply with all applicable requirements under Chapter 14 of the Hong Kong Listing Rules in a timely manner, including but not limited to reporting, announcement and shareholders' approval (if applicable).

As at the date of this announcement, each of the Vendors is a third party independent of the Company under the Hong Kong Listing Rules, and therefore the Potential Transaction is expected not to constitute a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

The Directors will seek the Specific Mandate from the Shareholders at the EGM and the Class Meetings for the allotment and issuance of the Consideration A Shares to the Vendors. The Consideration A Shares will be listed on the Main Board of the Shanghai Stock Exchange.

None of the Directors is required to abstain from voting on the Board resolutions approving the Potential Transaction.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Application for Whitewash Waiver

As at the date of this announcement, (a) Bailian Group and Shanghai Chengtong Group do not hold any Shares; (b) Guotai Haitong and its subsidiaries and associated companies hold 89,540,972 Shares of the Company, representing approximately 1.06% of the total issued share capital of the Company (excluding treasury A Shares); (c) SIG and its subsidiaries (including SIG Investment) and associated companies hold 1,342,284 Shares of the Company, representing approximately 0.02% of the total issued share capital of the Company (excluding treasury A Shares); and (d) the other members of the Concert Party Group together hold 2,851,269,858 Shares, representing approximately 33.80% of the total issued share capital of the Company (excluding treasury A Shares). In total, the Vendors and the Concert Party Group hold 2,942,153,114 Shares (representing approximately 34.88% of the total issued share capital of the Company (excluding treasury A Shares)). For further details, please refer to the section headed “2. Shareholding Structure of the Company” in this announcement.

If the Potential Transaction materialises, it is expected that immediately after completion thereof, the aggregate voting rights in the Company held by the above Vendors and the Concert Party Group will increase by more than 2% and will therefore trigger the mandatory general offer obligations of the Vendors and the Concert Party Group in respect of the H Shares under Rule 26.1 of the Takeovers Code. The Vendors (on behalf of themselves and the Concert Party Group) will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 to dispensation from Rule 26 of the Takeovers Code. Pursuant to the Framework Agreement, implementation of the Potential Transaction will be conditional upon the granting of the Whitewash Waiver and such condition is not waivable.

The Whitewash Waiver, if granted by the Executive, will be subject to (i) the approval of the Whitewash Waiver by at least 75% of the votes cast by the Takeovers Code Independent Shareholders either in person or by proxy at the EGM; and (ii) the approval of the Potential Transaction by more than 50% of the votes cast by the Takeovers Code Independent Shareholders either in person or by proxy at the EGM. The Potential Transaction will not proceed if the Whitewash Waiver is not obtained or if the requisite approval by the Takeovers Code Independent Shareholders in respect of the Whitewash Waiver is not obtained.

As advised by the PRC counsel of the Company, Grandall Law Firm (Shanghai), in accordance with PRC laws, the Potential Transaction will not trigger any obligation on the Vendors to make a mandatory general offer for A Shares, and therefore the Vendors will not be required to make any mandatory general offer to A Shareholders.

As at the date of this announcement, the Company does not believe that the Potential Transaction gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Hong Kong Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter as soon as possible to the satisfaction of the relevant authority. The Company notes that the Executive may not grant the whitewash waiver if the Potential Transaction does not comply with other applicable rules and regulations.

INDEPENDENT BOARD COMMITTEE AND HONG KONG INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee (comprising all the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Potential Transaction and the Whitewash Waiver, namely Mr. SHI Lei, Mr. XU Yongmiao, Mr. REN Zhixiang and Mr. SUN Weidong, being the non-executive Directors, and Mr. WU Hong, Mr. FENG Xingdong, Mr. CHAN Hon and Mr. ZHU Kai, being the independent non-executive Directors) has been formed to advise the Takeovers Code Independent Shareholders on the Potential Transaction, the Specific Mandate and the Whitewash Waiver. As Mr. LIU Wei, Mr. YANG Bo, Ms. LI Yun and Mr. LUO Xinyu are directors and/or hold senior management positions in members of the Concert Party Group, each of them is not considered to be independent for the purposes of giving advice or recommendations to the Takeovers Code Independent Shareholders under the Takeovers Code.

In this connection, the Hong Kong Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Takeovers Code Independent Shareholders in respect of the Potential Transaction, the Specific Mandate and the Whitewash Waiver. Further announcement(s) will be made by the Company upon the appointment of the Hong Kong Independent Financial Adviser.

EGM AND CLASS MEETINGS

The EGM will be convened to consider and, if thought fit, approve, among other things, (i) the Potential Transaction; (ii) the Specific Mandate; and (iii) the Whitewash Waiver. The Company will convene the A Share Class Meeting and the H Share Class Meeting to consider and, if thought fit, approve, among other things, (i) the Potential Transaction; and (ii) the Specific Mandate. Such voting at the EGM and the Class Meetings will be conducted by way of poll.

DESPATCH OF CIRCULAR

As at the date of this announcement, the audit and valuation work for the Potential Transaction have not been completed. Following completion of the aforementioned audit and valuation work, the final consideration for the Potential Transaction will be confirmed by way of entering into the Definitive Agreement between the Company and the Vendors prior to the despatch of the circular in relation to, among other things, the Potential Transaction, the Specific Mandate and the Whitewash Waiver.

A circular is expected to be despatched to the Shareholders on a date which is more than 15 business days after the publication of this announcement as required under the Listing Rules and more than 21 days after the date of this announcement as required under Rule 8.2 of the Takeovers Code, as additional time is needed for the preparation of certain information to be included in the circular. The Company will apply to the Executive for the consent to extend the time for the despatch of the circular and further announcement(s) will be made in compliance with the requirements of the Listing Rules and the Takeovers Code.

RESUMPTION OF TRADING IN A SHARES

At the request of the Company, trading in the A Shares on the Shanghai Stock Exchange has been suspended from April 20, 2026. An application has been made by the Company to the Shanghai Stock Exchange for the resumption of trading in the A Shares on the Shanghai Stock Exchange from May 7, 2026.

As the Definitive Agreement is yet to be entered into between the Company and the Vendors, and even if entered into, completion of the Potential Transaction is subject to the satisfaction of certain conditions, therefore the Potential Transaction may or may not proceed. The Whitewash Waiver may or may not be granted by the Executive and, if granted, will, among other things, be subject to the approval by at least 75% of the votes cast by the Takeovers Code Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Takeovers Code Independent Shareholders by way of poll in respect of the Potential Transaction, respectively, at the EGM. Completion of the Potential Transaction is conditional upon, among other things, the approvals by the applicable competent authorities, the Whitewash Waiver being granted by the Executive and approved by the Takeovers Code Independent Shareholders. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

The Board is pleased to announce that on May 6, 2026, the Company has entered into the Framework Agreement with the Vendors, pursuant to which the Company has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, in aggregate 100% of the equity interests in Shanghai Securities, in consideration of (i) the allotment and issuance of the Consideration A Shares at a price of RMB10.49 per A Share to four of the Vendors; and (ii) the allotment and issuance of the Consideration A Shares at the same issue price and the payment of the Cash Consideration to the remaining Vendor. Upon completion of the implementation of the 2025 annual profit distribution plan by the Company, the issue price of the Consideration A Shares will be adjusted to RMB10.29 per A Share.

1. POTENTIAL NOTIFIABLE TRANSACTION – THE POTENTIAL ACQUISITION OF 100% EQUITY INTERESTS IN SHANGHAI SECURITIES BY WAY OF ISSUE OF CONSIDERATION A SHARES UNDER SPECIFIC MANDATE AND PAYMENT OF CASH

1.1 Principal terms of the Framework Agreement

The principal terms of the Framework Agreement are summarised below:

Date	May 6, 2026
Parties	Purchaser
	(1) the Company;
	Vendors
	(2) Bailian Group;
	(3) Guotai Haitong;

- (4) SIG Investment;
- (5) SIG; and
- (6) Shanghai Chengtuo Group.

Target Equities

Pursuant to the Framework Agreement, the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell, the Target Equities, being 100% of the equity interests in Shanghai Securities, of which (1) 50.0000% of the equity interests in Shanghai Securities held by Bailian Group, 18.7400% of the equity interests in Shanghai Securities held by Guotai Haitong, 16.3333% of the equity interests in Shanghai Securities held by SIG Investment, 7.6767% of the equity interests in Shanghai Securities held by SIG and 1.0000% of the equity interests in Shanghai Securities held by Shanghai Chengtuo Group will be satisfied by way of issuance of the Consideration A Shares, and (2) the remaining 6.2500% of the equity interests in Shanghai Securities held by Guotai Haitong will be satisfied by way of payment of the Cash Consideration.

Total Consideration

The Total Consideration will be determined after arm's length negotiations between the parties based on the appraised value of the Target Equities set out in the Asset Valuation Report to be issued by a PRC asset appraisal agency with appropriate qualifications and experience that complies with the Securities Law of the People's Republic of China and filed with the Shanghai SASAC, and will be confirmed by way of entering into the Definitive Agreement between the Company and the Vendors.

The appraised value of the Target Equities and the qualification and experience of the PRC asset appraisal agency issuing the Asset Valuation Report shall be reported on by the Hong Kong Independent Financial Adviser pursuant to Rule 11.1(b) of the Takeovers Code.

Shareholders of and potential investors to the Company are advised that further announcement(s) will be made by the Company with respect to, among other things, the entering into of the Definitive Agreement, the Asset Valuation Report (setting out the appraised value of the Target Equities), the Total Consideration for the Potential Transaction and the number of the Consideration A Shares, in accordance with the applicable laws and regulations.

**Issue of Consideration
A Shares**

The Issue Price of the Consideration A Shares

The issue price of the Consideration A Shares shall be RMB10.49 per Consideration A Share (subject to adjustments as detailed below), being the weighted average trading prices of the A Shares for the 120 trading days prior to the Pricing Benchmark Date. The weighted average trading price of the A Shares for the 120 trading days prior to the Pricing Benchmark Date = the aggregate trading amount¹ of the A Shares for the 120 trading days prior to the Pricing Benchmark Date ÷ the aggregate trading volume of the A Shares for the 120 trading days prior to the Pricing Benchmark Date.

During the period from the Pricing Benchmark Date to the completion of this issuance of the Consideration A Shares, if the Company carries out any ex-rights or ex-dividend events such as dividend distribution, bonus issue, capitalisation of capital reserve, rights issue, etc., the issue price will be adjusted accordingly in accordance with the relevant laws and the requirements of the regulatory authorities. The adjustment mechanism is set out as follows:

Share Dividends or Capitalisation Issue: $P_1 = P_0 / (1 + n)$;

Rights Issue: $P_1 = (P_0 + A \times k) / (1 + k)$;

Share Dividends or Capitalisation Issue and Rights Issue conducted simultaneously: $P_1 = (P_0 + A \times k) / (1 + n + k)$;

Cash Dividend Distribution: $P_1 = P_0 - D$;

Share Dividends or Capitalisation Issue, Rights Issue and Cash Dividend conducted simultaneously: $P_1 = (P_0 - D + A \times k) / (1 + n + k)$.

Where: P_0 represents the effective issue price before adjustment; n represents the rate of share dividend distribution or capitalisation issue; k represents the rights issue ratio; A represents the subscription price for the rights shares; D represents the cash dividend distributed per share; and P_1 represents the effective issue price after adjustment.

¹ The aggregate trading amount has been adjusted after taking into account the ex-dividend adjustment in respect of Company's 2025 interim profit distribution.

According to the 2025 annual profit distribution plan as considered and approved by the Board, based on the total share capital of the Company as at the record date for the dividend distribution, a cash dividend of RMB2.00 (tax inclusive) for every 10 Shares will be distributed to the A Shareholders and H Shareholders whose names appear on the register of members of the Company as at the record date. The A Shares held in the Company's designated securities account for repurchases (treasury A Shares) are not entitled to dividend distributions. The aforesaid profit distribution plan was considered and approved by the Board on March 27, 2026 and is proposed to be submitted to the 2025 annual general meeting of the Company for consideration and approval. In accordance with PRC laws, the Company must complete the implementation of the profit distribution within two months after the profit distribution plan is approved at the general meeting of the Company. Upon completion of the implementation of the aforesaid profit distribution, the issue price of the Consideration A Shares will be adjusted to RMB10.29 per A Share.

The number of Consideration A Shares

The number of Consideration A Shares to be issued shall be determined in accordance with the following formula:

Number of Consideration A Shares to be issued to each Vendor = the transaction consideration payable to each Vendor in the form of share issuance ÷ the issue price of the Consideration A Shares

Where the number of Consideration A Shares to be issued to each of the Vendors is not a whole number, any fractional shares shall be disregarded and the number shall be rounded down to the nearest whole share.

During the period from the Pricing Benchmark Date to the completion of this issuance, in case of any ex-rights or ex-dividends events of the Company such as dividend distribution, bonus issue, capitalisation of capital reserve, rights issue, etc., the issue price will be adjusted accordingly, and the number of Consideration A Shares to be issued will be adjusted on a corresponding basis.

The final number of Consideration A Shares to be issued by the Company to the Vendors shall be subject to approval at the general meeting of the Company, authorisation from the Shanghai Stock Exchange and registration with the CSRC.

The Consideration A Shares will be listed on the Main Board of the Shanghai Stock Exchange.

Lock-up Period

Each of the Vendors has undertaken that it shall not transfer any of the Consideration A Shares within 12 months from the completion date of the issuance of the Consideration A Shares. If applicable laws and regulations, the stock exchanges or the relevant securities regulatory authorities impose any further requirements in respect of such lock-up periods, the Vendors shall agree to provide further undertakings in accordance with such requirements.

The lock-up undertaking shall also be applicable to any additional A Shares received by the Vendors as a result of capitalisation of capital reserve, bonus share issue or rights issue after completion of the issuance of the Consideration A Shares.

Dividends

After completion of the Potential Transaction, existing and new Shareholders of the Company (including the Vendors) will be entitled to any dividend or distribution that the Company may make based on the financial accounts of the Company in compliance with applicable laws, on a pro-rata basis to their respective shareholdings in the Company.

Cash Consideration Amount

The Company shall acquire 6.2500% of the equity interests in Shanghai Securities held by Guotai Haitong by way of cash payment, and the specific amount of the Cash Consideration payable shall be determined by multiplying the Total Consideration by the proportion of the equity interests in Shanghai Securities to be settled by way of cash payment.

Conditions Precedent to the effectiveness of the Framework Agreement

Upon the entering into of the Definitive Agreement, the Framework Agreement shall either be supplemented or superseded by the Definitive Agreement. The effectiveness of the Framework Agreement and the Definitive Agreement (where the Framework Agreement is supplemented) or the Definitive Agreement alone (where it supercedes the Framework Agreement), shall be conditional upon the fulfilment of all of the following conditions:

- (i) the passing of valid resolutions by the Board, the general meeting, the A share class meeting and the H share class meeting of the Company approving the Potential Transaction;
- (ii) the completion by the Vendors of their internal decision making procedures in respect of the Potential Transaction and the obtaining of approvals from their competent internal authorities;
- (iii) the granting of a Whitewash Waiver by the Executive in respect of the Potential Transaction and the approval of the same by the Takeovers Code Independent Shareholders at a general meeting of the Company in accordance with the Takeovers Code;

- (iv) the obtaining of the approvals, consents and registration for the Potential Transaction from the Shanghai SASAC, the Shanghai Stock Exchange and the CSRC, and such approvals, consents and registration remaining valid;
- (v) the merger control filing in respect of the Potential Transaction having been approved by the State Administration for Market Regulation of the PRC (if applicable);
- (vi) the obtaining of any other necessary prior approvals, endorsements, filings or consents (if any) as required by laws, regulations and competent regulatory authorities.

None of the above conditions to the effectiveness can be waived by any party to the Framework Agreement. As at the date of this announcement, none of the conditions to the effectiveness has been fulfilled. The Potential Transaction will not proceed if the Whitewash Waiver is not obtained or if the Whitewash Waiver is not approved by the Takeovers Code Independent Shareholders.

In respect of the condition set out in paragraph (vi) above, as at the date of this announcement, the Company is not aware of any other approvals, endorsements, filings or consents which are required to be obtained in respect of the Potential Transaction.

Although the Framework Agreement does not specify a long stop date, if the Definitive Agreement is not entered into by the parties, the Potential Transaction will not proceed and the Whitewash Waiver will not be sought. However, the parties will endeavour to take necessary steps to procure the fulfilment of the above conditions precedent.

Following completion of the audit and valuation work of the Target Equities, the final consideration for the Potential Transaction will be confirmed by way of the Definitive Agreement between the Company and the Vendors prior to the despatch of the circular in relation to, among other things, the Potential Transaction, the Specific Mandate and the Whitewash Waiver.

Further announcement(s) will be made by the Company if and upon entering into the Definitive Agreement.

**Transitional Profit or
Loss Arrangement**

All profits or losses generated by the Target Equities during the Transition Period are subject to further determination through negotiation among the parties upon completion of the audit and valuation of the Target Equities. The profit and loss arrangements will be set out in the Definitive Agreement.

Completion of the Transfer of the Target Equities

Within 30 business days after all the conditions to the effectiveness of the Framework Agreement have been fulfilled, or such later date as reasonably determined by the Company at its discretion, the parties shall cooperate to complete the transfer of the equity interests in Shanghai Securities to the Company and complete the registration of corporate changes with the competent administration for market regulation.

Termination

The Framework Agreement shall be terminated upon the occurrence of any of the following circumstances:

- (i) the parties agree in writing to terminate the Framework Agreement;
- (ii) any competent government authority or regulatory authority requires termination of the Potential Transaction in accordance with applicable laws;
- (iii) the parties terminate the Framework Agreement by written notice due to force majeure; or
- (iv) other circumstances under which termination is required pursuant to applicable laws.

Others

In relation to the Potential Transaction, the Company intends to acquire 100% equity interests in Shanghai Securities. If any Vendor fails to transfer its respective equity interests in Shanghai Securities to the Company, the Company shall be entitled, at its discretion, to unilaterally terminate the Framework Agreement and terminate the Potential Transaction without incurring any liability.

1.2 Comparison of issue price for Consideration A Shares

The issue price of RMB10.49 per Consideration A Share:

- (a) represents a premium of approximately 12.31% over RMB9.34, the closing price of A Shares as quoted on the Shanghai Stock Exchange on the last trading day (being April 17, 2026) prior to the Pricing Benchmark Date;
- (b) represents a premium of approximately 14.02% over RMB9.20, the weighted average trading price of the A Shares on the Shanghai Stock Exchange during the 20 trading days prior to the Pricing Benchmark Date;
- (c) represents a premium of approximately 5.43% over RMB9.95, the weighted average trading price of the A Shares on the Shanghai Stock Exchange during the 60 trading days prior to the Pricing Benchmark Date;
- (d) equals to RMB10.49, the weighted average trading price of the A Shares on the Shanghai Stock Exchange over the 120 trading days prior to the Pricing Benchmark Date; and
- (e) represents a premium of approximately 11.01% over RMB9.45, the audited net asset value (after deducting perpetual subordinated bonds) attributable to the equity holders of the Company per Share as at December 31, 2025.

1.3 Information on Shanghai Securities

Shanghai Securities is a limited liability company established in the PRC on April 27, 2001. Shanghai Securities is principally engaged in brokerage business, proprietary trading business, futures business, margin financing and securities lending business, investment banking, asset management and fund assessment and research, among others, in the PRC.

The shareholding structure of Shanghai Securities as at the date of this announcement is set out as follows:

Shareholders of Shanghai Securities	Percentage of equity interest as at the date of this announcement
Bailian Group	50.0000%
Guotai Haitong	24.9900%
SIG Investment	16.3333%
SIG	7.6767%
Shanghai Chengtou Group	1.0000%
Total	100.0000%

Upon completion of the Potential Transaction, Shanghai Securities will become a wholly-owned subsidiary of the Company, and the financial information of Shanghai Securities will be consolidated into the consolidated financial statements of the Group.

The financial information of Shanghai Securities for the two financial years ended December 31, 2024 and 2025, prepared in accordance with Generally Accepted Accounting Principles of the PRC, was as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2025
	<i>(audited^{Note})</i>	<i>(audited^{Note})</i>
	<i>RMB million</i>	<i>RMB million</i>
Total assets	85,535	95,866
Total liabilities	66,730	76,061
Net assets	18,805	19,805
Revenue	2,858	3,425
Profit before tax	1,057	1,612
Profit after tax	953	1,323

Note: The above financial information is based on 2025 financial report of Shanghai Securities prepared in accordance with Generally Accepted Accounting Principles of the PRC. The financial report is audited by the domestic auditors of Shanghai Securities, KPMG Huazhen LLP. The above financial information will be audited by the auditors engaged by the Company in connection with the Potential Transaction.

Further announcement(s) will be made by the Company in accordance with the applicable laws and regulations with respect to, among other things, the entering into of the Definitive Agreement, the Asset Valuation Report (setting out the appraised value of the Target Equities), the Total Consideration and the number of the Consideration A Shares for the Potential Transaction, upon the entering into of the Definitive Agreement.

1.4 Information on the parties to the Framework Agreement

(i) *The Company*

The Company is a joint stock company incorporated in the PRC with limited liability, the A Shares and H Shares of which are listed and traded on the Shanghai Stock Exchange (stock code: 600958) and the Main Board of the Hong Kong Stock Exchange (stock code: 03958), respectively, and is principally engaged in wealth and asset management, investment banking and alternative investment, institutions and sales trading, and international and other businesses.

(ii) *Bailian Group*

Bailian Group is a limited liability company incorporated in the PRC, the principal businesses of which are convenience store chains, integrated department stores, commodities trading, and specialty retail chains. Bailian Group became the controlling shareholder of Shanghai Securities since February 2021 and, as at the date of this announcement, holds 50.0000% of the equity interests in Shanghai Securities. Bailian Group's ultimate beneficial owner is the Shanghai SASAC.

(iii) *Guotai Haitong*

Guotai Haitong is a joint stock company incorporated in the PRC with limited liability, whose A Shares and H Shares are listed and traded on the Shanghai Stock Exchange (stock code: 601211) and the Main Board of the Hong Kong Stock Exchange (stock code: 02611), respectively. The principal businesses of Guotai Haitong are wealth management, investment banking, institution and transaction, investment management, finance lease and other business. As at the date of this announcement, SIG and its subsidiaries collectively hold approximately 20.4% of equity interests in Guotai Haitong, as its largest shareholder.

(iv) *SIG Investment*

SIG Investment is a limited liability company incorporated in the PRC, the principal businesses of which are asset management, industrial investment, enterprise management consultancy and financial consultancy. SIG Investment is a wholly-owned subsidiary of SIG, and its ultimate beneficial owner is the Shanghai SASAC.

(v) *SIG*

SIG is a limited liability company incorporated in the PRC, the principal businesses of which are investment primarily in the financial sector and secondarily in the non-financial sector, capital operation and asset management, financial research and socio-economic consultancy. The ultimate beneficial owner of SIG is the Shanghai SASAC.

(vi) **Shanghai Chengtou Group**

Shanghai Chengtou Group is a limited liability company incorporated in the PRC, which is a state owned enterprise group principally engaged in the investment, development, and operation and management of urban infrastructure projects. The ultimate beneficial owner of Shanghai Chengtou Group is the Shanghai SASAC.

The above Vendors and their ultimate beneficial owners are Independent Third Parties.

2. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the shareholding structure of the Company is set out below (the shareholding percentages are calculated after excluding any treasury A Shares):

Shareholder	Number of A Shares Held	Approximate % of issued A Shares ^(Note 1)	Number of H Shares Held	Approximate % of issued H Shares	Total Number of Shares Held	Approximate % of the total issued Shares ^(Note 1)
<i>Vendors and the Concert Party Group</i>						
1. Guotai Haitong and its subsidiaries and associated companies ^(Note 2)	57,787,372	0.78%	31,753,600	3.09%	89,540,972	1.06%
2. SIG and its subsidiaries and associated companies ^(Note 3)	1,342,284	0.02%	-	-%	1,342,284	0.02%
3. Shenergy ^(Note 4)	2,262,428,700	30.54%	-	-%	2,262,428,700	26.82%
4. Shanghai Jinqiao ^(Note 4)	124,328,872	1.68%	-	-%	124,328,872	1.47%
5. SUMC ^(Note 4)	309,561,060	4.18%	58,000	0.01%	309,619,060	3.67%
6. Others ^(Note 4)	153,786,826	2.08%	1,106,400	0.11%	154,893,226	1.84%
7. Sub-total (1+2+3+4+5+6)	2,909,235,114	39.27%	32,918,000	3.20%	2,942,153,114	34.88%
8. Public	4,498,701,269	60.73%	994,244,428	96.80%	5,492,945,697	65.12%
9. Sub-total (7+8)	7,407,936,383	100%	1,027,162,428	100%	8,435,098,811	100%
10. Treasury A Shares ^(Note 1)	61,546,481	-	-	-	61,546,481	-
Total	7,469,482,864	-	1,027,162,428	-	8,496,645,292	-

Notes:

1. The shareholding percentages in the above table and in notes below are calculated after excluding any treasury A Shares as treasury A Shares do not carry voting rights in accordance with the Rules on Share Repurchases by Listed Companies issued by CSRC.

2. *As at the date of this announcement, Guotai Haitong and its subsidiaries and associated companies in their proprietary trading in equities, proprietary securities lending and fund management businesses (including through publicly offered fund products, asset management plans and privately offered fund products), which is in the ordinary course of business for financial institutions, together hold 57,787,372 A Shares (representing 0.69% of the total issued Shares) and 31,753,600 H Shares (representing 0.38% of the total issued Shares). Of which:*
- (i) Guotai Haitong holds 1,032,440 A Shares (representing 0.01% of the total issued Shares) and 21,494,400 H Shares (representing 0.25% of the total issued Shares);*
 - (ii) Shanghai Guotai Haitong Securities Asset Management Co., Ltd.* (上海國泰海通證券資產管理有限公司) holds 294,400 H Shares (representing 0.00% of the total issued Shares);*
 - (iii) other than those disclosed in (viii) below, HuaAn Fund Management Co., Ltd.* (華安基金管理有限公司) holds 3,764,522 A Shares (representing 0.04% of the total issued Shares) and 3,381,600 H Shares (representing 0.04% of the total issued Shares);*
 - (iv) other than those disclosed in (viii) below, Fullgoal Fund Management Co., Ltd.* (富國基金管理有限公司) holds 1,479,840 A Shares (representing 0.02% of the total issued Shares) and 6,583,200 H Shares (representing 0.08% of the total issued Shares);*
 - (v) HFT Investment Management Co., Ltd.* (海富通基金管理有限公司) holds 40,327,315 A Shares (representing 0.48% of the total issued Shares);*
 - (vi) Fullgoal Asset Management (HK) Limited (富國資產管理(香港)有限公司) holds 82,800 A Shares (representing 0.00% of the total issued Shares);*
 - (vii) Guotai Junan Financial Products Limited (國泰君安金融產品有限公司) holds 98,128 A Shares (representing 0.00% of the total issued Shares); and*
 - (viii) 5,750,180 A Shares (representing 0.07% of the total issued Shares) held by HuaAn Fund Management Co., Ltd.* (華安基金管理有限公司) in the ordinary course of its index-tracking fund management business and 5,252,147 A Shares (representing 0.06% of the total issued Shares) held by Fullgoal Fund Management Co., Ltd.* (富國基金管理有限公司) in the ordinary course of its index-tracking fund management business. Given the passive nature of such business, non-discretionary dealings in A Shares or H Shares may be conducted in the course of managing index-tracking fund products. As of the date of this announcement, an application has been made to the Executive for a confirmation that such dealings before, on and after the date of this announcement in the A Shares or H Shares shall not constitute disqualifying transaction under the Takeovers Code.*

3. As at the date of this announcement, SIG and its subsidiaries (including SIG Investment) and associated companies, in their respective ordinary course of business as financial institutions, hold 1,342,284 A Shares (representing 0.02% of the total issued Shares). Of which:
- (i) 1,000,000 A Shares (representing 0.01% of the total issued Shares) are held by Shanghai International Trust Co., Ltd.* (上海國際信託有限公司); and
 - (ii) 342,284 A Shares (representing 0.00% of the total issued Shares) are held by AXA-SPDB Investment Managers Co., Ltd.* (浦銀安盛基金管理有限公司) in the ordinary course of its index-tracking fund management business. Given the passive nature of such business, non-discretionary dealings in A Shares or H Shares may be conducted in the course of managing index-tracking fund products. As of the date of this announcement, an application has been made to the Executive for a confirmation that such dealings before, on and after the date of this announcement in the A Shares or H Shares shall not constitute disqualifying transaction under the Takeovers Code.
4. As at the date of this announcement, certain Shareholders (namely those set forth in paragraphs (i), (ii) and (iv) to (viii) in this note 4) are ultimately controlled by the Shanghai SASAC or district-level state-owned supervision and administration commission in Shanghai, and SUMG is a public institution sponsored by the Publicity Department of the Shanghai Municipal Committee of the Communist Party of China. Pursuant to class (1) of the definition of “acting in concert” under the Takeovers Code, the aforementioned shareholders are presumed to be acting in concert with the Vendors. With respect to SUMG being presumed to be acting in concert with the Vendors under the Takeovers Code, as at the date of this announcement, an application is currently being made to rebut that presumption. These Shareholders are as follows:
- (i) Shenergy holds 2,262,428,700 A Shares (representing 26.82% of the total issued Shares);
 - (ii) Shanghai Jinqiao holds 124,328,872 A Shares (representing 1.47% of the total issued Shares);
 - (iii) SUMG holds 309,561,060 A Shares and 58,000 H Shares (representing 3.67% of the total issued Shares);
 - (iv) Shanghai Join Buy Co., Ltd.* (上海九百股份有限公司) holds 32,458,925 A Shares (representing 0.38% of the total issued Shares);
 - (v) Shanghai Construction Group Co., Ltd.* (上海建工集團股份有限公司) holds 72,947,867 A Shares (representing 0.86% of the total issued Shares);
 - (vi) Shanghai Electric Holding Group Co., Ltd.* (上海電氣控股集團有限公司) holds 13,760,256 A Shares (representing 0.16% of the total issued Shares);
 - (vii) Shanghai Electric Group Hongkong Company Limited (上海電氣集團香港有限公司) holds 1,106,400 H Shares (representing 0.01% of the total issued Shares);
 - (viii) Shanghai New South West (Group) Co., Ltd.* (上海新南西(集團)有限公司) holds 12,142,783 A Shares (representing 0.14% of the total issued Shares);

- (ix) *In addition, the Company's largest shareholder, Shenergy, is wholly owned by the Shanghai SASAC. Accordingly, the Company and its subsidiaries and associated companies are presumed to be acting in concert with the Vendors under class (1) of the definition of 'acting in concert' under the Takeovers Code. As at the date of this announcement, China Universal Asset Management Co., Ltd.* (匯添富基金管理股份有限公司), as an associated company of the Company and in the ordinary course of business as financial institution, holds 22,474,595 A Shares (representing 0.27% of the total issued Shares), of which 21,179,430 A Shares (representing 0.25% of the total issued Shares) are held in the ordinary course of its index-tracking fund management business. Given the passive nature of such business, non-discretionary dealings in A Shares or H Shares may be conducted in the course of managing index-tracking fund products. As of the date of this announcement, an application has been made to the Executive for a confirmation that such dealings before, on and after the date of this announcement in the A Shares or H Shares shall not constitute disqualifying transaction under the Takeovers Code; and (x) In addition, as at the date of this announcement, Ms. LI Xingbao holds 2,400 A Shares (representing 0.00% of the total issued Shares) and is the mother of Mr. ZHOU Jie (a director of SIG and Guotai Haitong), and is therefore presumed to be acting in concert with the Vendors under Class (2) of the definition of "acting in concert" under the Takeovers Code.*

The shareholdings in paragraphs (iv) to (x) of this note 4 amounted to a total of 154,893,226 Shares, representing 1.84% of the total issued Shares.

Apart from the above, as at the date of this announcement, the Vendors and the Concert Party Group, in the respective ordinary course of their investment businesses, also hold indirect interests in additional Shares through investing in investment products issued and/or managed by third parties, but without holding any ownership or voting rights to such underlying Shares. As the composition of the underlying securities in such investment products may change under the management of third-party issuers/fund managers and without any control by the Vendors and the Concert Party Group, there may be fluctuations in respect of these interests.

Furthermore, as at the date of this announcement, the Vendors and the Concert Party Group hold in aggregate interests in derivatives by reference to 262,293 underlying A Shares and the Vendors and the Concert Party Group do not hold ownership or voting rights to these underlying A Shares.

The aforementioned interests are only disclosed for the sake of completeness. These interests are not aggregated with the total shareholding (or voting rights) of the Vendors and the Concert Party Group as set out in the above table. Accordingly, any fluctuation in these interests will not result in any change in the aggregate voting rights of the Vendors and the Concert Party Group.

3. REASONS FOR AND BENEFITS OF THE POTENTIAL TRANSACTION

The Company and Shanghai Securities both originated in Shanghai. Both companies have proactively served and aligned themselves with the overall reform and development of China's capital markets over the years. The Potential Transaction represents a pioneering move in further deepening of reforms within Shanghai's state-owned enterprises. Upon completion of the Potential Transaction, the Company's shareholder base will encompass sectors such as energy, consumer goods, finance and science and technology innovation. This will facilitate the introduction of all the necessary elements and resources required for Shanghai's new round of development and securing a leading position in the industrial and economic development of Shanghai during the 15th Five-Year Plan period. At the same time, the Company will play a more critical role in the development of Shanghai as an international financial centre and make greater contribution to the development of China as a financial powerhouse.

In addition, against the backdrop of the broader trend of consolidation within the securities industry, the Potential Transaction is conducive to leveraging complementary strengths and is expected to achieve business complementarities and mutual empowerment, thereby generating significant synergies: (1) the asset scale and capital strength of the Company will increase significantly, and the Company is expected to rank among the top ten in the industry in terms of its total assets, with its overall competitiveness and industry position significantly enhanced; (2) the Company will achieve in-depth integration of the customer resources, branch network and regional footprint of both entities, resulting in a more stable customer base and a significantly optimised customer structure; (3) competitiveness in wealth management, investment banking and institutional services will be substantially enhanced, forming a growth pattern supported by multiple drivers; (4) the Company will, leveraging a more comprehensive business footprint, licensing qualifications and investment and research capabilities, provide one-stop comprehensive financial services to customers, significantly enhancing its overall service capability; and (5) the cost structure will be effectively optimised and operating efficiency will be significantly improved through in-depth integration of technology platforms, empowerment from fintech utilization, and systematic optimisation of resource allocation and core business processes. The Potential Transaction will enable the Company to better perform the functions of a financial institution, and accelerate its development into a first-class modern investment bank with strong domestic competitiveness and international influence.

The terms of the Framework Agreement and the transactions contemplated thereunder were agreed after arm's length negotiations between the parties thereto. The Directors (excluding the members of the Independent Board Committee and Ms. LI Yun², who will form their views after considering the advice of the Hong Kong Independent Financial Adviser) consider that the Framework Agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

² SUMG is a member of the Concert Party Group and, as at the date of this announcement, is seeking to have such presumption rebutted. Should that presumption be rebutted, Ms. LI Yun will be eligible to be a member of the Independent Board Committee.

4. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

If the Potential Transaction materialises, it is expected to constitute a notifiable transaction of the Company under the Hong Kong Listing Rules. As the consideration for the Potential Transaction has not yet been finalised, the classification of the Potential Transaction under Chapter 14 of the Hong Kong Listing Rules cannot be determined at this stage. Upon the finalisation of the consideration for the Potential Transaction, the Company will enter into the Definitive Agreement with the Vendors. The Company will comply with all applicable requirements under Chapter 14 of the Hong Kong Listing Rules in a timely manner, including but not limited to reporting, announcement and shareholders' approval (if applicable).

As at the date of this announcement, each of the Vendors is a third party independent of the Company under the Hong Kong Listing Rules, and therefore the Potential Transaction is expected not to constitute a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

The Directors will seek the Specific Mandate from the Shareholders at the EGM and the Class Meetings for the allotment and issuance of the Consideration A Shares to the Vendors. The Consideration A Shares will be listed on the Main Board of the Shanghai Stock Exchange.

None of the Directors is required to abstain from voting on the Board resolutions approving the Potential Transaction.

5. IMPLICATIONS UNDER THE TAKEOVERS CODE

5.1 Application for Whitewash Waiver

As at the date of this announcement, (a) Bailian Group and Shanghai Chengtuo Group do not hold any Shares; (b) Guotai Haitong and its subsidiaries and associated companies hold 89,540,972 Shares of the Company, representing approximately 1.06% of the total issued share capital of the Company (excluding treasury A Shares); (c) SIG and its subsidiaries (including SIG Investment) and associated companies hold 1,342,284 Shares of the Company, representing approximately 0.02% of the total issued share capital of the Company (excluding treasury A Shares); and (d) the other members of the Concert Party Group hold 2,851,269,858 Shares, representing approximately 33.80% of the total issued share capital of the Company (excluding treasury A Shares). In total, the Vendors and the Concert Party Group hold 2,942,153,114 Shares (representing approximately 34.88% of the total issued share capital of the Company (excluding treasury A Shares)). For further details, please refer to the section headed "2. Shareholding Structure of the Company" in this announcement.

If the Potential Transaction materialises, it is expected that immediately after completion thereof, the aggregate voting rights in the Company held by the above Vendors and the Concert Party Group will increase by more than 2% and will therefore trigger the mandatory general offer obligations of the Vendors and the Concert Party Group in respect of the H Shares under Rule 26.1 of the Takeovers Code. The Vendors (on behalf of themselves and the Concert Party Group) will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 to dispensation from Rule 26 of the Takeovers Code. Pursuant to the Framework Agreement, implementation of the Potential Transaction will be conditional upon the granting of the Whitewash Waiver and such condition is not waivable.

The Whitewash Waiver, if granted by the Executive, will be subject to (i) the approval of the Whitewash Waiver by at least 75% of the votes cast by the Takeovers Code Independent Shareholders either in person or by proxy at the EGM; and (ii) the approval of the Potential Transaction by more than 50% of the votes cast by the Takeovers Code Independent Shareholders either in person or by proxy at the EGM. The Potential Transaction will not proceed if the Whitewash Waiver is not obtained or if the requisite approval by the Takeovers Code Independent Shareholders in respect of the Whitewash Waiver is not obtained.

As advised by the PRC counsel of the Company, Grandall Law Firm (Shanghai) in accordance with PRC laws, the Potential Transaction will not trigger any obligation on the Vendors to make a mandatory general offer for A Shares, and therefore the Vendors will not be required to make any mandatory general offer to A Shareholders.

As at the date of this announcement:

- (a) save as disclosed in the section headed “2. Shareholding Structure of the Company” above, none of the Vendors or the Concert Party Group holds, owns, controls or directs any shares, convertible securities, warrants, options or has entered into any derivatives in respect of the securities in the Company;
- (b) none of the Vendors and the Concert Party Group has any dealings in the Shares (as described in paragraph 3 of Schedule VI to the Takeovers Code) during the six-months period preceding the date of this announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Potential Transaction;
- (c) none of the Vendors or the Concert Party Group has received an irrevocable commitment to vote in favour of or against the Potential Transaction and the Whitewash Waiver;
- (d) other than the Framework Agreement and (when entered into) the Definitive Agreement, none of the Vendors or the Concert Party Group has any arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Vendors or the Company which might be material to the Potential Transaction and the Whitewash Waiver;

- (e) other than the Framework Agreement and (when entered into) the Definitive Agreement, there is no agreement or arrangement to which a Vendor is a party which relates to the circumstances in which it may or may not invoke or seek to invoke any conditions to the Potential Transaction and the Whitewash Waiver;
- (f) save as disclosed in note 2 in the section headed “2. Shareholding Structure of the Company” above, none of the Vendors or the Concert Party Group has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (g) save in relation to the Target Equities, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Vendors and the Concert Party Group (excluding the Company and its subsidiaries) to the Company and its subsidiaries in connection with the Potential Transaction and Whitewash Waiver;
- (h) save in relation to the issuance of Consideration A Shares and payment of Cash Consideration under the Potential Transaction, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Company and its subsidiaries to the Vendors or the Concert Party Group (excluding the Company and its subsidiaries) in connection with the Potential Transaction and Whitewash Waiver; and
- (i) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder (excluding Vendor and the Concert Party Group); and (2) (a) the Vendors and the Concert Party Group (excluding the Company, its subsidiaries and associated companies); or (b) the Company, its subsidiaries or associated companies.

6. INDEPENDENT BOARD COMMITTEE AND HONG KONG INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee (comprising of all the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Potential Transaction and the Whitewash Waiver, namely Mr. SHI Lei, Mr. XU Yongmiao, Mr. REN Zhixiang and Mr. SUN Weidong, being the non-executive Directors, and Mr. WU Hong, Mr. FENG Xingdong, Mr. CHAN Hon and Mr. ZHU Kai, being the independent non-executive Directors) has been formed to advise the Takeovers Code Independent Shareholders on the Potential Transaction, the Specific Mandate and the Whitewash Waiver. As Mr. LIU Wei, Mr. YANG Bo, Ms. LI Yun³ and Mr. LUO Xinyu are directors and/or hold senior management positions in members of the Concert Party Group, each of them is not considered to be independent for the purposes of giving advice or recommendations to the Takeovers Code Independent Shareholders under the Takeovers Code.

In this connection, the Hong Kong Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Takeovers Code Independent Shareholders in respect of the Potential Transaction, the Specific Mandate and the Whitewash Waiver. Further announcement(s) will be made by the Company upon the appointment of the Hong Kong Independent Financial Adviser.

7. EGM AND CLASS MEETINGS

The EGM will be convened to consider and, if thought fit, approve, among other things, (i) the Potential Transaction; (ii) the Specific Mandate; and (iii) the Whitewash Waiver. The Company will convene the A Share Class Meeting and the H Share Class Meeting to consider and, if thought fit, approve, among other things, (i) the Potential Transaction and (ii) the Specific Mandate. The voting at the EGM and the Class Meetings will be conducted by way of poll.

Pursuant to the Hong Kong Listing Rules, any Shareholders which have a material interest in the Potential Transaction, the Specific Mandate and the Whitewash Waiver will be required to abstain from voting on all the resolutions to be proposed at the EGM and the Class Meetings (if applicable).

For the purposes of the approvals required under the Takeovers Code, the Vendors, the Concert Party Group and those who are interested in or involved in the Potential Transaction, the Specific Mandate and the Whitewash Waiver will not be considered as Takeovers Code Independent Shareholders and their votes will not be counted towards votes attaching to the Shares held by the Takeovers Code Independent Shareholders.

Save as aforementioned, no other Shareholder has a material interest in the Potential Transaction, the Specific Mandate and the Whitewash Waiver and therefore no other Shareholder is required to abstain from voting at the EGM and the Class Meetings.

³ SUMG is a member of the Concert Party Group and, as at the date of this announcement, is seeking to have such presumption rebutted. Should that presumption be rebutted, Ms. LI Yun will be eligible to be a member of the Independent Board Committee.

8. GENERAL

As at the date of this announcement, the audit and valuation work for the Potential Transaction have not been completed. Following completion of the aforementioned audit and valuation work, the final consideration for the Potential Transaction will be confirmed by way of the Definitive Agreement between the Company and the Vendors prior to the despatch of the circular in relation to, among other things, the Potential Transaction, the Specific Mandate and the Whitewash Waiver. The Company will make further announcement(s) in respect of the Potential Transaction in a timely manner in accordance with applicable laws and regulations.

A circular containing, among other things, (i) further details of the Potential Transaction, the Specific Mandate and the Whitewash Waiver; (ii) a letter from the Independent Board Committee to the Takeovers Code Independent Shareholders containing its recommendation in respect of the Potential Transaction, the Specific Mandate and the Whitewash Waiver; (iii) a letter from the Hong Kong Independent Financial Adviser to the Independent Board Committee and the Takeovers Code Independent Shareholders containing its recommendation in respect of the Potential Transaction, the Specific Mandate and the Whitewash Waiver; (iv) the financial information of Shanghai Securities; (v) the Asset Valuation Report; (vi) certain other information required under the Hong Kong Listing Rules and the Takeovers Code; and (vii) the notice of the EGM and H Shareholders Class Meeting is expected to be despatched to the Shareholders on a date which is more than 15 business days after the publication of this announcement as required under the Hong Kong Listing Rules and more than 21 days after the date of this announcement as required under Rule 8.2 of the Takeovers Code, as additional time is needed for the preparation of certain information to be included in the circular. The Company will apply to the Executive for the consent to extend the time for the despatch of the circular and further announcement(s) will be made in compliance with the requirements of the Hong Kong Listing Rules and the Takeovers Code.

9. RESUMPTION OF TRADING IN A SHARES

At the request of the Company, trading in the A Shares on the Shanghai Stock Exchange has been suspended from April 20, 2026. An application has been made by the Company to the Shanghai Stock Exchange for the resumption of trading in the A Shares on the Shanghai Stock Exchange from May 7, 2026.

As the Definitive Agreement is yet to be entered into between the Company and the Vendors, and even if entered into, completion of the Potential Transaction is subject to the satisfaction of certain conditions, therefore the Potential Transaction may or may not proceed. The Whitewash Waiver may or may not be granted by the Executive and, if granted, will, among other things, be subject to the approval by at least 75% of the votes cast by the Takeovers Code Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Takeovers Code Independent Shareholders by way of poll in respect of the Potential Transaction, respectively, at the EGM. Completion of the Potential Transaction is conditional upon, among other things, the approvals by the applicable competent authorities, the Whitewash Waiver being granted by the Executive and approved by the Takeovers Code Independent Shareholders. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

10. OTHER INFORMATION

Shareholders' attention is also drawn to the overseas regulatory announcement in relation to the Proposal for the issue of Shares and payment of Cash for the Acquisition of Assets and Related Party Transaction of 東方證券股份有限公司 published by the Company on May 6, 2026, as well as other overseas regulatory announcements in relation to the Potential Transaction published on the same date. The relevant parts containing material information with Takeovers Code implications are set out in the Appendix to this announcement.

11. DEFINITIONS

Unless the context requires otherwise, capitalized terms used in this announcement shall have the meanings as follows:

“A Shares”	RMB-denominated ordinary shares of the Company with a par value of RMB1.00 each, which are listed on the main board of the Shanghai Stock Exchange
“A Shareholders' Class Meeting”	the Company's class meeting to be convened for A Shareholders, or any adjournment thereof
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Asset Valuation Report”	the asset valuation report in respect of the Target Equities to be issued by a PRC asset appraisal agency with appropriate qualifications and experience
“associated companies”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Bailian Group”	Bailian Group Co., Ltd. (formerly known as Shanghai Bailian (Group) Co., Ltd.), a company incorporated in the PRC on May 8, 2003, being a shareholder holding 50.0000% of the equity interests in Shanghai Securities
“Board”	the board of Directors of the Company
“Cash Consideration”	the cash consideration payable by the Company to Guotai Haitong (as the Vendor) pursuant to the Framework Agreement as part of the Total Consideration for the Potential Transaction
“Class Meetings”	the A Share Class Meeting and the H Share Class Meeting of the Company to be convened to consider and, if thought fit, approve, among other things, (i) the Potential Transaction; and (ii) the Specific Mandate

“Company” or “DFZQ”	東方證券股份有限公司, a joint stock company incorporated in the PRC with limited liability, the A Shares and H Shares of which are listed on the Shanghai Stock Exchange (stock code: 600958) and the Hong Kong Stock Exchange (stock code: 03958), respectively
“Completion”	the completion of the registration of corporate changes of the Target Equities with the relevant market supervision and administration authority in the PRC and the completion of the issuance of the Consideration A Shares
“Concert Party Group”	parties acting or presumed to be acting in concert with the Vendors (including the parties set out in items (1) to (6) (other than the Vendors) in the shareholding structure of the Company in the section headed “2. Shareholding Structure of the Company”)
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Consideration A Share(s)”	the new A Share(s) to be allotted and issued by the Company to the Vendors pursuant to the Framework Agreement as part of the Total Consideration for the Potential Transaction
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Definitive Agreement(s)”	the definitive agreement to be entered into between the Company and the Vendors in relation to the Potential Transaction
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, (i) the Potential Transaction; (ii) the Specific Mandate; and (iii) the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director
“Framework Agreement”	the framework agreement dated May 6, 2026 in relation to the acquisition of assets by way of issuance of A Shares and/or payment of cash entered into between the Company and the Vendors in relation to the Potential Transaction
“Group”	the Company and its subsidiaries
“Guotai Haitong”	Guotai Haitong Securities Co., Ltd., a joint stock company incorporated in the PRC, whose A shares and H shares are listed and traded on the Shanghai Stock Exchange (stock code: 601211) and the Main Board of the Hong Kong Stock Exchange (stock code: 02611), respectively and being a shareholder holding 24.9900% of the equity interests in Shanghai Securities

“H Share(s)”	overseas listed foreign share(s) of the Company with a par value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H Shareholders’ Class Meeting”	the Company’s class meeting to be convened for the H Shareholders, or any adjournment thereof
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Takeovers Code Independent Shareholders in respect of the Potential Transaction, the Specific Mandate and the Whitewash Waiver
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	an independent committee of the Board, comprising all the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Potential Transaction and the Whitewash Waiver, namely Mr. SHI Lei, Mr. XU Yongmiao, Mr. REN Zhixiang and Mr. SUN Weidong, being the non-executive Directors, and Mr. WU Hong, Mr. FENG Xingdong, Mr. CHAN Hon and Mr. ZHU Kai, being the independent non-executive Directors, established pursuant to the requirements of the Takeovers Code to advise the Takeovers Code Independent Shareholders on the Potential Transaction, the Specific Mandate and the Whitewash Waiver
“Independent Third Party(ies)”	any entity or person who is not a connected person (as defined in the Hong Kong Listing Rules) of the Company
“Potential Transaction”	the potential acquisition of Target Equities from the Vendors, issue of Consideration A Shares under the Special Mandate and payment of cash consideration, pursuant to the Framework Agreement
“PRC”	the People’s Republic of China

“Pricing Benchmark Date”	the date of publication on the Shanghai Stock Exchange of the announcement in relation to the resolutions passed at the first Board meeting of the Company convened to consider the Potential Transaction, being May 7, 2026
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“Shanghai Chengtou Group”	Shanghai Chengtou (Group) Co., Ltd., a limited liability company established in the PRC on July 21, 1992 and wholly owned by Shanghai SASAC, being a shareholder holding 1.0000% of the equity interests in Shanghai Securities
“Shanghai Jinqiao”	Shanghai Jinqiao Export Processing Zone Development Co., Ltd. (上海金橋出口加工區開發股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600639) and ultimately controlled by Shanghai Pudong New Area State-owned Assets Supervision and Administration Commission
“Shanghai SASAC”	Shanghai Municipal State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會)
“Shanghai Securities”	Shanghai Securities Company Limited (上海證券有限責任公司), a company established in the PRC with limited liability on April 27, 2001, in which the Vendors hold in aggregate 100% equity interests as at the date of this announcement
“Share(s)”	A Shares and H Shares of the Company
“Shareholder(s)”	holders of Shares
“Shenergy”	Shenergy (Group) Company Limited (申能(集團)有限公司), a limited liability company incorporated in the PRC and wholly owned by Shanghai SASAC
“SIG”	Shanghai International Group Co., Ltd., a limited liability company established in the PRC on April 20, 2000 and wholly owned by Shanghai SASAC, being a shareholder holding 7.6767% of the equity interests in Shanghai Securities

“SIG Investment”	Shanghai International Group Investment Co., Ltd. (formerly known as Shanghai Shangguo Investment Asset Management Co., Ltd.), a limited liability company incorporated in the PRC on March 11, 2015, wholly owned by SIG, being a shareholder holding 16.3333% of the equity interests in Shanghai Securities
“Specific Mandate”	the specific mandate to be sought at the EGM and Class Meetings to issue the Consideration A Shares for the Potential Transaction
“subsidiaries”	has the meaning ascribed to it under the Hong Kong Listing Rules
“SUMG”	Shanghai United Media Group (上海報業集團), a public institution (事業單位) sponsored by the Publicity Department of the Shanghai Municipal Committee of the Communist Party of China
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Takeovers Code Independent Shareholders”	Shareholders other than (i) the Vendors and the Concert Party Group and (ii) those who are interested in or involved in the Potential Transaction, the Specific Mandate and the Whitewash Waiver
“Target Equities”	100% of the equity interest in Shanghai Securities
“Total Consideration”	the consideration payable by the Company to the Vendors for the Potential Transaction
“trading day(s)”	a day on which the Shanghai Stock Exchange is open for dealing or trading in securities
“Transition Period”	the period commencing from the Valuation Benchmark Date (exclusive) of the Target Equities to the closing date (inclusive), being the period up to the date on which the parties complete the transfer of the Target Equities and the registration of corporate changes of the Target Equities in the name of the Company with the competent market supervision and administration authority in the PRC
“Valuation Benchmark Date”	the valuation benchmark date of the Target Equities, being March 31, 2026 (as agreed between the parties)
“Vendor(s)”	Bailian Group, Guotai Haitong, SIG Investment, SIG and Shanghai Chengtong Group

“Whitewash Waiver”

a waiver from the Executive pursuant to Note 1 to dispensations from Rule 26 of the Takeovers Code in respect of the mandatory general offer obligations of the Vendors in respect of all the H Shares not already owned or agreed to be acquired by the Vendors and the Concert Party Group which would otherwise arise as a result of the issue of the Consideration A Shares under the Potential Transaction

“%”

per cent

By order of the Board

ZHOU Lei

Chairman

Shanghai, PRC

May 6, 2026

As at the date of this announcement, the Board of Directors comprises Mr. ZHOU Lei, Mr. LU Weiming and Mr. LU Dayin as executive Directors; Mr. LIU Wei, Mr. YANG Bo, Mr. SHI Lei, Ms. LI Yun, Mr. XU Yongmiao, Mr. REN Zhixiang and Mr. SUN Weidong as non-executive Directors; and Mr. WU Hong, Mr. FENG Xingdong, Mr. LUO Xinyu, Mr. CHAN Hon and Mr. ZHU Kai as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

Appendix

Relevant Parts of the Announcement of the Company on Proposal for the Issue of Shares and Payment of Cash for the Acquisition of Assets and Related Party Transaction (東方證券股份有限公司發行股份及支付現金購買資產暨關聯交易預案) (Containing Material Information with Takeovers Code Implications)

I. PRINCIPAL BUSINESS OF SHANGHAI SECURITIES

(A) Main Products or Services

Shanghai Securities' principal business encompasses brokerage, proprietary securities trading, futures, and credit operations, investment banking, asset management, fund evaluation research, and related services.

1. *Brokerage Business*

Shanghai Securities has a relatively comprehensive brokerage business system and holds a full range of licenses with a strong customer base and professional service capabilities. As of the end of 2025, Shanghai Securities had nine branches and 72 securities business outlets nationwide, covering multiple key provinces and cities. The brokerage business of Shanghai Securities has maintained stable operation, and Shanghai Securities has received multiple industry awards in wealth management and investment advisory.

In recent years, Shanghai Securities' wealth management business has accelerated its transformation. Its high-net-worth customer base, total customer trading assets, securities investment advisory business and the outstanding balance of financial products held under custody have continued to grow. In 2025, the total number of qualified clients increased by 10.52% year-on-year, with medium-to-high-end clients (those with assets exceeding RMB500,000) rising by 25.67%. Trading assets introduced by new clients grew by 97.88% year-on-year, while, at year-end, total client trading assets in the brokerage business increased by 26.41% compared to the previous year.

2. *Proprietary Securities Trading Business*

As one of the core business segments, Shanghai Securities' proprietary trading business primarily invests in marketable securities such as bonds, stocks and funds, as well as derivatives, with a main focus on fixed income investments. In 2025, the securities investment business generated investment income of RMB2,028 million.

Shanghai Securities' equity investments are underpinned by fundamental research, with a focus on balanced allocation and the implementation of multi-strategy approaches, including the use of instruments such as stock index futures to enhance portfolio resilience. Fixed income investments centre on interest rate bonds and medium-to high-grade credit products, with careful management of liquidity and derivative transactions. Furthermore, in 2025, Shanghai Securities successfully obtained market-making qualifications on the Beijing Stock Exchange, becoming the first securities firm to receive such approval that year and commencing market-making operations.

3. *Futures Business*

Shanghai Securities' futures business is conducted through its wholly-owned subsidiary, Hicend Futures Co., Ltd.(海證期貨有限公司). Established in December 1995 with a registered capital of RMB1.5 billion, Hicend Futures Co., Ltd. holds memberships at multiple exchanges and is a trading and clearing member of the China Financial Futures Exchange.

In 2025, the average daily customer equity scale in Shanghai Securities' futures business segment increased by 20.86% year-on-year, period-end customer equity scale increased by 23.53% year-on-year, and the total number of futures customers increased by 25.78% year-on-year. Agency transaction value increased by 8.24% year-on-year. The market rankings of trading volumes and open interests in advantageous products remained generally stable, with certain indicators ranking in the top 20 in the industry. In 2025, Hicend Futures Co., Ltd. received 16 major awards.

4. *Credit Business*

Shanghai Securities holds qualifications for a range of credit businesses and has developed a comprehensive business chain. In 2025, the company achieved a net increase of 1,520 credit accounts. By year-end, Shanghai Securities served 31,224 margin financing and securities lending clients, with the average daily balance increased by 35.54% year-on-year; and the average client maintenance margin ratio exceeded 270%.

(B) Profit Model

Shanghai Securities' profits are primarily derived from fee and commission income, interest income, and gains on securities investments. Shanghai Securities is currently accelerating its transformation towards a buy-side investment advisory-oriented wealth management model, and is continuously enhancing its revenue structure.

(C) Core Competitiveness

1. *Unique Geographical Advantage*

Headquartered in Shanghai, Shanghai Securities directly benefits from the strategic and policy dividends of the development of Shanghai as an international financial centre, the financial opening in the free trade zone, the registration-based IPO system on the Sci-Tech Innovation Board (STAR Market), and cross-border investment facilitation. Shanghai Securities enjoys proximity to local state-owned asset platforms and the ability to serve regional listed and pre-listed companies more easily. The Yangtze River Delta integration strategy continuously empowers Shanghai Securities' development.

2. *Sound and Efficient Channel Advantage*

Shanghai Securities' own business network and customer base are a major pillar of its sustainable competitiveness. As of the end of 2025, Shanghai Securities had built a sales network covering major economic regions across the country, including 35 branches in Shanghai. Various businesses develop in synergy, creating a diversified revenue structure. In recent years, Shanghai Securities' industry ranking by net profit has steadily improved, and its core operating indicators have moved into the upper-mid tier of the industry.

3. *Scarcity Advantage in Fund Evaluation*

Shanghai Securities is one of the four securities firms in China with a formal fund evaluation business qualification, and has published over 60 issues of fund ratings. Leveraging this license, Shanghai Securities has built an integrated institutional service closed loop of "research + data + trading + capital". As of the end of 2025, Shanghai Securities' fund evaluation service platform served 64 mutual fund managers and approximately 600 private fund managers. In terms of the private fund ecosystem, Shanghai Securities has established relationships with numerous managers with tens of billions of RMB in assets under management.

4. *Stable and Progressive Operating Model*

Shanghai Securities has always taken "integrity and professionalism" as its core values, placing equal emphasis on standardised operations and diversified development while spreading operational risks through the synergistic development of multiple segments. On the investment side, it adheres to value investing and a multi-asset allocation strategy. On the customer service side, it is transitioning from traditional channels to buy-side advisory. This stable and progressive operating model enables Shanghai Securities to maintain its competitiveness and development resilience.

5. *Distinctive Advantage in Industry-Finance Synergy*

Focusing on a number of national strategies, Shanghai Securities has developed industry-finance synergy service model across multiple sectors that distinguishes itself from traditional securities firms, and has gradually established a distinctive business system that serves the real economy with professional financial services.

6. *Leading Positioning in Fintech*

Shanghai Securities has positioned fintech as a strategic pillar. It has achieved fully in-house research and development for over 20 core platforms, with the in-house development rate, launch rate and cost control rate each reaching 100%. The “Shangzhen (尚臻)” series of AI product matrices covers diverse scenarios. Shanghai Securities is among the first securities firms in the industry to achieve localised deployment of the DeepSeek model, and has built a “1+1+3+N” large model service system and independently developed nine AI agents which have been deployed. Shanghai Securities’ data governance has passed the national DCMM Level 4 certification, its digital capability ranked 21st in the industry in a special evaluation by the Securities Association of China, and its core system reliability reached 99.999%.

7. *Prudent and Comprehensive Risk Control Mechanism*

On the compliance front, Shanghai Securities has established a compliance management organisational system covering the Board through all levels, incorporating its subsidiaries into unified management, and advances compliance performance throughout the entire process, achieving full coverage of compliance management. It continues to optimise the vertical management of compliance personnel and improve mechanisms for selection, assessment, promotion and exchange, with the effectiveness of compliance management continuously enhanced. On the risk management front, Shanghai Securities has established a four-tier comprehensive risk management framework and implements dynamic monitoring with net capital as the core, ensuring that key indicators are better than regulatory standards. It covers various types of risks, achieving a full-process closed loop. Shanghai Securities embeds risk management into its daily operations, establishes a normalised stress testing mechanism, and strengthens its risk culture, ensuring the steady development of its business.

II RISKS RELATING TO THE POTENTIAL TRANSACTION

The risks associated with the Potential Transaction include those relating to the Target Equities, such as cyclical fluctuations in the macroeconomy and capital markets, compliance risks, technical risks, and risks arising from the integration process in respect of assets, business, personnel and organisational structure, as well as the risk that the Company’s immediate returns may be diluted following completion of the Proposed Transaction.

III CONFIRMATIONS AND OPINIONS UNDER RELEVANT A-SHARE LAWS AND REGULATIONS

- (i) Shenergy, being the largest shareholder of DFZQ, has given its in-principle consent to the Potential Transaction, and undertakes that, from the date of disclosure of the transaction proposal until the completion of the Potential Transaction: (1) it shall not reduce its shareholdings in DFZQ; and (2) in the event of any ex-rights matters including bonus issues, capitalisation issues or rights issues, the newly issued shares shall also be subject to the non-disposal undertaking. The Potential Transaction will not result in any change in the largest shareholder of DFZQ, being Shenergy.
- (ii) Each Director and member of senior management of DFZQ undertakes that, should they hold any shares of the Company during the aforementioned period, they will not dispose of such shares.
- (iii) The 2nd special meeting of the independent directors of the 6th Board of Directors of DFZQ in 2026 was held on May 6, 2026. Pursuant to relevant A Share rules, the independent directors are of the view that, among other matters, the proposed Potential Transaction complies with all applicable laws and regulations, DFZQ meets the statutory requirements for implementing the transaction, and that all necessary legal procedures at this stage have been completed, and that the relevant legal documents are valid and effective. The independent directors have approved the submission of the resolutions relating to the Potential Transaction to the Board for consideration.