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(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name "东方证券股份有限公司" and carrying on business in Hong Kong as "東方證券" (in Chinese) and "DFZQ" (in English))

(Stock Code: 03958)

## ANNOUNCEMENT

- (1) GENERAL MANDATE ON PROPOSED ISSUANCE OF DOMESTIC DEBT FINANCING INSTRUMENTS
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The board of directors (the "Board") of 東方證券股份有限公司 (the "Company") hereby announces that:

### I. GENERAL MANDATE ON PROPOSED ISSUANCE OF DOMESTIC DEBT FINANCING INSTRUMENTS

References are made to the circular of the Company date March 30, 2017, in relation to, among other things, general mandate on proposed issuance of domestic debt financing instruments and the relevant poll results announcement of the Company dated April 14, 2017, given that the Proposal on General Mandate to Issue Domestic Debt Financing Instruments by the Company considered and approved at the 2017 first extraordinary general meeting of the Company will expire in April 2020, to guarantee the smooth implementation of relevant financing tasks, optimize debt structure, diversify financing portfolio and enhance financing efficiency, the Company needs to re-obtain a general mandate for issuance of domestic debt financing instruments at the general meeting. For such purpose, the Board approved after consideration and submitted the Proposal on General Mandate to Issue Domestic Debt Financing Instruments by the Company to the general meeting of the Company for consideration and approval. Details are as follows:

**1. Issuance Size of Debt Financing Instruments**

The Company imposes quota management on debt financing instruments. The outstanding amount of domestic debt financing instruments stipulated under this proposal shall in aggregate not exceed 200% (including currently issued but outstanding debt financing instruments) of the audited net assets as of the end of the previous year (at the parent company level) and shall comply with the issuance limit of domestic debt financing instruments under relevant laws and regulations as well as various risk control indicators.

**2. Type of Debt Financing Instruments**

Depending on actual issuance, domestic debt financing instruments under this proposal include but are not limited to corporate bonds (including short-term corporate bonds of securities companies), short-term financing bonds, subordinated bonds (including perpetual subordinated bonds), subordinated debt, income certificate, financial bonds and other with domestic debt financing instruments issuable by the Company upon approval from or filing the People's Bank of China, China Securities Regulatory Commission ("CSRC"), China Securities Association, stock exchanges and other relevant authorities in accordance with relevant regulations, excluding asset-backed securities, right to earnings from margin financing and securities lending and refinancing. The proposed domestic debt financing instruments under this proposal do not include conversion clause.

**3. Term of Debt Financing Instruments**

Subject to the minimum term required by regulatory authorities, domestic debt financing instruments under this proposal shall be finite with a term of not more than 10 years (10 years inclusive) and infinite, i.e., perpetual instruments. Instruments of various terms may be single type or hybrid types. The specific term and size is subject to relevant requirements and market condition at the time of issuance.

**4. Coupon Rate of Debt Financing Instruments and Method of Determination**

Debt financing instruments under this proposal may be of fixed and/or floating coupon rate. The coupon rate and method of determination of debt financing instruments will be ascertained by the Company and lead underwriter (or sponsor, if any) upon negotiation based on market condition and relevant coupon rate management regulations of debt financing instruments.

**5. Method and Target of Issuance**

Domestic debt financing instruments shall be approved or filed with the CSRC and other relevant departments in accordance with relevant regulations, and shall be issued to the public in one or more tranches on stock exchanges recognized by the CSRC and other relevant departments in accordance with the law, or to qualified investors in accordance with relevant regulations.

## **6. Use of Proceeds**

Proceeds will be used to supplement the Company's working capital, meet the needs of the Company's business operations, adjust the Company's debt structure and for other purposes in accordance with relevant laws and regulations or the permissions of regulatory agencies.

## **7. Authorization**

It will be proposed at the general meeting to authorize the Board to, in accordance with the provisions of relevant laws and regulations and the requirements of regulatory agencies, subject to the framework and content as considered and approved at the general meeting and for the purpose of safeguarding the maximum interests of the Company, handle all matters at its sole discretion concerning debt financing instruments issued within the validity period of the resolution, and approve that the Board shall delegate to the management all authorize matters within the scope where the outstanding amount of the domestic debt financing instruments under this proposal shall not be more than 185% of the audited net assets (at the parent company level) as of the end of the previous year, including but not limited to:

- (1) formulate and implement specific plans for each issuance according to the applicable laws and regulations, the relevant regulations of the regulatory authorities and the resolutions of the general meeting, as well as the actual situation of the Company and the market, including but not limited to the specific type, size, term, coupon rate and its determination method, issuance target, guarantee arrangement, issuance price, timing of issuance (including single or multiple tranches and number of tranche), use of proceeds, with or without repurchase and redemption terms (including coupon rate increase option and investor repurchase option, etc.), rating arrangement, specific subscription method, specific placement arrangement, specific debt repayment guarantee measures, time limit and method for principal and interest repayment, listing of debt financing instruments and other matters related to the issuance terms;
- (2) determine upon engagement of intermediary agency(ies) to handle declaration, approval, filing, registration, listing and other related matters for each issuance to the relevant regulatory authorities, exchanges and other institutions, including but not limited to authorizing, signing, executing, modifying and completing all necessary contracts, agreements and documents related to each issuance and listing of debt financing instruments (including but not limited to prospectus, underwriting agreement, guarantee agreement, engagement letter(s) of intermediary agency(ies), entrusted management agreement, creditor's rights agency agreement, registration and custody agreement, listing agreement, various announcements and other legal documents, etc.), and make relevant information disclosure in accordance with relevant laws and regulations, exchange listing rules and other normative documents;
- (3) select and engage trustee(s) and liquidation manager(s) for the issuance of debt financing instruments, sign trustee management agreements and liquidation management agreements, and formulate meeting rules for holders of debt financing instrument (if applicable);

- (4) adjust relevant matters such as the specific plan for the issuance and listing of debt financing instruments according to the opinions of the regulatory agencies if there is any change in the policies of the regulatory authorities, exchanges and other competent agencies on the issuance and listing of debt financing instruments or market conditions, except for matters that are required to be re-voted by the general meeting in accordance with relevant laws, regulations and the articles of association of the Company;
- (5) handle other specific matters related to each issuance and listing of debt financing instruments.

## **8. Validity Period of Proposal**

The proposal of the general meeting on the issuance of domestic debt financing instruments shall be valid for 36 months from the date of consideration and approval at the general meeting.

If the Board and/or the management has decided to issue or partially issue the domestic debt financing instruments within the validity period of the authorization, and the Company has also obtained the issuance approval, permission, filing or registration (if applicable) from the regulatory authority within the validity period of the authorization, the Company may complete the issuance or partial issuance of the domestic debt financing instruments within the validity period of such approval, permission, filing or registration.

The above proposal is subject to consideration and approval by the shareholders of the Company at the general meeting and shall take effect from approval at the general meeting. A circular containing, among other things, details of the above proposal, together with the notice of the general meeting, will be despatched to the shareholders in due course.

## **II. PROJECTED INTRAGROUP GUARANTEES FOR THE YEAR 2020**

The Board approved after consideration and submitted to the general meeting to consider the provision of guarantees provided by the Company and its subsidiaries or among the subsidiaries within the validity period of authorization.

### **i. Description of Guarantees**

In accordance with the operation plan of the Company, the Company and its subsidiaries propose to raise funds by issuing bonds, bank loans, and other channels. In order to reduce financing costs, the Company or its subsidiaries may provide financing guarantees for its wholly-owned subsidiaries. Meanwhile, in order to enhance the external operation capability of the Company's subsidiaries in Hong Kong, Orient Finance Holdings (Hong Kong) Limited (“**Orient Finance Holdings**”), a wholly-owned subsidiary of the Company, proposes to provide non-financing guarantees for its wholly-owned subsidiaries. The Board considers and approves the following matters to be submitted to the general meeting for consideration and approval in accordance with the relevant requirements of the laws and regulations, the articles of association of the Company, and the Measures to Manage External Guarantees of the Company:

**(i) *Financing guarantees***

1. Limitation of the guarantees: the total amount of additional Intragroup Guarantees provided by the Company and its subsidiaries within the validity period of authorization shall not exceed 20% of the latest audited net assets of the Company, and the amount of each separate Intragroup Guarantee shall not exceed 10% of the latest audited net assets of the Company.
2. Types of the guarantees: including but not limited to providing guarantees for onshore or offshore debt financing instrument(s) is/are issued through public or non-public issuances (including but not limited to ordinary bonds, subordinated bonds, ultra short-term financing bills, short-term financing bills, medium-term notes), or loans granted from onshore or offshore financial institutions (including but not limited to bank credit, bank loans and syndicated loans).
3. Models of the guarantees: collateralization include guarantees, security, pledges, and other models as stipulated under the provisions of the relevant laws and regulations.
4. Targets of the guarantees: directly and indirectly holding wholly-owned subsidiaries of the Company (including those with the gearing ratio over 70%).
5. Validity period of authorization: the aforementioned guarantees shall be valid from the date of consideration and approval of the guarantees by the 2019 annual general meeting to the date of the 2020 annual general meeting.
6. Authorization: it is proposed to the general meeting for the shareholders to authorize the Board and agree the Board in turn to further authorize the management to, at its/their sole discretion, execute all documents in connection with the aforementioned guarantees, obtain approvals from and handle filing formalities with the relevant regulatory authorities and all other relevant matters, and to fulfill the obligation of information disclosure in a timely manner in accordance with the relevant laws and regulations upon the provision of letters of guarantees or issuance of guarantee documents for the Company's wholly-owned subsidiaries.

**(ii) Non-financing guarantees**

1. Limitation of the guarantees: the total amount of additional external guarantees provided by Orient Finance Holdings within the validity period of authorization shall not exceed US\$2.15 billion and the amount guaranteed shall be calculated subject to the agreed amount as set out in the guarantee agreement or the limit of risk monitoring indicators.
2. Types of the guarantees: including but not limited to providing guarantees for non-financing transactions such as International Swaps and Derivatives Association (ISDA), Master Clearing Agreement, Bond Market Association/ International Securities Market Association Global Master Repurchase Agreement (TBMA/ISMA GMRA), Master Brokerage Service Agreement, physical trading of precious metals, brokerage business, and issuance of structured notes.
3. Models of the guarantees: collateralization include guarantees, security, pledges, and other models as stipulated under the provisions of the relevant laws and regulations.
4. Targets of the guarantees: wholly-owned subsidiaries directly or indirectly held by Orient Finance Holdings (including those with the gearing ratio over 70%).
5. Validity period of authorization: the aforementioned guarantees shall be valid from the date of consideration and approval of the guarantees by the 2019 annual general meeting to the date of the 2020 annual general meeting.
6. Authorization: it is proposed to the general meeting for the shareholders to authorize the Board and agree the Board in turn to further authorize the management to, at its/their sole discretion, execute all documents in connection with the aforementioned guarantees, obtain approvals from and handle filing formalities with the relevant regulatory authorities and all other relevant matters, and to fulfill the obligation of information disclosure in a timely manner in accordance with the relevant laws and regulations upon the provision of letters of guarantees or issuance of guarantee documents for the Company's wholly-owned subsidiaries.

**ii. Summary of the Guaranteed Parties**

The aforementioned targets of the guarantees include but not limited to the Company's directly and indirectly holding wholly-owned subsidiaries and their respective subsidiaries as below (including those with the gearing ratio over 70%):

**1. Shanghai Orient Securities Futures Co., Ltd. (“Orient Futures”)**

Address: 14/F, Shanghai Futures Building, 500, Pudian Road, China (Shanghai) Pilot Free-Trade Zone

Date of establishment: December 8, 1995

Registered capital: RMB2.3 billion

Equity interests held by the Company: 100%

Legal representative: Lu Dayin

Business scope: commodities futures brokerage, financial futures brokerage, futures investment consultancy, assets management, funds sale.

According to the audited financial information, as of December 31, 2019, the total assets and liabilities of Orient Futures, the guaranteed target, were RMB26.665 billion and RMB23.504 billion, respectively, including bank loans of RMB20 million, current liabilities of RMB23.504 billion and net assets of RMB3.161 billion. From January 1, 2019 to December 31, 2019, the guaranteed target realized operating income of RMB995 million and net profit of RMB121 million.

**2. Shanghai Orient Securities Capital Investment Co., Ltd. (“Orient Securities Capital Investment”)**

Address: 36/F, Building 2, No. 318 South Zhongshan Road, Huangpu District, Shanghai, China

Date of establishment: February 8, 2010

Registered capital: RMB4.0 billion

Equity interests held by the Company: 100%

Legal representative: Jin Wenzhong

Business scope: establishment of direct investment funds, and equity investments to enterprises; or invest in other investment funds related to equity investments; provide clients with financial advisory services related to equity investments; other businesses approved by the CSRC.

According to the audited financial information, as of December 31, 2019, the total assets and liabilities of Orient Securities Capital Investment, the guaranteed target, were RMB4.869 billion and RMB167 million, respectively, including nil bank loans, current liabilities of RMB167 million and net assets of RMB4.702 billion. From January 1, 2019 to December 31, 2019, the guaranteed target realized operating income of RMB488 million and net profit of RMB225 million.

### **3. *Orient Finance Holdings***

Address: 28/F to 29/F, No. 100 Queen's Road Central, Central, Hong Kong

Date of establishment: February 17, 2010

Registered capital: HK\$2.2 billion

Equity interests held by the Company: 100%

Chairman: Yang Yucheng

Business scope: investment holding, and operation of securities brokerage business, futures brokerage business, asset management business, investment banking and margin financing business as regulated by the SFC pursuant to SFO through establishment of various subsidiaries and licensed sub-subsidiaries.

According to the audited financial information, as of December 31, 2019, the total assets and liabilities of Orient Finance Holdings, the guaranteed target, were HK\$19.067 billion and HK\$17.373 billion respectively, including bank loans of HK\$692 million, current liabilities of HK\$17.373 billion and net assets of HK\$1.694 billion. From January 1, 2019 to December 31, 2019, the guaranteed target realized operating income of HK\$573 million and net profit of HK\$241 million.

### **4. *Offshore BVI companies***

The offshore BVI companies will be determined by the Company based on financing or transaction requirements.



### **iii. Opinions of the Board**

The independent opinions issued by the independent non-executive directors of the Company with respect to the matters are listed as below: the Company estimates the guarantees which might be provided by the Company to its subsidiaries or provided among its subsidiaries during the validity period of authorization, both due to the Company's needs under its business plan and goal of minimizing financing costs as well as enhancing the external operating capacities of the Company's subsidiaries in Hong Kong. The aforementioned projection complies with relevant requirements of the relevant laws and regulations, the articles of association of the Company, and the measures to Manage External Guarantees of the Company, the decision-making procedures are lawful and the aforementioned external guarantees are approved.

### **iv. Accumulated Amount of External Guarantees**

As at the date of this announcement, the total external guarantee amount of the Company and its holding subsidiaries was RMB10.242 billion, accounting for 18.98% of the audited net assets of the Company as of December 31, 2019.

The guarantees to be considered do not involve counter guarantee and there is no overdue guarantees by the Company and its holding subsidiaries.

The above proposal is subject to consideration and approval by the shareholders of the Company at the general meeting and shall take effect from approval at the general meeting. A circular containing, among other things, details of the above proposal, together with the notice of the general meeting, will be despatched to the shareholders in due course.

## **III. PROPOSED AMENDMENTS TO CERTAIN ARTICLES OF THE ARTICLES OF ASSOCIATION**

In order to further improve the corporate governance of the Company, in accordance with the Regulations on Equity Management of Securities Companies newly promulgated by the CSRC in 2019, the newly amended Guidelines on Articles of Association of Listed Companies and the Official Reply of the State Council on the Adjustment of the Notice Period for the General Meeting and Other Matters Applicable to the Overseas Listed Companies and other regulations, and based on the actual conditions of the Company and the requirements of the regulatory authorities, it is proposed to amend certain articles of the articles of association of the Company (the “**Articles of Association**”). For details, please refer to Appendix I of this announcement.

The proposed amendments to the Articles of Association, which have been considered and approved at the 18th meeting of the fourth session of the Board of the Company (this amendment is based on the amendments to the Articles of Association considered and approved at the 2018 Annual Shareholders' General Meeting), are subject to shareholders' approval at the general meeting of the Company and at the same time, it will be proposed to the general meeting to authorize and approve the Board to delegate to the management to make textual amendments to the Articles of Association in accordance with the opinions of the regulatory authorities. A circular containing, among other things, details of the above proposal, together with the notice of the general meeting, will be despatched to the shareholders in due course.

#### **IV. PROPOSED GRANT OF GENERAL MANDATE TO ISSUE ADDITIONAL A SHARES AND/OR H SHARES**

According to the regulations of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the articles of association of the Company, in order to seize the market opportunity, ensure flexibility in issuing new shares, and following the practice of A+H listed companies, it is proposed at the general meeting to approve the granting of general mandate to the Board via special resolution, authorizing the Board to determine the issuance, allotment and deal with new shares individually or simultaneously not exceeding 20% of the respective issued domestic shares (A shares) and/or overseas listed foreign shares (H shares) at the time of approval of the proposals at the 2019 annual general meeting.

##### **1. Subject of General Mandate**

Particulars of the mandate include but is not limited to:

- (i) grant the Board general mandate within the validity period of the authorization (as defined below) to decide to issue, allot and deal with additional shares in the Company's A share and/or H share capital individually or simultaneously according to market conditions and the needs of the Company, and to sign necessary documents, go through necessary procedures and take other necessary actions to complete such matters.
- (ii) the number of A shares and/or H shares to be issued, allotted and dealt with by the Board, or to be issued, allotted and dealt with or without conditions, shall not exceed:
  - 1. 20% of the number of the A shares issued by the Company on the date when such proposal is approved at the 2019 annual general meeting; and/or
  - 2. 20% of the number of the H shares issued by the Company on the date when such proposal is approved at the 2019 annual general meeting.
- (iii) authorize the Board to formulate and implement specific issuance plans when exercising the above general mandate, including but not limited to the type of new shares to be issued, pricing method and/or issuance price (including price range), issuance quantity, issuance target and investment target of proceeds, etc., determine the time of issuance and period, and determine whether to place to existing shareholders.
- (iv) authorize the Board to engage intermediary agency(ies) for the purpose of the issuance, approve and sign all acts, deeds, documents and other related matters necessary, appropriate, desirable or related to the issuance; to consider, approve and sign agreements related to the issuance on behalf of the Company, including but not limited to placing and underwriting agreements, engagement agreements for intermediary agency(ies), etc..

- (v) authorize the Board to consider and approve and sign legal documents related to issuance to be submitted to relevant regulatory authorities on behalf of the Company. Perform relevant approval procedures, and handle all necessary archiving, registration and filing procedures with relevant government departments in Hong Kong and/or any other regions and jurisdictions (if applicable) according to the requirements of the regulatory authority, the stock exchanges where the company's shares are listed and the regulatory authority.
- (vi) authorize the Board to amend the relevant agreements and legal documents in items (4) and (5) above according to the requirements of domestic and overseas regulatory agencies.
- (vii) authorize the Board to approve the Company to increase its registered capital after issuing new shares and to amend the Articles of Association of the Company in relation to the total amount of share capital, equity structure and other relevant contents, and authorize the Company's management to handle relevant procedures.

## **2. Validity Period of Authorization**

The above authorization shall not exceed the validity period of the authorization unless the Board enters into or grants an offer proposal, agreement or purchase right for the issuance of A shares and/or H shares within the validity period of the authorization, and the offer proposal, agreement or purchase right may need to be further promoted or implemented after the expiration of the validity period of the authorization.

The "validity period of authorization" shall commence from the date of approval by special resolution at the general meeting and terminate on the earliest of the followings:

- (i) conclusion of the 2020 annual general meeting;
- (ii) 12 months from approval of the proposal at the 2019 annual general meeting via special resolution;
- (iii) the date on which any general meeting adopts a special resolution to revoke or change the authorization mentioned in the proposal.

If the Board has signed necessary documents, gone through necessary procedures or taken relevant actions within the validity period of the authorization, and such documents, procedures or actions may need to be performed at or after the end of the validity period of the authorization, or carried out or continued to be completed after the end of the validity period of the authorization, the validity period of the authorization will be extended accordingly.

The Board may exercise the power under the above general mandate only if it complies with the Company Law of the PRC, the Securities Law of the PRC and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) and has obtained all necessary approvals from the CSRC and/or other relevant Chinese government agencies.

Meanwhile, it will be proposed at the general meeting to approve the Board to delegate the above authorization to the chairman of the Board and the president of the Company, jointly or separately sign, execute, modify, complete and submit all agreements, contracts and documents related to the issuance, allotment and dealing with shares under the general mandate, unless otherwise provided by laws and regulations.

The above proposal is subject to consideration and approval by the shareholders of the Company at the general meeting and shall take effect from approval at the general meeting. A circular containing, among other things, details of the above proposal, together with the notice of the general meeting, will be despatched to the shareholders in due course.

## **V. RESIGNATION OF NON-EXECUTIVE DIRECTOR**

The Board received the written resignation letter from Mr. CHEN Bin (“**Mr. CHEN**”), a non-executive director of the Company after the eighteenth meeting of the fourth session of the Board on March 27, 2020. Due to work adjustment, Mr. CHEN applied to resign as a non-executive director and a member of the Remuneration and Nomination Committee to the fourth session of the Board. Mr. CHEN confirmed that he has no disagreement with the Board and there are no other matters in relation to his resignation that need to be notified to the shareholders or The Stock Exchange of Hong Kong Limited.

In accordance with the requirements of the Company Law of the People’s Republic of China and the Articles of Association, the resignation of Mr. CHEN will not render the number of members of the Board falling below the statutory minimum requirement and his resignation will take effect upon the receipt of the resignation report by the Board.

The Board wishes to extend sincere gratitude to Mr. CHEN for his diligence and contributions made to the Company during his tenure as a non-executive director and a member of the Remuneration and Nomination Committee under the Board!

## **VI. PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR**

The Board further announces that, upon nomination by Shanghai Haiyan Investment Management Company Limited, a shareholder of the Company, the Board approved after consideration and proposed to appoint Mr. ZHOU Donghui (“**Mr. ZHOU**”) as a non-executive director the fourth session of the Board. Mr. ZHOU will take office from his appointment is approved at the general meeting till the expiry of the term of office of the fourth session of the Board.

The biographical details of Mr. ZHOU are set out below:

Mr. ZHOU Donghui (周東輝), a Chinese national, born in April 1969, a member of the Communist Party of China, holds a bachelor's degree in accounting and is a senior accountant. He is currently a director and general manager of Shanghai Haiyan Investment Management Company Limited (上海海煙投資管理有限公司). From July 1991 to September 2000, he served as clerk and deputy chief of the financial department of Shanghai Tobacco (Group) Company (上海煙草(集團)公司), from September 2000 to September 2008, he served as deputy manager and manager of the financial department of China Tobacco Shanghai Import and Export Co., Ltd. (中國煙草上海進出口有限責任公司), from September 2008 to April 2011, he served as deputy director of the investment management department of Shanghai Tobacco (Group) Company (now renamed as Shanghai Tobacco Group Co., Ltd. (上海煙草集團有限責任公司)), from August 2010 to April 2011, he served as deputy general manager of Shanghai Haiyan Investment Management Company Limited, from April 2011 to February 2015, he served as deputy director of financial department and deputy director of fund management center of Shanghai Tobacco Group Co., Ltd., from February 2015 to July 2015, he served as standing deputy director of investment department of Shanghai Tobacco Group Co., Ltd. and standing deputy general manager (department-level) of Shanghai Haiyan Investment Management Company Limited, from July 2015 to September 2016, he served as director of investment department of Shanghai Tobacco Group Co., Ltd. and general manager of Shanghai Haiyan Investment Management Company Limited and has served as general manager of Shanghai Haiyan Investment Management Company Limited since September 2016.

As at the date of this announcement and to the best of the Board's knowledge, during the past three years, Mr. ZHOU has not held any directorship in any public company whose securities are listed on any securities market in Hong Kong or overseas. As at the date of this announcement, Mr. ZHOU is not connected with any other directors, supervisors, senior management, substantial shareholders or controlling Shareholders of the Company. Mr. ZHOU has no interest in the shares of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Save as disclosed in this announcement, there is no information that needs to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, nor is there anything that needs to be brought to the attention of shareholders of the Company in relation to the appointment of Mr. ZHOU. Mr. ZHOU has never been subject to any punishment by the CSRC or other related authorities or any sanction by stock exchanges.

As at the date of this announcement, the Company has not entered into any service contract with Mr. ZHOU in relation to his position as a non-executive director of the Company. Mr. ZHOU will not receive remunerations from the Company during his tenure as a non-executive director of the Company.

## VII. APPOINTMENT OF MEMBERS OF THE SPECIAL COMMITTEES UNDER THE BOARD

The Board further announces that, due to the recent change of employee representative director and non-executive director, upon consideration, the Company adjusted the members of the special committees under the Board as follows:

1. According to the relevant requirements of appointment and removal of members under the Rules of Procedure of the Remuneration and Nomination Committee under the Board, it is approved that Mr. ZHOU is appointed as a member of the Remuneration and Nomination Committee under the fourth session of the Board, who shall take office from approval of the proposal on election of him as a non-executive director at the general meeting, with a term terminating upon expiry of the fourth session of the Board.
2. References are made to the announcement of the Company dated February 14, 2020 in relation to the election of non-executive director (employee representative director) and the announcement of the Company dated March 5, 2020 in relation to the appointment of non-executive director (employee representative director). Mr. CHEN Xiaobo was elected as a non-executive director (employee representative director) of the fourth session of the Board at the 7th joint meeting of the third session of the employee congress of the Company, who has taken office since March 5, 2020. According to the relevant requirements of appointment and removal of members under the Rules of Procedure of the Strategy Development Committee under the Board, it is approved that Mr. CHEN Xiaobo elected as a member of the Strategy Development Committee under the fourth session of the Board, who shall take office from the date of this announcement with a term terminating upon expiry of the fourth session of the Board.

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

Shanghai, PRC  
March 27, 2020

*As at the date of this announcement, the Board of Directors comprises Mr. PAN Xinjun and Mr. JIN Wenzhong as executive Directors; Mr. LIU Wei, Mr. WU Junhao, Mr. LI Xiang, Ms. XIA Jinghan, Mr. XU Jianguo and Mr. Chen Xiaobo as non-executive Directors; and Mr. XU Guoxiang, Mr. TAO Xiuming, Mr. WEI Anning, Mr. XU Zhiming and Mr. JIN Qinglu as independent non-executive Directors.*

## APPENDIX I

### THE ARTICLES OF ASSOCIATION BEFORE AND AFTER AMENDMENT

Before amendment	After amendment	Basis of amendment
<p><b>Article 15</b> Within the scope permitted by laws and regulations, the Company may invest in other limited liability companies or joint-stock limited companies, and is accountable to such investees subject to the capital commitment of the Company. The Company can establish wholly-owned subsidiaries or set up subsidiaries with other investors through joint contributions. <b><u>The Company may set up wholly-owned private equity fund subsidiaries and alternative investment subsidiaries with its own funds to engage in private equity fund business, financial products, equity and other alternative investment businesses</u></b> or a subsidiary engaging in other businesses as permitted by the securities regulatory authority.</p>	<p><b>Article 15</b> Within the scope permitted by laws and regulations, the Company may invest in other limited liability companies or joint-stock limited companies, and is accountable to such investees subject to the capital commitment of the Company. The Company can establish wholly-owned subsidiaries or set up subsidiaries with other investors through joint contributions.</p> <p><b><u>With the approval of CSRC, the Company may set up subsidiaries to engage in private investment fund business. The Company may set up subsidiaries to engage in financial products, equity and other alternative investment businesses other than those listed in the List of Securities Proprietary Investment Varieties of Securities Companies</u></b> or a subsidiary engaging in other businesses as permitted by the securities regulatory authority.</p>	<p>Detailed according to the administrative approval feedback requirements of the Shanghai Bureau of the CSRC, and based on Articles 2 and 11 of the Regulations on Management of Alternative Investment Subsidiaries of Securities Companies and Articles 2 and 10 of the Regulations on Management of Private Equity Fund Subsidiaries of Securities Companies</p>
	<p><b>Chapter 3 Section 4 Matters Regarding Equity Administration</b></p>	<p>Newly added based on the Regulations on Equity Administration of Securities Companies</p>

Before amendment	After amendment	Basis of amendment
	<p><b><u>Article 37 The Chairman of the Company is the first responsible person for the Company's equity administration affairs. The secretary to the Board of the Company assists the Chairman and is the direct responsible person for the Company's equity administration affairs.</u></b></p> <p><b><u>The office of the Board of the Company is the department responsible for the Company's equity administration affairs, and organizing the implementation of equity administration affairs.</u></b></p>	Based on Article 28 of the Regulations on Equity Administration of Securities Companies
	<p><b><u>Article 38 Shareholders of the Company shall have full knowledge of shareholders' rights and obligations, fully understand the operating management condition, potential risks and other information of the Company, have reasonable investment expectation and truthful willingness to make capital contributions, and perform the necessary internal decision-making procedures.</u></b></p>	Based on Article 21 of the Regulations on Equity Administration of Securities Companies
	<p><b><u>Article 39 Shareholders shall hold shares for a period in compliance with laws, administrative regulations and relevant requirements of the CSRC.</u></b></p> <p><b><u>The actual controllers of shareholders shall be subject to the same lock-up period as the shareholders of the Company with respect to the equities under their control, except for the circumstances as recognized by CSRC according to the law.</u></b></p>	Based on Article 25 of the Regulations on Equity Administration of Securities Companies



Before amendment	After amendment	Basis of amendment
	<p><b><u>Article 40 Shareholders shall not pledge the equities held by them in the Company during the lockup period. Upon expiration of the lock-up period, the equities pledged by shareholders shall not exceed 50% of the proportion of equities held by them in the Company.</u></b></p> <p><b><u>The shareholders' pledge of their equities in the Company shall not harm the interests of other shareholders and the Company, maliciously evade the requirements regarding the lockup period, agree with the exercise of shareholders' rights such as voting rights by the pledgee or other third parties, and transfer the control over the Company's equities in disguise.</u></b></p>	Based on Article 26 of the Regulations on Equity Administration of Securities Companies
	<p><b><u>Article 41 The shareholder and the actual controllers of the Company shall not have the following conducts:</u></b></p> <p><b><u>(1) making false or untrue capital contributions, withdrawing or withdrawing in disguise capital contributions;</u></b></p> <p><b><u>(2) interfering the operation and management of the Company in violation of laws, administrative regulations or requirements stipulated by the AOA;</u></b></p>	Based on Article 30 of the Regulations on Equity Administration of Securities Companies

Before amendment	After amendment	Basis of amendment
	<p>(3) <u>abusing their rights or influence to occupy the assets of the Company or customers for the purpose of interest transit, which causes harm to the lawful rights and interests of the Company, other shareholders or customers;</u></p> <p>(4) <u>requesting, in violation of requirements, the Company to provide financing or guarantee to them or their related parties, or to force, instruct, assist or accept the financing or guarantee provided by the securities companies with the assets of its securities brokerage customers or securities asset management customers;</u></p> <p>(5) <u>conducting improper related party transactions with the Company, and obtaining improper benefits by taking advantage of its influence on the Company's operation and management;</u></p> <p>(6) <u>entrusting others or accepting entrustment from others to hold or manage the Company's equity, and to accept or transfer the control over the Company's equity in a disguised manner without obtaining approval; and</u></p> <p>(7) <u>engaging in any other actions as prohibited by CSRC.</u></p>	

Before amendment	After amendment	Basis of amendment
	<p><u>The Company, its directors, supervisors, senior management and relevant subjects shall not cooperate with the shareholders and their actual controllers to make the circumstances mentioned above happen.</u></p> <p><u>In the event the Company notices that the shareholders and their actual controllers involved in the above circumstances, it shall take timely measures to prevent such violation from aggravating and report it to the branches of CSRC at the places where the Company is domiciled within two business days.</u></p>	
	<p><u>Article 42 In case of any illegal or improper behaviors related to equity management affairs in violation of laws, administrative regulations and regulatory requirements, shareholders, the Company, persons responsible for equity affairs and relevant personnel shall bear corresponding responsibilities in accordance with the Company Law, Regulations on Equity Administration of Securities Companies and other relevant laws, regulations and normative documents.</u></p>	<p>Based on Article 28 of the Regulations on Equity Administration of Securities Companies</p>

Before amendment	After amendment	Basis of amendment
<p><b><u>Article 46</u></b> <b><u>Change of the register of shareholders arising from share transfer shall not be registered within 30 days before convening of a shareholders' general meeting or within 5 days prior to the record date for the purpose of dividend allocation by the Company.</u></b></p> <p>In the event that the securities regulatory authorities at the locations where the shares of the Company are listed make other provisions, such provisions shall prevail.</p>	<p><b><u>Article 52</u></b> <b><u>Matters involving closure of register of shareholders before a shareholders' general meeting is held or before the Company determines to distribute dividends shall be implemented in accordance with laws, regulations</u></b> and relevant provisions of the securities regulatory authorities where the Company's shares are listed.</p>	<p>Based on the Official Reply of the State Council on the Adjustment of the Notice Period for the General Meeting and Other Matters Applicable to the Overseas Listed Companies of the State Council and the actual condition of the Company</p>
<p><b>Article 58</b> The holders of ordinary shares of the Company shall have the following obligations:</p> <p>(1) to comply with the laws, administrative regulations and the Articles of Association;</p> <p>(2) to make the payment in respect of the shares subscribed for and the method of subscription; <b><u>a shareholder shall not be liable to make further contribution to the share capital other than the terms as agreed by the subscriber at the time of subscription;</u></b></p> <p>(3) to be prohibited from claiming the share capital in respect of its shares, unless otherwise specified by laws or regulations;</p>	<p><b>Article 64</b> The holders of ordinary shares of the Company shall have the following obligations:</p> <p>(1) to comply with the laws, administrative regulations and the Articles of Association;</p> <p>(2) to make the payment in respect of the shares subscribed for and the method of subscription;</p> <p>(3) to be prohibited from claiming the share capital in respect of its shares, unless otherwise specified by laws or regulations;</p>	<p>Based on Articles 22, 23 and 28 of the Regulations on Equity Administration of Securities Companies</p>

Before amendment	After amendment	Basis of amendment
<p>(4) not to abuse rights of shareholder to the detriment of the interests of the Company or other shareholders, or abuse the Company's independent legal person status or the limited liability of the shareholders, to the detriment of the interest of the creditors of the Company;</p> <p>In the event of any damage caused to the Company or other shareholders arising from any abuse of the shareholder's rights, such shareholder shall be liable for compensation in accordance with laws.</p> <p>In the event of any material damage caused to the interests of the creditors of the Company arising from any abuse of the Company's independent legal person status and the limited liability of the shareholders by any shareholder to evade from debts, such shareholder shall be jointly and severally liable for the Company's debts;</p> <p>(5) not to appoint or remove Directors, Supervisors and senior management of the Company without authorization by the shareholders' general meeting and the Board of Directors;</p>	<p>(4) <u>to perform capital contribution obligations in strict compliance with laws and regulations and requirements of CSRC, and to use its own capital which is legally obtained to make contribution into the Company, for which no non-selfowned capital such as entrusted capital shall be used, unless otherwise permitted by laws and regulations;</u></p> <p>(5) <u>to truthfully, accurately, and thoroughly disclose the shareholding structure up to the actual controller and the ultimate equity holder, as well as associations with other shareholders or persons acting in concert, and not to apply concealment or misrepresentation with the intention to circumvent shareholder qualification review or regulation;</u></p>	

Before amendment	After amendment	Basis of amendment
<p>(6) not to intervene in the operation and management activities of the Company by violating laws, administrative regulations and the Articles of Association;</p> <p>(7) other obligations prescribed by laws, administrative regulations and the Articles of Association.</p>	<p>(6) <b><u>major shareholders and controlling shareholders shall supplement capital into the Company when necessary;</u></b></p> <p>(7) <b><u>a shareholder who has not obtained the approval from or has not made due filings with the appropriate regulatory authority, or has not completed mandatory rectification process, is forbidden to exercise such rights of requesting a General Meeting of Shareholders, voting, nomination, making a proposal, and disposing of his or her shareholding;</u></b></p> <p>(8) not to abuse rights of shareholder to the detriment of the interests of the Company or other shareholders, or abuse the Company's independent legal person status or the limited liability of the shareholders, to the detriment of the interest of the creditors of the Company. <b><u>A shareholder who has made false statements, abused his or her rights as a shareholder, or infringed on the interests of the Company, is forbidden to exercise such rights of requesting a General Meeting of Shareholders, voting, nomination, making a proposal, and disposing of his or her shareholding.</u></b></p>	

Before amendment	After amendment	Basis of amendment
	<p>In the event of any damage caused to the Company or other shareholders arising from any abuse of the shareholder's rights, such shareholder shall be liable for compensation in accordance with laws.</p> <p>In the event of any material damage caused to the interests of the creditors of the Company arising from any abuse of the Company's independent legal person status and the limited liability of the shareholders by any shareholder to evade from debts, such shareholder shall be jointly and severally liable for the Company's debts;</p> <p>(9) not to appoint or remove Directors, Supervisors and senior management of the Company without authorization by the shareholders' general meeting and the Board of Directors;</p> <p>(10) not to intervene in the operation and management activities of the Company by violating laws, administrative regulations and the Articles of Association;</p> <p>(11) other obligations prescribed by laws, administrative regulations and the Articles of Association.</p>	

Before amendment	After amendment	Basis of amendment
<p><b>Article 77</b> When the Company convenes a shareholders' general meeting, written notice of the meeting shall be given by the convener <b><u>45 days before the date of the meeting</u></b> to notify all of the shareholders whose names appear in the register of shareholders of the matters to be considered and the date and place of the meeting. <b><u>A shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance at such meeting 20 days before the date of the meeting.</u></b></p>	<p><b>Article 83</b> When the Company convenes a shareholders' general meeting, written notice of the meeting shall be given by the convener <b><u>20 business days before the date of the annual meeting and 10 business days or 15 days (whichever is longer) before an extraordinary general meeting</u></b> to notify all of the shareholders whose names appear in the register of shareholders of the matters to be considered and the date and place of the meeting.</p>	<p>Based on the Official Reply of the State Council on the Adjustment of the Notice Period for the General Meeting and Other Matters Applicable to the Overseas Listed Companies of the State Council and relevant requirements of the Hong Kong Listing Rules</p>
<p><b><u>Article 78</u></b> The Company shall, <b><u>based on the written replies received 20 days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amounts to not less than half of the Company's total voting shares, the Company may hold a shareholders' general meeting; if not, the Company shall within 5 days notify the shareholders by way of public announcement of matters to be considered and the place and date of the meeting.</u></b></p>	<p>Deleted</p>	<p>Based on the Official Reply of the State Council on the Adjustment of the Notice Period for the General Meeting and Other Matters Applicable to the Overseas Listed Companies of the State Council</p>



Before amendment	After amendment	Basis of amendment
<p><b>Article 80</b>       </p> <p>The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities under the State Council <b><u>45 to 50 days prior to the convening of the meeting.</u></b> Once such an announcement is made, all shareholders of the domestic shares shall be deemed to have received the relevant notice of the shareholders' general meeting.</p> <p>The notices of the shareholders' general meeting shall be delivered to the shareholders of overseas listed foreign shares in any of the following manners, <b><u>45 to 50 days prior to the said meeting:</u></b></p> <p>(1)       </p>	<p><b>Article 85</b>       </p> <p>The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities under the State Council <b><u>with reference to the notice period as set out in article 83 of these Articles of Association.</u></b> Once such an announcement is made, all shareholders of the domestic shares shall be deemed to have received the relevant notice of the shareholders' general meeting.</p> <p>The notices of the shareholders' general meeting shall be delivered to the shareholders of overseas listed foreign shares in any of the following manners, <b><u>with reference to the notice period as set out in article 83 of these Articles of Association:</u></b></p> <p>(1)       </p>	<p>Based on the Official Reply of the State Council on the Adjustment of the Notice Period for the General Meeting and Other Matters Applicable to the Overseas Listed Companies of the State Council</p>

Before amendment	After amendment	Basis of amendment
<p><b>Article 129</b> When the Company is to convene a shareholders' class meeting, it shall issue a written notice <b><u>45 days prior to the date of such meeting</u></b> informing all the shareholders who are registered as shareholders of that class in the register of shareholders of the matters to be deliberated at the meeting as well as the time, date and place of the meeting. <b><u>Shareholders who intend to attend the meeting shall deliver their written replies to the Company of their attendance 20 days prior to the date of the meeting.</u></b></p> <p><b><u>In the event that the number of the voting shares represented by shareholders intending to attend the meeting is one half or above of the total number of voting shares of that class, the Company may convene a shareholders' class meeting. Otherwise, the Company shall within five days notify the shareholders once again, by way of public announcement, of the matters to be deliberated at the meeting and the time, date and place of the meeting. Upon notification by public announcement, the Company may then proceed to convene the shareholders' class meeting.</u></b></p>	<p><b>Article 134</b> When the Company is to convene a shareholders' class meeting, it shall issue a written notice <b><u>with reference to the notice period of extraordinary general meetings as set out in article 83 of these Articles of Association</u></b> informing all the shareholders who are registered as shareholders of that class in the register of shareholders of the matters to be deliberated at the meeting as well as the time, date and place of the meeting.</p>	<p>Based on the Official Reply of the State Council on the Adjustment of the Notice Period for the General Meeting and Other Matters Applicable to the Overseas Listed Companies of the State Council</p>

Before amendment	After amendment	Basis of amendment
<p><b>Article 135</b> Directors who are not employee representatives shall be elected or replaced at the shareholders' general meeting. A Director shall serve a term of three <u>years, and</u> may seek reelection upon expiry of the said <u>term</u>. The term of a Director shall be calculated from the date upon which the resolution was approved at the shareholders' general meeting to the expiry of the current Board of Directors.</p> <p><b><u>The shareholders' general meeting shall not dismiss any Director without valid reasons prior to the expiry of his/her service term.</u></b> If a Director who is not an employee representative is removed by the shareholders' general meeting before his/her term of office expires, relevant explanation shall be provided. The Director being removed shall be entitled to state his/her opinion to the shareholders' general meeting, CSRC or its delegated authority.</p> <p>.....</p>	<p><b>Article 140</b> Directors who are not employee representatives shall be elected or replaced at the shareholders' general meeting <b><u>and could be removed from their office by the shareholders' general meeting before the expiry of the term thereof.</u></b> A Director shall serve a term of three years <u>and</u> may seek reelection upon expiry of the said term. The term of a Director shall be calculated from the date upon which the resolution was approved at the shareholders' general meeting to the expiry of the current Board of Directors.</p> <p>If a Director who is not an employee representative is removed by the shareholders' general meeting before his/her term of office expires, relevant explanation shall be provided. The Director being removed shall be entitled to state his/her opinion to the shareholders' general meeting, CSRC or its delegated authority.</p> <p>.....</p>	Based on the Guidelines on Articles of Association of Listed Companies (Revised in 2019)
<p><b>Article 141</b> If any Director fails to attend board meetings in person or by proxy for three consecutive times, the said Director shall be deemed incapable of performing his/her duties and the Board of Directors shall suggest that the shareholders' general meeting dismiss the said Director.</p>	<p><b>Article 146</b> If any Director fails to attend board meetings in person or by proxy for <b><u>two</u></b> consecutive times, the said Director shall be deemed incapable of performing his/her duties and the Board of Directors shall suggest that the shareholders' general meeting dismiss the said Director.</p>	Based on the Guidelines on Articles of Association of Listed Companies (Revised in 2019)

Before amendment	After amendment	Basis of amendment
<p><b>Article 185</b> A person shall not serve as a President of the Company if such person faces any of the circumstances specified in Article 146 of the Company Law or in Article 131 of the Securities Law, or has been prohibited from entering the market by the CSRC, where such prohibition has not been removed. The senior management of the Company shall not either involve in operation and management of other economic entities or serve concurrently other securities firms or economic entities whose business is in competition with ours. A person who holds a post other than a Director in an entity owned by the controlling shareholder or <b>actual controller</b> of the Company shall not act as the senior management of the Company.</p>	<p><b>Article 190</b> A person shall not serve as a President of the Company if such person faces any of the circumstances specified in Article 146 of the Company Law or in Article 131 of the Securities Law, or has been prohibited from entering the market by the CSRC, where such prohibition has not been removed. The senior management of the Company shall not either involve in operation and management of other economic entities or serve concurrently other securities firms or economic entities whose business is in competition with ours. A person who holds <b>an administrative post</b> other than a Director, <b>supervisor</b> in an entity owned by the controlling shareholder of the Company shall not act as the senior management of the Company.</p>	Based on the Guidelines on Articles of Association of Listed Companies (Revised in 2019)
<p><b>Article 258</b> If the position of the Company's accounting firm becomes vacant, <b><u>the Board of Directors may engage an accounting firm to fill such vacancy prior to convening the shareholders' general meeting but such engagement shall be confirmed at the next annual general meeting.</u></b> Any other accounting firm which has been engaged by the Company may continue to perform its duties during the period in which a vacancy exists.</p>	<p><b>Article 263 <u>The appointment of an accounting firm by the Company shall be determined by the shareholders' general meeting. The Board may not appoint an accounting firm before the decision is made by the general meeting.</u></b> If the position of the Company's accounting firm becomes vacant, any other accounting firm which has been engaged by the Company may continue to perform its duties during the period in which a vacancy exists.</p>	Based on the Guidelines on Articles of Association of Listed Companies (Revised in 2019)

*Note:* as the addition of certain chapters and articles due to the amendments of the Articles of Association leads to a change in the number of chapters and articles of the original Articles of Association, the amended Articles of Association will be renumbered accordingly. The amended Articles of Association shall also be revised accordingly for any changes to the cross-referencing of chapter and article numbers in the original Articles of Association. The Articles of Association are prepared in Chinese and there is no official English version. Therefore, any English translation serves as a reference only. In case of any inconsistencies between the Chinese and English version, the former shall prevail.