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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) PROPOSED GENERAL MANDATE TO ISSUE OFFSHORE DEBT FINANCING INSTRUMENTS
  - (2) PROPOSED AMENDMENTS TO CERTAIN ARTICLES OF THE ARTICLES OF ASSOCIATION, THE RULES OF PROCEDURE FOR THE GENERAL MEETINGS AND THE RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS
  - (3) PROVISION FOR ASSET IMPAIRMENT
  - (4) PROPOSED CONTINUING CONNECTED TRANSACTIONS
  - (5) PROJECTED INTRAGROUP GUARANTEES FOR THE YEAR 2024
- AND
- (6) PROPOSED CHANGE OF ACCOUNTING FIRM

The board of directors (the "Board") of 東方證券股份有限公司 (the "Company") hereby announces that:

### I. PROPOSED GENERAL MANDATE TO ISSUE OFFSHORE DEBT FINANCING INSTRUMENTS

References are made to the circular of the Company dated April 22, 2021 in relation to, among other things, the proposed general mandate to issue offshore debt financing instruments and the relevant poll results announcement dated May 13, 2021. Pursuant to the Proposal Regarding the General Mandate to Issue Offshore Debt Financing Instruments of the Company (《關於公司發行境外債務融資工具一般性授權的議案》) considered and approved at the 2020 annual general meeting of the Company held on May 13, 2021, the maximum balance of the outstanding balance after the issuance of the offshore debt financing instruments shall not exceed RMB23 billion or its equivalent. The resolution will expire on May 13, 2024.

For the purpose of ensuring the development of the Company's business, maintaining liquidity safety and serving the Company's strategic layout, it is proposed to the general meeting of the Company (the "**General Meeting**") to grant a package of authorizations for the issuance of the Company's offshore debt financing instruments (the "**Offshore Debt Financing Instruments**"), details of which are as follows:

**1. Issue methods**

Offshore Debt Financing Instruments will be issued through public or non-public offering, on a one-off or multiple issuances or multi-tranche issuances basis.

**2. Issue type**

According to the actual conditions, the issuance will be in the form of bonds, subordinated bonds or structural notes, including but not limited to offshore bonds, in RMB or foreign currencies, or subordinated bonds, notes (including but not limited to commercial notes), loans, syndicated loans and debt financing instruments to be drawn and issued under medium-term notes, etc.

**3. Issue size**

The maximum balance of the outstanding balance after the issuance of the Offshore Debt Financing Instruments shall not exceed RMB23 billion. For instrument denominated in foreign currency, it shall be based on the median exchange rate published by the People's Bank of China on the date of issuance and shall be in compliance with the requirements prescribed in the relevant laws and regulations on the maximum amount of the specific debt financing instruments to be issued.

**4. Issuer**

The issuer of Offshore Debt Financing Instruments can be one of the following entities according to the needs of the issuance:

- (1) the Company;
- (2) offshore wholly-owned subsidiaries of the Company;
- (3) on the premise of fulfilling the following conditions 1, 2 and 3, a directly or indirectly wholly-owned offshore subsidiary established overseas by the Company can be the issuer of Offshore Debt Financing Instruments to issue, on a one-off or multiple issuances or multi-tranche issuances basis, Offshore Debt Financing Instruments overseas.

- 1 The wholly-owned offshore subsidiaries are established in Hong Kong or other appropriate offshore jurisdictions while the Company directly or indirectly holds 100% interest of those wholly-owned offshore subsidiaries.

- 2 The registered capital of the proposed directly or indirectly wholly-owned offshore subsidiaries shall not be higher than US\$10,000 or the equivalent amount in other currencies. The name of the entity will be subject to the final version approved by the approving and registering authorities.
- 3 The mandate will be granted at the general meeting and all necessary approval processes required by the regulatory authorities will have been fulfilled. The issuer will be determined in accordance with relevant laws and regulations as well as the advice and recommendations of regulatory authorities, the Company's actual needs for funding and the then prevailing market conditions at the time of issuance.

**5. Issue term**

The term of the Offshore Debt Financing Instruments shall be no longer than 10 years (inclusive). It may have single or multiple combined maturities.

**6. Issue interest rate, way of payment and issue price**

The interest rate and payment methods of the issuance of Offshore Debt Financing Instruments will be determined by the issuer and sponsor or lead underwriter (if any) in accordance with the then prevailing market conditions at the time of issuance and relevant provisions. Issue price will be determined in accordance with the then prevailing market conditions at the time of issuance and relevant laws and regulations.

**7. Security and other arrangements**

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

**8. Use of proceeds**

The proceeds raised from the issuance of Offshore Debt Financing Instruments shall be used to fund business operation needs of the Company, repay due debts, replenish the capital funds, improve the debt structure of the Company, supplement working capital of the Company and/or make project investment. Specific use of proceeds is subject to the actual capital requirements of the Company.

**9. Target subscribers**

The target subscribers of the Offshore Debt Financing Instruments shall be investors whom meet the conditions for subscription, and the specific target subscribers shall be determined in accordance with relevant laws and regulations, market conditions and specific matters relating to the issuance.

**10. Listing of debt financing instruments**

Application for listing of the Offshore Debt Financing Instruments shall be determined in accordance with domestic and overseas laws and regulations and regulatory requirements, and based on the actual conditions of the Company and prevailing market conditions at the time of issuance.

**11. Authorization of issuance of Offshore Debt Financing Instruments**

To ensure effective coordination for the issuance of Offshore Debt Financing Instruments and other matters in connection with the issuance, a resolution will be proposed at the General Meeting to authorize the Board, and agree the Board in turn to further authorize the management of the Company (“**Authorized Representatives**”) to deal with, at its/their sole discretion, all matters in connection with the issuance of Offshore Debt Financing Instruments in accordance with the relevant laws and regulations as well as the advice and recommendations from regulatory authorities, within the framework and under the principles approved at the General Meeting, in order to maximize the interest of the Company, including but not limited to:

- 1 formulation and adjustment of the details of the proposal for issuance of Offshore Debt Financing Instruments in accordance with the applicable laws, regulations and relevant provisions from regulatory authorities as well as resolutions passed at the General Meeting, and based on the actual conditions of the Company and the specific conditions of the relevant debt market, including without limitation, the determination of the suitable issuer(s), timing of issue, details of issue size and method, terms of issue, issue targets, maturity, whether to issue on a one-off, multiple issuances, multi-tranche issuances or multiple-category issuances basis and, if on multiple issuances, multi-tranche issuances or multiple-category issuances basis, the issue size and term of each issuance, tranche and category, the methods in which the nominal value and interest rate are determined, currency (including offshore RMB), pricing method, issuance arrangements, credit enhancement arrangements including letter of guarantee or letter of support, rating arrangement, details of subscription method, whether to incorporate terms of repurchase or redemption, details of placement arrangements, use of proceeds, registration, listing of Offshore Debt Financing Instruments and place of listing, measures to mitigate repayment risks, measures to ensure debt repayment (if applicable), etc. and all matters in connection with the issuance of Offshore Debt Financing Instruments;
- 2 handling, at its/their sole discretion, the establishment of directly or indirectly wholly-owned offshore subsidiaries and all related matters, including but not limited to procedures at home or abroad such as approval, filing and registration, in relation to the issuance of Off-shore Debt Financing Instruments according to relevant provisions;

- 3 determining and engaging intermediary agency, signing, implementing, amending and completing all agreements and documents relating to the issuance of Offshore Debt Financing Instruments, including without limitation, the sponsor agreement, underwriting agreement, credit enhancement agreements such as guarantee agreement or letter of support, bond indenture, engagement letter with intermediary agency, trust agreement, settlement management agreement, registration and custody agreement, listing agreement and other legal documents, etc., and disclosing the relevant information in accordance with the relevant laws, regulations and the listing rules of the stock exchanges on which the Company's securities are listed (including without limitation, the preliminary and final offering memoranda of the debt financing instruments, and all announcements and etc. in relation to the issuance of Offshore Debt Financing Instruments);
- 4 selecting and engaging trustee manager(s) and settlement manager(s) for the issuance of Offshore Debt Financing Instruments, signing the trustee agreement(s) and settlement management agreement(s) and (if applicable), formulating rules for meetings of the holders of the debt financing instruments;
- 5 undertaking all applications and filings as well as listing matters (if applicable) in connection with the issuance of Offshore Debt Financing Instruments, including without limitation, preparing, revising and submitting relevant application and filing materials relating to the issuance and listing of the Offshore Debt Financing Instruments and application and filing materials in respect of credit enhancement agreements such as guarantee or letter of support to be provided by the Company, the issuer and/or third party, and signing the relevant application and filing documents and other legal documents;
- 6 making relevant adjustments to matters relating to the issuance of Offshore Debt Financing Instruments according to the advice of and changes in the policies of regulatory authorities or the changes in market conditions, or determining whether to continue with all or part of the work in respect of the issuance of Offshore Debt Financing Instruments in accordance with the actual conditions, unless re-approval by the shareholders at the general meeting is otherwise required pursuant to the relevant laws, regulations and the articles of association of the Company;
- 7 dealing with other relevant matters in connection with the issuance of Offshore Debt Financing Instruments.

## 12. Validity period of resolution

The resolutions regarding the issuance of Offshore Debt Financing Instruments shall be valid from the date of consideration and approval at the General Meeting to the date of convening the 2026 annual general meeting. Where the Board and/or its Authorized Representatives have, during the term of the authorization, decided the issuance or partial issuance of Offshore Debt Financing Instruments, and provided that the Company has also, during the term of the authorization, obtained the approval or license from or completed filing or registration (if applicable) with regulatory authorities on the issuance, the Company may, during the validity period of such approval, license, filing or registration, complete the issuance or relevant partial issuance of Offshore Debt Financing Instruments.

The Company will allocate resources reasonably according to the annual asset-liability allocation plan and annual financing plan, so as to enhance coordinated management over offshore debts, improve capital utilization efficiency, control financing cost and ensure that the Company maintains liquidity safety, and all businesses are carried out in an orderly manner.

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 published on the website of the HKExnews ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.dfzq.com.cn](http://www.dfzq.com.cn)) and will be despatched to the Shareholders who have indicated their wish to receive a printed copy in due course.

## II. PROPOSED AMENDMENTS TO CERTAIN ARTICLES OF THE ARTICLES OF ASSOCIATION, THE RULES OF PROCEDURE FOR THE GENERAL MEETINGS AND THE RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS

In accordance with the Constitution of the Chinese Communist Party, the Work Regulations for Grassroots Organizations of the Communist Party of China in State-owned Enterprises (for Trial Implementation), the Company Law of the People's Republic of China (the "**Company Law**"), the Reply of the State Council on the Adjustment of the Notice Period of the General Meetings and Other Matters Applicable to Overseas Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (the "**Hong Kong Listing Rules**"), the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the "**SSE Listing Rules**"), the Measures for the Administration of Independent Directors of Listed Companies, the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operations, and the Guidelines for the Articles of Association of Listed Companies, etc. and other relevant laws and regulations and the actual situation of the Company, the Board proposes to amend the Articles of Association of the Company (the "**Articles of Association**") and its annexes of the rules of procedure for the general meetings (the "**Rules of Procedure for the General Meetings**") and the rules of procedure for the board of directors (the "**Rules of Procedure for the Board of Directors**"), details of which are set out in Appendices I, II and III to this announcement. Except for the amendments mentioned in the Appendices, the other provisions of the existing Articles of Association and Appendices remain unchanged.

The proposed amendments to the Articles of Association, the Rules of Procedure for the General Meetings and the Rules of Procedure for the Board of Directors are subject to the consideration and approval by the Shareholders at the General Meeting by way of special resolution. The amended Articles of Association, the Rules of Procedure for the General Meetings and the Rules of Procedure for the Board of Directors will take effect on the date of consideration and approval at the General Meeting. Prior to that, the existing Articles of Association, the Rules of Procedure for the General Meetings and the Rules of Procedure for the Board of Directors remain effective.

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 published on the website of the HKExnews ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.dfzq.com.cn](http://www.dfzq.com.cn)) and will be despatched to the Shareholders who have indicated their wish to receive a printed copy in due course.

### III. PROVISION FOR ASSET IMPAIRMENT

The Company discloses below pursuant to the Inside Information Provisions (as defined under the Hong Kong Listing Rules and Rule 13.09 (2) of the Hong Kong Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### 1. Overview of provision for asset impairment

Pursuant to the relevant provisions of the China Accounting Standards for Business Enterprises (the "CASBE") and the accounting policies of the Company, in order to more truthfully and fairly reflect the financial position of the Company as at December 31, 2023 and the operating results for 2023, after the assessment of the expected credit losses of the relevant assets by the Company and its subsidiaries, a total provision for asset impairment of RMB298,255,200 was made in the second half of 2023, details of which are as follows:

		<i>Unit: RMB0' 000</i>
		<b>Provision for the second half of 2023</b>
<b>Name of asset</b>		<b></b>
1. Credit impairment losses		7,630.84
Including: Financial assets held under resale agreements		5,442.12
Margin accounts		197.20
Debt investments		-1.52
Other debt investments		2,353.43
Others		-360.39
2. Impairment losses on assets		22,194.68
Including: Long-term equity investment		22,000.00
Others		194.68
		<hr/>
<b>Total</b>		<b><u><u>29,825.52</u></u></b>

## **2. Specific description of provision for asset impairment**

### **(1) *Financial assets held under resale agreements***

Pursuant to the CASBE and the relevant accounting policies of the Company, as affected by factors such as changes in the credit status of financiers and changes in the market value of collaterals, the provision for impairment of financial assets held under resale agreements was RMB54,421,200 in the second half of 2023, which was mainly due to the provision for impairment of stock pledge projects that failed to perform repurchase or supplementary pledge obligations in accordance with the agreement.

### **(2) *Advances to customers***

Pursuant to the CASBE and the relevant accounting policies of the Company, the provision for impairment of margin accounts was RMB1,972,000 in the second half of 2023.

### **(3) *Debt investment***

Pursuant to the CASBE and the relevant accounting policies of the Company, the provision for impairment of debt investments of RMB15,200 was reversed in the second half of 2023.

### **(4) *Other debt investment***

Pursuant to the CASBE and the relevant accounting policies of the Company, as affected by the decline in the credit rating of the debtors, the provision for impairment of other debt investments was RMB23,534,300 in the second half of 2023.

### **(5) *Other credit impairment***

Pursuant to the CASBE and the relevant accounting policies of the Company, the reversal of other credit impairment provisions in the second half of 2023 amounted to RMB3,603,900.

**(6) Long-term equity investment**

Pursuant to the Accounting Standards for Business Enterprises and the relevant accounting policies of the Company, a provision for impairment of long-term equity investments of RMB220,000,000 was made in the second half of 2023.

**(7) Impairment of other assets**

Pursuant to the Accounting Standards for Business Enterprises and the relevant accounting policies of the Company, the provision for impairment of other assets in the second half of 2023 amounted to RMB1,946,800.

**3. Impact of provisions for asset impairment on the Company**

In the second half of 2023, the Company made provisions for asset impairment totaling RMB298,255,200, which reduced the Company's total profit in 2023 by RMB298,255,200 and the Company's net profit in 2023 by approximately RMB223,691,400.

**IV. PROPOSED CONTINUING CONNECTED TRANSACTIONS**

**Background**

On March 27, 2024, the Board considered and approved a resolution, pursuant to which the Company proposed to enter into the continuing connected transactions under framework agreement (“**Framework Agreement**”) with Shenergy (Group) Company Limited (“**Shenergy Group**”) in relation to the transactions of the securities and financial services, the securities and financial products transactions and the purchase of goods and services that have been and will continue to be carried out between the Company and its subsidiaries (“**Group**”) and Shenergy Group and its associates (“**associates**”, has the meaning ascribed thereto under the Hong Kong Listing Rules) in the ordinary and usual course of business for a period from January 1, 2024 to December 31, 2026.

**Principal Terms and Conditions of the Framework Agreement to be Entered into**

**Parties**

The Company and Shenergy Group

**Term**

January 1, 2024 to December 31, 2026

## **Securities and Financial Services**

The securities and financial services include but are not limited to:

1. Securities and futures brokerage services: including but not limited to securities brokerage and related financial services, brokerage services for treasury bond futures and other futures;
2. Securities and financial products sales services: including but not limited to providing agency sale services of financial products for clients;
3. Underwriting and sponsoring services: including but not limited to sponsoring, underwriting and continuous supervision services for issuance of stocks, fixed income products, structured products and other derivative products;
4. Financial consultation services: including but not limited to financial consultation services for corporate restructuring, mergers and acquisitions and reorganization;
5. Entrusted asset management services: including but not limited to providing asset management services for clients' entrusted assets;
6. Foreign exchange settlement and sales services: including but not limited to spot settlement and sale of foreign exchange for clients;
7. Securities financing services: including but not limited to providing margin financing and securities lending services for clients;
8. Asset custody services: including but not limited to providing asset custody and fund services for clients;
9. Insurance services: including but not limited to providing diversified insurance services for clients; and
10. Securities and financial advisory and consultation and other securities and financial services.

The pricing basis for various securities and financial services under the Framework Agreement are as follows:

1. Securities and futures brokerage services: as commission rates for brokerage services are generally transparent and standardized in the market, the commission rates will be determined after arm's length negotiation between the contracting parties with reference to the requirements of relevant laws and regulations, as well as the commission rates applicable to independent third parties and the estimated size of brokerage transactions;
2. Securities and financial products sales services: service fees will be determined based on factors including market prices, industry practice and the total sales amount of financial products, with reference to the rates charged by the Group for providing sales services in respect of products of a similar type and nature;
3. Underwriting and sponsoring services: due to intensive competition in the market of underwriting and sponsorship services, the service rates and related fees are highly transparent and standardized. The service fees will be determined after arm's length negotiation between the contracting parties with reference to the requirements of relevant laws and regulations and taking into account a number of factors, including prevailing market conditions, the size of the proposed issue, general market rates for recent issues of similar nature and size, and the fee rates applicable to independent third parties for similar services;
4. Financial consultation services: the fees for financial consultation services are highly transparent and standardized in the market, and will be determined after arm's length negotiation between the contracting parties with reference to the requirements of relevant laws and regulations and taking into account factors such as prevailing market conditions, the nature and size of the transaction and the fee rates applicable to independent third parties for similar services;
5. Entrusted asset management services: the rates for asset management services are highly transparent and standardized in the market, and the service fees will be determined after arm's length negotiations between the contracting parties with reference to the requirements of relevant laws and regulations and taking into account factors such as the size of the entrusted assets, the complexity of specific services and the fee rates applicable to independent third parties for similar services;
6. Foreign exchange settlement and sale services: the exchange rates for the transactions of settlement and sale of foreign exchange will be determined after arm's length negotiations between the contracting parties by taking into account factors such as the prevailing exchange rate in interbank foreign exchange market, the scale of the transaction and the exchange rate standards applicable to independent third parties for similar services;

7. Securities financing services : the fees for securities financing services shall be determined after arm's length negotiations between the parties with reference to the fees applicable to independent third parties;
8. Asset custody services: the fees for asset custody services shall be determined after arm's length negotiations with reference to the prevailing market rates for transactions of similar type and scale;
9. Insurance services: the fees for such services are highly transparent and standardized in the market. With reference to the prevailing market rates of comparable insurance plans, different procurement bidding processes are performed according to different target amounts to determine the reasonableness of the prices. The prices are determined after arm's length negotiations between the parties with reference to the market rates; and
10. Securities and financial advisory and consultation and other securities and financial services: the fees for such services will be determined after arm's length negotiations between the contracting parties in accordance with relevant applicable laws and regulations and with reference to prevailing market prices, the nature of the transaction, the cost of different services and the fee rates applicable to independent third parties for similar services.

The terms of various securities and financial services provided by the Group under the Framework Agreement shall be comparable to those provided to other independent institutional clients of similar profile and transaction amount. The financial services under the Framework Agreement shall be subject to the same internal approval and monitoring procedures and the same or stricter pricing policies applicable to independent clients.

For the three financial years ended December 31, 2023, the historical amounts of securities and financial services between the Group and Shenergy Group and its associates are as follows:

	<b>Approximate historical data (RMB in ten thousands)</b>		
	<b>For the year ended December 31, 2021</b>	<b>For the year ended December 31, 2022</b>	<b>For the year ended December 31, 2023</b>
<b>Securities and financial services</b>			
Total income received by the Group for the provision of securities and financial services to Shenergy Group and its associates	963	312	606
Total expenditures paid by the Group for receiving securities and financial services provided by Shenergy Group and its associates or providing Shenergy Group and its associates with securities and financial services	20	48	5

The Company estimates that the proposed annual caps for the securities and financial services between the Group and Shenergy Group and its associates for the three financial years ending December 31, 2026 are as follows, and relevant transaction consideration will be settled in cash at the time of each transaction:

	<b>Proposed annual caps (RMB in ten thousands)</b>		
	<b>For the year ending December 31, 2024</b>	<b>For the year ending December 31, 2025</b>	<b>For the year ending December 31, 2026</b>
<b>Securities and financial services</b>			
Total income to be received by the Group for the provision of securities and financial services to Shenergy Group and its associates	10,000	12,000	14,000
Total expenditures to be paid by the Group for receiving securities and financial services provided by Shenergy Group and its associates or providing Shenergy Group and its associates with securities and financial services	8,000	8,000	8,000

When estimating the annual caps for securities and financial services between the Group and Shenergy Group and its associates, the Company has considered the following major factors:

1. Approximate historical data of the securities and financial services between the Group and Shenergy Group and its associates for the three financial years ended December 31, 2023.
2. The Group participates in various financing activities of Shenergy Group and its associates through the provision of investment banking services in the ordinary course of business, and will continue to provide underwriting services for various bonds issued by Shenergy Group and its associates, and provide underwriting, sponsoring and financial consultation, and custodian services for its equity financing; and it is expected that the Group will obtain stable income from Shenergy Group and its associates in the next three years by providing securities and futures brokerage, underwriting, sponsoring and financial consultation services.

3. The Group has strengths and expertise in provision of financial services such as research, investment consultation and asset management. With the expansion of the Group's existing businesses and the launch of new businesses, it is expected that the Group's cooperation with Shenergy Group and its associates will continue to increase in the next three years, and the Group's income from Shenergy Group and its associates for advisory and consultancy and asset management services is likely to grow substantially.
4. As a listed securities and financial holding group established as approved by CSRC, the Group provides all-round, one-stop, professional and comprehensive financial services covering securities, futures, asset management, wealth management, investment banking, investment consultancy and securities research, and will further deepen industrial and financial capital integration and propose to implement and create special advantages and build up brand name in energy financing sector. In view of the Company's development strategies of the integration of industry and finance and the business plans of relevant segments, it is expected that the Group will obtain stable income by providing various securities and financial services to Shenergy Group and its associates in the next three years.
5. The Group provides other securities and financial services such as brokerage, margin financing and securities lending services to Shenergy Group and its associates in the ordinary course of business. As the financial market continues to grow, it is expected that Shenergy Group and its associates will further deepen their involvement in financial market activities and the fees to be paid by the Group to Shenergy Group and its associates are expected to gradually increase.
6. The Group expects to pay the interest expenses for the repurchase transactions between the Group and Shenergy Group and its associates on normal commercial terms.
7. Shenergy Group's new insurance service subsidiaries are expected to provide diversified insurance services to the Group, and the Group is expected to pay the corresponding insurance premiums for such transactions.

### **Securities and Financial Products Transactions**

The securities and financial products transactions include but are not limited to:

1. Transactions related to equity products, non-equity products and their derivative products: including but not limited to stocks, bonds, funds, trusts, wealth management products, asset management plans, asset securitization products, swaps, futures, options, forwards and other financial products;
2. Transactions related to financing: Financing activities between financial institutions, including but not limited to interbank lending; repurchase; cross holding of debt instruments such as income certificates, short-term financing bills, subordinated bonds and corporate bonds; and
3. Other securities and financial products transactions as permitted by the regulatory authorities.

The pricing basis for various securities and financial products transactions under the Framework Agreement are as follows:

1. Securities and financial products transactions are mainly conducted through the interbank bond market and exchanges (including exchange-traded bond markets and futures exchanges). The pricing of such transactions is subject to relevant laws and regulations and under strict supervision and shall be conducted at prevailing market prices.

The subscription of securities and financial products is conducted in accordance with the subscription price and conditions of the product; on-market transactions of securities and financial products shall be conducted at the then applicable market prices or market rates of that type of securities and financial product; the over-the-counter and other transactions of securities and financial products shall be conducted by mutual negotiation based on the then applicable market price or market rates for that type of securities and financial products; if there is no prevailing market price or market rate applicable for that type of securities and financial product, the price or rate for that transaction shall be the price or rate negotiated by both parties in accordance with the arm's length principle.

2. For borrowing and lending among financial institutions, transactions shall be conducted with reference to the Shanghai Interbank Offered Rate at the prevailing rates quoted in the interbank money market, and the pricing shall comply with relevant laws and regulations and be subject to strict supervision.

The Group's financing transactions are negotiated and determined by both parties based on the then applicable market rates of independent transaction parties of that type.

For the three financial years ended December 31, 2023, the historical amounts of the securities and financial products transactions between the Group and Shenergy Group and its associates are as follows:

<b>Securities and financial products transactions</b>	<b>Approximate historical data (RMB in ten thousands)</b>		
	<b>For the year ended December 31, 2021</b>	<b>For the year ended December 31, 2022</b>	<b>For the year ended December 31, 2023</b>
Total capital inflow arising from securities and financial products transactions between the Group and Shenergy Group and its associates	–	–	–
Total capital outflow from securities and financial products transactions between the Group and Shenergy Group and its associates	4,600	1,500	–

The Company expects that the proposed annual caps for the securities and financial products transactions between the Group and Shenergy Group and its associates for the three financial years ending December 31, 2026 are as follows, and relevant transaction consideration will be settled in cash at the time of each transaction:

<b>Securities and financial products transactions</b>	<b>Proposed annual caps (RMB in ten thousands)</b>		
	<b>For the year ended December 31, 2024</b>	<b>For the year ended December 31, 2025</b>	<b>For the year ended December 31, 2026</b>
Total capital inflow arising from securities and financial products transactions between the Group and Shenergy Group and its associates	30,000	40,000	50,000
Total capital outflow from securities and financial products transactions between the Group and Shenergy Group and its associates	30,000	30,000	30,000

In particular, the subscriptions by Shenergy Group and its associates of the income certificates issued by the Group shall be conducted on normal commercial terms at the issue price determined after taking into account factors such as comparable market interest rates and the liquidity position of the Group, and are not secured by the assets of the Group. These subscriptions constitute exempted continuing connected transactions under Rule 14A.90 of the Hong Kong Listing Rules and are not subject to a cap.

When estimating the annual caps for the securities and financial products transactions between the Group and Shenergy Group and its associates, the Company has considered the following major factors:

1. Approximate historical data of the securities and financial products transactions between the Group and Shenergy Group and its associates for the three financial years ended December 31, 2023.

2. With the continuous growth of the financial market and the introduction of new securities and financial products, the Company, as a listed securities and financial holding group established as approved by CSRC which provides all-round, one-stop, professional and comprehensive financial services covering securities, futures, asset management, wealth management, investment banking, investment consultancy and securities research, will further deepen the integration of industry and finance and propose to implement and create special advantages and build up brand name in energy financing sector. As such, the Group expects that the securities and financial products transactions between the Group and Shenergy Group and its associates will maintain at a relatively high level in the next three years. In addition, given that a single securities and financial products transaction is usually in large amount, it is possible that the total inflow and outflow of funds arising from the securities and financial products transactions between the Group and Shenergy Group and its associates in a single year may be lower than expected if the Company enters into fewer securities and financial products transactions with Shenergy Group and its associates based on the prevailing market conditions and the Group's situation at that time.

The incomes (due to cash inflow to Shenergy Group and its associates from the securities and financial products transactions) and expenditures (due to cash inflow to the Group from the securities and financial products transactions) of the Group derived from the above securities and financial products transactions have been included in the incomes and expenditures of securities and financial services.

#### **Purchase of Goods and Services**

The purchase of goods and services contemplated under the Framework Agreement includes services received by the Group and provided by Shenergy Group and its associates within their scope of operation, including but not limited to:

Receiving goods and services such as electricity, town gas, natural gas, gas stoves, gas appliances and gas kitchen equipment; and receiving property management, gas transmission and distribution, gas project planning, design and construction, labor services, research and consultancy, training, lease of property and other services.

The pricing basis for purchase of goods and services under the Framework Agreement are as follows:

The pricing basis for the purchase of goods and services are determined after arm's length negotiations between the contracting parties in accordance with relevant applicable laws and regulations with reference to the prevailing market prices and on normal commercial terms. The Group has reached an agreement in principle with Shenergy Group and its associates on relevant pricing mechanism and the prices will be determined as follows:

1. Should there be a government pricing directive, the government directive price shall prevail; or
2. In the absence of any government pricing directive currently applicable, the government directive price previously promulgated by the competent government authority shall be adopted as the basic price and adjusted with reference to the procurement or service costs of Shenergy Group and its associate;
3. The price as adjusted by item 2 above shall be fair and reasonable.

For the three financial years ended December 31, 2023, the historical amounts of purchase of goods and services by the Group from Shenergy Group and its associates are as follows:

	<b>Approximate historical data (RMB in ten thousands)</b>		
	<b>For the year ended December 31, 2021</b>	<b>For the year ended December 31, 2022</b>	<b>For the year ended December 31, 2023</b>
<b>Purchase of goods and services</b>			
Total expenses paid by the Group for purchase of goods and services from Shenergy Group and its associates	2,239	1,946	1,931

The Group estimates that the proposed annual caps for the purchase of goods and services by the Group from Shenergy Group and its associates for the three financial years ending December 31, 2026 are as follows, and relevant transaction consideration will be settled in cash at the time of each transaction:

	<b>Proposed annual cap (RMB in ten thousands)</b>		
	<b>For the year ended December 31, 2024</b>	<b>For the year ended December 31, 2025</b>	<b>For the year ended December 31, 2026</b>
<b>Purchase of goods and services</b>			
Total expenses to be paid by the Group for purchase of goods and services from Shenergy Group and its associates	5,000	6,000	8,000

When estimating the annual caps for the amounts paid by the Group for the purchase of goods and services from Shenergy Group and its associates, the Company has made reference to the above historical data and has also taken into account certain contracts entered into, the electricity, gas and property management services to be purchased by the Group from Shenergy Group and its associates in the next three years, and the expected potential growth in expenditure.

#### **Internal Control Measures for Continuing Connected Transactions**

The Group has formulated internal guidelines and policies on connected transactions which provided detailed regulations on key aspects such as identification, initiation, pricing, decision-making and disclosure of connected transactions and set out the approval procedures for connected transactions.

The terms of transactions (including pricing terms) of the proposed securities and financial services, securities and financial products transactions and purchase of goods and services shall be similar to those provided by/available to independent third parties for similar services and shall be subject to the same internal selection, approval and monitoring procedures and pricing policies as those applicable to independent third parties.

Each department or subsidiary initiating connected transactions of the Company reviews the necessity, reasonableness and fairness of pricing of connected transactions, and is responsible for monitoring whether the actual transaction amount exceeds the annual cap, and properly maintaining and storing any documents and records related to connected transactions; the compliance department of the Company reviews the compliance of the proposed connected transactions; the Board office, the planned financial management department and other relevant departments regularly compile the data to ensure that the actual amount does not exceed the annual cap and remind the business departments to manage and control the related connected transactions; the audit department of the Company conducts annual audit on the actual connected transactions.

The independent non-executive Directors and auditors of the Company will review the continuing connected/related transactions of the Company on an annual basis, and the Board (including the independent non-executive Directors) and the supervisory committee will confirm whether the terms of the above transactions are fair and reasonable and on normal commercial terms or better terms in the ordinary course of business of the Group and in the interests of the Company and the Shareholders as a whole. The auditors of the Company are required to review the above continuing connected transactions and issue a confirmation letter to the Board in this regard.

The Company and Shenergy Group have agreed that, according to the requirements of Rule 14A.54 of the Hong Kong Listing Rules, if, at any time within the terms of the Framework Agreement, the total transaction amount may or is expected to exceed the annual caps above, the Company will re-comply with the announcement and independent Shareholders' approval (if applicable) requirements under the Hong Kong Listing Rules.

#### **Reasons for and Expected Benefits of Entering into the Framework Agreement of Continuing Connected Transaction**

The above proposed continuing connected transactions have been and will be carried out in the ordinary course of business of the Group at fair and reasonable terms after arm's length negotiation on an ongoing basis. The signing of the Framework Agreement of continuing connected transactions between the Company and Shenergy Group is necessary for the day-to-day operation and business development of the Group to facilitate the centralized management and supervision of the continuing connected transactions that may be made between the Company and Shenergy Group and its associates. In addition, the above continuing connected transactions will generate cost synergy through the integration of advantageous resources of the Group, Shenergy Group and its associates, further deepen the integration of industry and finance and facilitate the Group's proposal to implement and create special advantages and build up brand name in energy financing sector.

The independent non-executive Directors considered that entering into the Framework Agreement of Connected Transactions for 2024-2026 between the Company and Shenergy Group is necessary for the day-to-day operation and business development of the Company to facilitate the centralized management and supervision of the continuing connected transactions that may be made between the Company and Shenergy Group. The pricing for the transactions is fair and reasonable and in line with market-based practices. No damage to the interests of non-related Shareholders and interests of the Company is expected to arise and no impact on the independence of the Company is expected as a result of the above continuing connected transactions. The examination and voting process taken by the Board for the approval of entering into the Framework Agreement of Connected Transactions for 2024-2026 between the Company and Shenergy Group complies with the requirements of relevant laws, regulations and the Articles of Association.

In light of the above, the Board (including the independent non-executive Directors) believes that the terms of the Framework Agreement are fair and reasonable and are entered into on normal commercial terms in the ordinary course of business of the Group. Entering into the Framework Agreement is in the interest of the Company and the Shareholders as a whole. Mr. GONG Dexiong, an executive Director of the Company, and Mr. Yu Xuechun, a non-executive Director of the Company, serve in Shenergy Group. Therefore, for the purpose of good corporate governance, they have abstained from voting in the Board meeting on the approval of the resolution in relation to the Company entering into the Framework Agreement with Shenergy Group. Save as disclosed above, none of the Directors is required to abstain from voting on the relevant Board resolution.

#### **Implications of the Hong Kong Listing Rules**

As at the date of this announcement, Shenergy Group, which is the largest Shareholder of the Company, holds approximately 26.63% of the issued share capital of the Company. Therefore, pursuant to Rule 14A.07(1) of the Hong Kong Listing Rules, Shenergy Group and its associates are connected persons of the Company and the transactions contemplated by the Group and Shenergy Group and its associates under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Given that the highest percentage ratios applicable to the proposed annual caps for the securities and financial services, the proposed annual caps for the securities and financial products transactions and the proposed annual caps for the purchase of goods and services (as defined in Rule 14.07 of the Hong Kong Listing Rules) under the Framework Agreement are higher than 0.1% but lower than 5%, pursuant to Chapter 14A of the Hong Kong Listing Rules, the continuing connected transactions contemplated under the Framework Agreement are subject to reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement.

In accordance with the applicable PRC laws and regulations, those contents of the Framework Agreement containing estimations for 2024, 2025 and 2026 will become effective upon consideration and approval of the resolutions for the estimates of routine related party transactions of the Company in relevant years at the General Meeting to be convened by the Company.

From January 1, 2024 to the date of this announcement, the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) in relation to the transactions of the securities and financial services, the securities and financial products transactions and the purchase of goods and services between the Group and Shenergy Group and its associates are no more than 0.1%, and such transactions are therefore fully exempt from the reporting, announcement and annual review requirements.

## **General Information**

### ***Information about Shenergy Group***

Shenergy Group was established on November 18, 1996 by the Shanghai State-owned Assets Supervision and Administration Commission. The registered capital is RMB28 billion. The legal representative is Huang Dinan. Shenergy Group holds 26.63% of the shares of the Company and is the largest Shareholder of the Company. Shenergy Group is a limited liability company incorporated under the laws of the PRC and is principally engaged in the investment, development and management of electric power and energy infrastructure industry, the investment and development of natural gas resources, the investment of municipal gas pipe network, the investment and management of high-technology industry, the industrial investment, the assets management and the domestic trades (except for specific items).

### **Information about the Group**

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

## **V. PROJECTED INTRAGROUP GUARANTEES FOR THE YEAR 2024**

The Board considered and approved, and proposed to the General Meeting for consideration that the total amount of new guarantees provided by the Company and its subsidiaries for wholly-owned subsidiaries with a gearing ratio of less than 70% and more than 70%, respectively, shall not exceed 10% of the latest audited net assets of the Company.

### **1. Overview of projected guarantees**

According to the Company's business plan, in order to reduce financing costs and enhance the external operation capabilities of subsidiaries, the Company and its subsidiaries intend to provide guarantees for their wholly-owned subsidiaries. In accordance with the laws, regulations, the Articles of Association, the Measures to Manage External Guarantees and other relevant provisions, the Board considered and agreed to submit the following matters to the General Meeting for consideration and approval:

- (1) Limitation of the guarantees: the total amount of new guarantees provided by the Company and its subsidiaries for wholly-owned subsidiaries with a gearing ratio of 70% or less shall not exceed 10% of the latest audited net assets of the Company.

The total amount of new guarantees provided by the Company and its subsidiaries for wholly-owned subsidiaries with a gearing ratio of over 70% 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 the public or non-public issuance of onshore and offshore debt financing instruments (including but not limited to ordinary bonds, subordinated bonds, ultra short-term financing bonds, short-term financing bonds, medium-term notes, etc.), loans from domestic or overseas financial institutions (including but not limited to bank credit, bank loans, syndicated loans, etc.), including but not limited to providing guarantees for 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: including guarantees, mortgages, pledges, and other models as required under the provisions of the relevant laws and regulations.
- (4) Guaranteed parties: wholly-owned subsidiaries directly and indirectly held by the Company.
- (5) Validity period of authorization: the aforementioned guarantees shall be valid from the date of consideration and approval of the guarantees by the 2023 annual general meeting to the date of the 2024 annual general meeting.
- (6) Authorization: subject to the aforesaid quota, types, models, guaranteed parties, and validity period of guarantees, it is proposed to the General Meeting to authorize the Board and agree the Board in turn to further authorize the management of the Company or its subsidiaries or Directors so authorized, to handle all specific matters involved in the above guarantees at their sole discretion, including but not limited to the execution of documents and the performance of the approval and filing with relevant regulatory authorities, etc., and to perform the corresponding information disclosure obligations in a timely manner in accordance with relevant laws and regulations when the Company or its subsidiaries provide letters of guarantees or issuance of guarantee documents for its wholly-owned subsidiaries.

## 2. 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:

### (1) Orient Finance Holdings (Hong Kong) Limited

Address:	28/F to 29/F, No. 100 Queen's Road Central, Central, Hong Kong
Date of establishment:	February 17, 2010
Registered capital:	HK\$2,754,078,015.00
Equity interests held by the Company:	100%
Chairman:	Zhang Jianhui
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, 2023, the total assets, total liabilities and net assets of Orient Finance Holdings, as the guaranteed party, were HK\$9.792 billion, HK\$8.754 billion and HK\$1.038 billion, respectively. From January 1, 2023 to December 31, 2023, the guaranteed party realized operating income of HK\$-0.09 billion and net loss of HK\$0.315 billion.

### (2) Other wholly-owned offshore subsidiaries and BVI vehicles

Other wholly-owned offshore subsidiaries and BVI vehicles will be determined by the Company based on financing or transaction requirements.

As at the date of this announcement, there is no significant contingency that affects the solvency of the guaranteed parties.

### **3. Necessity and reasonableness of guarantees**

The projected annual guarantee of the Company is expected to enrich the financing channels of the Company's overseas subsidiaries, effectively reduce financing costs and enhance the external operation capabilities of the Company's overseas subsidiaries. The targets of the projected annual guarantees of the Company are all wholly-owned subsidiaries directly or indirectly held by the Company, which can timely grasp their solvency and the guarantee risks are controllable, and the guarantees will not harm the interests of the Company and the Shareholders.

### **4. Accumulated Amount of Intragroup Guarantees**

As at the date of this announcement, the total intragroup guarantee amount of the Company and its holding subsidiaries was RMB12.863 billion, accounting for 16.33% of the audited net assets of the Company as of December 31, 2023. There are 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 published on the website of the HKExnews ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.dfzq.com.cn](http://www.dfzq.com.cn)) and will be despatched to the Shareholders who have indicated their wish to receive a printed copy in due course.

## **VI. PROPOSED CHANGE OF ACCOUNTING FIRM**

After the completion of the 2023 audit, Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP (collectively, "Deloitte") have served as the our overseas audit institution for 8 consecutive years (2016-2023) and the domestic audit institution for 7 consecutive years (2017-2023), respectively, and have reached the maximum term of continuous engagement of accounting firms as stipulated in the Administrative Measures on Selection and Engagement of Accounting Firms by State-owned Financial Enterprises (《國有金融企業選聘會計師事務所管理辦法》) issued by the Ministry of Finance.

Upon the recommendation of the audit committee of the Board, the Board resolved to propose to engage KPMG Huazhen LLP as the domestic auditor of the Company for 2024 and the internal control auditor of the Company for 2024 for a term of one year, and it will be responsible for providing relevant audit services in accordance with the CASBE, etc., and KPMG as the overseas auditor of the Company for 2024 for a term of one year, responsible for providing relevant audit and review services in accordance with the International Financial Reporting Standards, etc.. The total fees for domestic and overseas audit and review services of the Company for 2024 shall not exceed RMB3,050,000 (excluding the audit fees for subsidiaries, of which the audit fees for internal control shall be RMB450,000). The audit service fees for 2024 are determined through invited bidding in accordance with the principles of audit volume and fairness and reasonableness, and there is a decrease in the audit fee of RMB760,000 as compared to the previous year, with a decrease of less than 20%. If the audit fees increase due to the change of audit content, it is proposed that the General Meeting shall authorize the management of the Company to determine the audit fees in accordance with market principles and sign relevant contracts.

The Company has communicated with Deloitte on the change of accounting firm and was informed that it had no objection to the change. To the best knowledge of the Company and as confirmed by Deloitte, as of the date of this announcement, there are no matters in relation to the retirement of Deloitte as the domestic and overseas accounting firm of the Company that need to be brought to the attention of the shareholders or investors, and there are no disagreements or unresolved matters between the Company and Deloitte in relation to the proposed change of accounting firm.

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 published on the website of the HKExnews ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.dfzq.com.cn](http://www.dfzq.com.cn)) and will be despatched to the Shareholders who have indicated their wish to receive a printed copy in due course.

By order of the Board  
**JIN Wenzhong**  
*Chairman*

Shanghai, PRC  
March 27, 2024

*As at the date of this announcement, the Board of Directors comprises Mr. JIN Wenzhong, Mr. GONG Dexiong and Mr. LU Weiming as executive Directors; Mr. YU Xuechun, Mr. ZHOU Donghui, Ms. LI Yun, Mr. REN Zhixiang and Ms. ZHU Jing 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.*

**APPENDIX I: COMPARISON TABLE OF PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION:**

Original article	To be amended as	Basis
<p><b>Article 10</b> The Company shall, in accordance with the provisions of <u>the Company Law and the Constitution of the Chinese Communist Party</u>, establish the organizations of the Chinese Communist Party and carry out party activities. The party organisation is an integral part of the corporate governance structure of the Company. The Party Committee plays a leading role in setting the direction, managing the overall situation and <u>promoting</u> implementation of relevant rules, and supports the general meeting, the Board of Directors, the Supervisory Committee and the management in exercising their powers in accordance with relevant laws. The Board of Directors and the management shall take into account the views of the Party Committee before making decisions on major issues of the Company, especially those involving national macro-control, national development strategy, national security and other major management matters, and the Board of Directors and the management shall make decisions according to study and discussion with Party Committee. <u>The Company shall establish working organs of the Party, which shall be equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization.</u></p>	<p><b>Article 10</b> The Company shall, in accordance with <u>the relevant provisions of the Constitution of the Chinese Communist Party and the Company Law</u>, establish the organizations of the Chinese Communist Party and carry out party activities. The party organisation is an integral part of the corporate governance structure of the Company. The Party Committee plays a leading role in setting the direction, managing the overall situation and <u>ensuring</u> implementation of relevant rules, and supports the general meeting, the Board of Directors, the Supervisory Committee and the management in exercising their powers in accordance with relevant laws. <u>Study and discussion by the Company’s Party Committee of major issues is a prerequisite procedure for any decision-making by the board of directors and the management on such issues.</u> The Board of Directors and the management shall take into account the views of the Party Committee before making decisions on major issues of the Company, especially those involving national macro-control, national development strategy, national security and other major management matters, and the Board of Directors and the management shall make decisions according to study and discussion with Party Committee.</p>	<p>Article 30 of the Constitution of the Chinese Communist Party and Article 15 of the Work Regulations for Grassroots Organizations of the Communist Party of China in State-owned Enterprises (for Trial Implementation) as well as the actual conditions of the Company</p>

Original article	To be amended as	Basis
	<p data-bbox="659 221 1027 246"><b><u>Chapter III Organisation of the Party</u></b></p> <p data-bbox="659 278 1088 953"><b><u>Article 18</u></b> <u>The Company shall establish a Party Committee with a term of office of five years in general. The Party Committee of the Company shall consist of one secretary, a full-time or part-time deputy secretary and several other members. Adhering to the leadership mechanism of “two-way entry and cross-appointment”, eligible members of the Party Committee may be appointed to join the Board of Directors, the Supervisory Committee and the management through legal procedures, and eligible Party members in the Board of Directors, the Supervisory Committee and the management may be appointed to join the Party Committee in accordance with relevant regulations and procedures. The Party Committee of the Company shall implement a system that combines collective leadership and individual division of responsibilities. Members of the Party Committee who join the Board, the Supervisory Committee and the management must implement the decisions of the Party Committee of the Company.</u></p> <p data-bbox="659 987 1088 1215"><u>In accordance with the Constitution of the Chinese Communist Party, the Work Regulations for Grassroots Organizations of the Communist Party of China in State-owned Enterprises (for Trial Implementation) and relevant regulations of the Party, the Company shall set up grass-roots Party organisations in various grass-roots units.</u></p>	<p data-bbox="1114 221 1394 449">Article 4, Article 5, Article 6 and Article 14 of the Work Regulations for Grassroots Organizations of the Communist Party of China in State-owned Enterprises (for Trial Implementation) as well as the actual conditions of the Company</p>

Original article	To be amended as	Basis
	<p><u><b>Article 19</b> The Party Committee of the Company shall discuss and decide on major matters of the Company in accordance with provisions of the Constitution of the Chinese Communist Party and the Work Regulations for Grassroots Organizations of the Communist Party of China in State-owned Enterprises (for Trial Implementation).</u></p> <p><u>The grass-roots Party organisations at various levels shall fulfil their related duties and responsibilities and carry out relevant work in accordance with the provisions of the Constitution of the Chinese Communist Party and the Work Regulations for Grassroots Organizations of the Communist Party of China in State-owned Enterprises (for Trial Implementation), as well as the deployment of the Party Committee of the Company.</u></p>	<p>Article 11 and Article 12 of the Work Regulations for Grassroots Organizations of the Communist Party of China in State-owned Enterprises (for Trial Implementation) as well as the actual conditions of the Company</p>
	<p><u><b>Article 20</b> The Company shall establish working organs of the Party, which shall be equipped with sufficient full-time or part-time staff to deal with Party affairs. It shall promote two-way communication between Party affairs staff and other management personnel. It shall be provided with sufficient funds to operate the Party organization and be provided with necessary conditions for the activities of Party organization.</u></p>	<p>Article 36 and Article 37 of the Work Regulations for Grassroots Organizations of the Communist Party of China in State-owned Enterprises (for Trial Implementation) as well as the actual conditions of the Company</p>
<p><b>Article 87</b> When the Company convenes a shareholders' general meeting, <u>written notice of the meeting shall be given by the convener 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 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.</u></p>	<p><b>Article 90</b> When the Company convenes a shareholders' general meeting, notice of the meeting shall be given by the convener 20 days before the date of the annual meeting and 15 days before an extraordinary general meeting to <u>inform all shareholders of the matters to be considered and the date and place of the meeting by way of announcement. Where the laws, regulations, securities regulatory authorities and stock exchanges of the listing places of the Company provide otherwise, such relevant provisions thereof shall prevail.</u></p>	<p>Provisions of the Company Law, the Reply of the State Council on the Adjustment of the Notice Period of the General Meetings and Other Matters Applicable to Overseas Listed Companies and Chapter 19A of the Hong Kong Listing Rules</p>

Original article	To be amended as	Basis
<p><b>Article 88</b> The notice of a shareholders' general meeting shall comply with the following requirements:</p> <p>(1) made in writing;</p> <p>(2) specify the date, time and venue of the meeting;</p> <p>(3) specify the matters and proposals submitted to the meeting for consideration and examination (the notice of the shareholders' general meeting and its supplementary notice shall fully and completely disclose the specific contents of all proposals. <u>For those items proposed for discussion requiring the opinions of independent Directors, the notice of the shareholders' general meeting or the supplementary notice shall disclose both the opinions and the reasons of independent Directors</u>);</p> <p>(4) provide such information and explanation as is necessary for the shareholders to make an informed decision on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to consolidate and repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the specific terms and the contract, if any, of the proposed transaction must be provided and the reason and effect of such proposal must be properly explained;</p> <p>(5) contain...</p>	<p><b>Article 91</b> The notice of a shareholders' general meeting shall comply with the following requirements:</p> <p>(1) made in writing;</p> <p>(2) specify the date, time and venue of the meeting;</p> <p>(3) specify the matters and proposals submitted to the meeting for consideration and examination (the notice of the shareholders' general meeting and its supplementary notice shall fully and completely disclose the specific contents of all proposals, <u>as well as all meeting materials necessary for the shareholders to make reasonable judgments on the relevant proposals. Among the proposals to be voted on at a general meeting, if a proposal takes effect as a prerequisite for the other proposals to become effective, the convener shall clearly disclose the relevant preconditions in the notice of the general meeting and give special reminders indicating that such proposal approval is a prerequisite for the voting results of the subsequent proposals to become effective.</u>);</p> <p>(4) provide such information and explanation as is necessary for the shareholders to make an informed decision on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to consolidate and repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the specific terms and the contract, if any, of the proposed transaction must be provided and the reason and effect of such proposal must be properly explained;</p> <p>(5) contain...</p>	<p>Article 2.1.3 of the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operations and Article 18 of the Rules Governing Shareholders' General Meetings of Listed Companies</p>

Original article	To be amended as	Basis
<p><b>Article 113</b> The following matters shall be approved by special resolutions at the shareholders' general meeting:</p> <p>(1) increase or reduction in share capital of the Company and issuance of shares of any class, warrants and other similar securities;</p> <p>(2) issuance of bonds by the Company;</p> <p>(3) division, spin-off, merger, dissolution and liquidation of the Company;</p> <p>(4) amendments to the Articles of Association;</p> <p>(5) share incentive scheme;</p> <p>(6) purchase or disposal of substantial assets by the Company within one year or the guaranteed amount exceeding 30% of the Company's latest audited total assets;</p> <p><u>(7) profit distribution plans formulated by the Company that fail to comply with the cash dividend policy set out in these Articles of Association in special circumstances;</u></p> <p><u>(8) other matters specified by laws, regulations, listing rules of the places where shares of the Company are listed or the Articles of Association and matters specified by ordinary resolutions of the shareholders' general meeting that are considered to be significant to the Company and shall be approved by special resolutions.</u></p>	<p><b>Article 116</b> The following matters shall be approved by special resolutions at the shareholders' general meeting:</p> <p>(1) increase or reduction in share capital of the Company and issuance of shares of any class, warrants and other similar securities;</p> <p>(2) issuance of bonds by the Company;</p> <p>(3) division, spin-off, merger, dissolution and liquidation of the Company;</p> <p>(4) amendments to the Articles of Association;</p> <p>(5) share incentive scheme;</p> <p>(6) purchase or disposal of substantial assets by the Company within one year or the guaranteed amount exceeding 30% of the Company's latest audited total assets;</p> <p><u>(7) other matters specified by laws, regulations, listing rules of the places where shares of the Company are listed or the Articles of Association and matters specified by ordinary resolutions of the shareholders' general meeting that are considered to be significant to the Company and shall be approved by special resolutions.</u></p>	<p>Deleted as required by the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operations (Revised in December 2023)</p>

Original article	To be amended as	Basis
<p><b>Article 117</b> The list of candidates for Directors and Supervisors shall be submitted to the shareholders' general meeting for voting by way of proposal. When a voting is made on election of Directors or Supervisors at a shareholder's general meeting, the cumulative voting system may be adopted in accordance with the requirements of the Articles of Association or the resolutions of the shareholders' general meeting. In respect of the election of Directors or Supervisors, the cumulative voting system shall be adopted when sole shareholder and its concert party are interested in 30% or more in shares of the Company. The cumulative voting system as referred to in the preceding paragraph means that when Directors or Supervisors are elected at a shareholders' general meeting, each share shall carry the same number of voting right as the number of Directors or Supervisors to be elected, and the voting rights owned by shareholders may be cumulatively used. The Board of Directors shall announce the resumes and basic information of the director or supervisor candidates to shareholders.</p>	<p><b>Article 120</b> The list of candidates for Directors and Supervisors shall be submitted to the shareholders' general meeting for voting by way of proposal. When a voting is made on election of Directors or Supervisors at a shareholder's general meeting, the cumulative voting system may be adopted in accordance with the requirements of the Articles of Association or the resolutions of the shareholders' general meeting. <u>The cumulative voting system shall be adopted when two or more independent Directors are elected at a general meeting of the Company.</u> In respect of the election of Directors or Supervisors, the cumulative voting system shall be adopted when sole shareholder and its concert party are interested in 30% or more in shares of the Company.</p> <p>The cumulative voting system as referred to in the preceding paragraph means that when Directors or Supervisors are elected at a shareholders' general meeting, each share shall carry the same number of voting right as the number of Directors or Supervisors to be elected, and the voting rights owned by shareholders may be cumulatively used. The Board of Directors shall announce the resumes and basic information of the director or supervisor candidates to shareholders.</p>	<p>Article 12 of the Measures for the Administration of Independent Directors of Listed Companies</p>
<p><b>Article 142</b> The Board of Directors or shareholders individually or jointly holding more than 3% of the shares of the Company are entitled to nominate candidates for non-independent Directors to the shareholders' general meeting; the Board of Directors, the Supervisory Committee, or shareholders individually or jointly holding more than 1% of the issued shares of the Company are entitled to nominate candidates for independent Directors to the shareholders' general meeting.</p> <p>...</p>	<p><b>Article 145</b> The Board of Directors or shareholders individually or jointly holding more than 3% of the shares of the Company are entitled to nominate candidates for non-independent Directors to the shareholders' general meeting; the Board of Directors, the Supervisory Committee, or shareholders individually or jointly holding more than 1% of the issued shares of the Company are entitled to nominate candidates for independent Directors to the shareholders' general meeting. <u>Investors protection institutions established in accordance with the law may publicly request shareholders to entrust them with the exercise of nominating independent Directors on their behalf.</u></p> <p>...</p>	<p>Article 9 of the Measures for the Administration of Independent Directors of Listed Companies</p>

Original article	To be amended as	Basis
<p><b>Article 151</b> If the number of Directors of the Board of Directors falls below the quorum as a result of any resignation, their resignations shall not come into effect until the vacancies resulting from their resignations are filled by the appointment of the new Directors. Save as disclosed above, the resignation of Directors shall become effective when the resignation is served on the Board of Directors.</p>	<p><b>Article 154</b> If the number of Directors of the Board of Directors falls below the quorum as a result of any resignation, <u>or the proportion of independent Directors in the Board of Directors of the Company or its special committees fall below the minimum requirements stipulated in the laws and regulations or the Articles of Association as a result of the resignation of an independent Director or there are no accounting professionals among independent Directors,</u> their resignations shall not come into effect until the vacancies resulting from their resignations are filled by the appointment of the new Directors. Save as disclosed above, the resignation of Directors shall become effective when the resignation is served on the Board of Directors.</p>	<p>Article 14 and Article 15 of the Measures for the Administration of Independent Directors of Listed Companies</p>
<p><b>Article 156</b> The tenure of the independent Directors is the same as those of other Directors of the Company but shall not serve for more than 6 years. If an independent Director resigns or is <u>removed</u> during his/her term of office, the independent Director himself and the Company shall submit a written statement to the delegated authority of the CSRC where the Company is located and the shareholders' general meeting respectively.</p>	<p><b>Article 159</b> The tenure of the independent Directors is the same as those of other Directors of the Company but shall not serve for more than 6 years. If an independent Director resigns or is <u>dismissed</u> during his/her term of office, the independent Director himself and the Company shall submit a written statement to the delegated authority of the CSRC where the Company is located and the shareholders' general meeting respectively.</p>	<p>Article 14 of the Measures for the Administration of Independent Directors of Listed Companies</p>

Original article	To be amended as	Basis
<p><b>Article 157</b> The independent Directors shall have the following functions and powers <u>besides those conferred to Directors by the Company Law and other laws, administrative regulations and the requirements of the listing rules of the place where the shares of the Company are listed:</u></p> <p><u>(1) any contemplated connected transactions between the Company and its connected person with a total amount of more than RMB3 million or 5% of the Company’s latest audited net assets shall be subject to prior approval by the independent Directors; Before making a judgment, an independent Director may appoint an intermediary institution to issue an independent financial advisory report as the basis for such judgment;</u></p> <p><u>(2) to propose to the Board of Directors of engaging or dismissing an accounting firm;</u></p> <p><u>(3) to propose to the Board of Directors of convening an extraordinary general meeting;</u></p> <p><u>(4) to propose to convene a Board of Directors meeting;</u></p> <p><u>(5) to publicly solicit voting rights from shareholders before the general meeting;</u></p> <p><u>(6) to independently engage external audit institutions and advisory institutions to conduct audit and advise on specific matters of the Company.</u></p> <p>The independent Directors shall exercise the functions and powers in items (1) to (5) above with the approval of <u>more than half of all independent Directors and exercise the functions and powers in item (6) above with the approval of all independent Directors.</u></p>	<p><b>Article 160</b> The independent Directors shall <u>perform the following duties:</u></p> <p><u>(1) to participate in the decision-making of the Board of Directors and express clear opinions on the matters discussed;</u></p> <p><u>(2) to supervise the potential material conflict of interests between the Company and its controlling shareholders, actual controllers, directors and senior management in accordance with relevant laws, regulations, rules and normative documents, so as to promote the decision-making of the Board of Directors to be in line with the overall interests of the listed company and protect the legitimate rights and interests of minority shareholders;</u></p> <p><u>(3) to provide professional and objective advice on the operation and development of the Company and promote the improvement of the decision-making level of the Board of Directors;</u></p> <p><u>(4) other duties stipulated by laws, regulations, relevant provisions of the stock exchange and the Articles of Association.</u></p> <p>The independent Directors shall submit an annual working report at the <u>annual general meeting of the Company to explain their performance of duties.</u></p> <p>If the independent Directors fail to perform their duties, they shall be liable for the corresponding responsibilities.</p>	<p>Article 17, Article 18 and Article 33 of the Measures for the Administration of Independent Directors of Listed Companies</p>

Original article	To be amended as	Basis
<p>Except performing the aforesaid duties, the independent Directors may also express independent opinions to the Board of Directors or the shareholders' general meeting on the following material matters:</p> <p>(1) the nomination and removal of Directors;</p> <p>(2) the appointment or dismissal of senior management;</p> <p>(3) the remuneration of Directors and senior management;</p> <p>(4) the existing or new borrowings with an amount of more than RMB3 million or 5% of the Company's latest audited net assets or other flow of funds between shareholders of the Company, beneficial controllers, related companies, and whether effective steps shall be taken by the Company to recover the arrears;</p> <p>(5) matters that the independent Directors consider would impair the interests of minority shareholders;</p> <p>(6) other matters stipulated by the laws, administrative regulations, the CSRC, the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Articles of Association.</p> <p>The independent Directors shall submit an annual working report at the general meeting of the Company.</p> <p>If the independent Directors fail to perform their duties, they shall be liable for the corresponding responsibilities.</p>	<p><b>Article 161</b> The independent Directors shall exercise the following special functions and powers:</p> <p>(1) to independently engage intermediaries to conduct audit, advise or verification on specific matters of the Company.</p> <p>(2) to propose to the Board of Directors of convening an extraordinary general meeting;</p> <p>(3) to propose to convene a Board of Directors meeting;</p> <p>(4) to publicly solicit shareholder rights from shareholders in accordance with the law;</p> <p>(5) to express independent opinions on matters that may impair the interests of the Company or minority shareholders;</p> <p>(6) other and powers stipulated by the laws, regulations, relevant provisions of the stock exchange and the Articles of Association.</p> <p>The independent Directors shall exercise the functions and powers in items (1) to (3) above with the approval of a majority of all independent Directors.</p> <p>If an independent Director exercises the functions and powers listed in the first paragraph of this Article, the Company shall disclose them in a timely manner. Where the above functions and powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.</p>	

Original article	To be amended as	Basis
<p><b>Article 163</b> The Board of Directors shall determine its decision-making authorizations as per the following requirements and formulate stringent examination and approval system; Specialists or professionals shall be retained to evaluate major investment projects:</p> <p>(1) ...</p> <p>(4) any contemplated connected transactions between the Company and its connected person in an amount over RMB3 million <u>or</u> accounting for 5% or more of the latest audited absolute value of net assets of the Company, which shall be effected after being submitted to the Board of Directors for consideration and approval <u>upon approval of the independent Directors</u>; Any material connected transactions matters which shall be submitted to the shareholders' general meeting for consideration as per the Articles of Association, shall also be submitted to the shareholders' general meeting for consideration and approval. Other connected transactions matters which shall be determined by the Board of Directors as required by the listing rules of the place where the shares of the Company are listed.</p> <p>...</p>	<p><b>Article 167</b> The Board of Directors shall determine its decision-making authorizations as per the following requirements and formulate stringent examination and approval system; Specialists or professionals shall be retained to evaluate major investment projects:</p> <p>(1) ...</p> <p>(4) any contemplated connected transactions between the Company and its connected person in an amount over RMB3 million <u>and</u> accounting for 5% or more of the latest audited absolute value of net assets of the Company, which shall be effected after being submitted to the Board of Directors for consideration and approval <u>upon consideration and approval by the independent Directors of the Company at a special meeting</u>; Any material connected transactions matters which shall be submitted to the shareholders' general meeting for consideration as per the Articles of Association, shall also be submitted to the shareholders' general meeting for consideration and approval. Other connected transactions matters which shall be determined by the Board of Directors as required by the listing rules of the place where the shares of the Company are listed.</p> <p>...</p>	<p>Article 23 and Article 24 of the Measures for the Administration of Independent Directors of Listed Companies</p>
<p><b>Article 180</b> The Board of Directors of the Company has set up special committees including a strategy development committee, compliance and risk management committee, audit committee, and remuneration and nomination committee. All members of the committees shall be Directors and members shall have the professional knowledge and work experience adaptable to their duties in the specialized committee. The independent Directors shall constitute <u>a majority</u> of the audit committee and the remuneration and nomination committee and shall be the convenors. The convenor of the audit committee shall be an accounting professional.</p>	<p><b>Article 184</b> The Board of Directors of the Company has set up special committees including a strategy development committee, compliance and risk management committee, audit committee, and remuneration and nomination committee. All members of the committees shall be Directors and members shall have the professional knowledge and work experience adaptable to their duties in the specialized committee. The independent Directors shall constitute <u>more than half</u> of the audit committee and the remuneration and nomination committee and shall be the convenors. The <u>members of the audit committee shall be Directors who do not serve as senior management of the Company, and the convenor shall be</u> an accounting professional.</p>	<p>Article 5 of the Measures for the Administration of Independent Directors of Listed Companies</p>

Original article	To be amended as	Basis
<p><b>Article 184</b> The principal duties of the audit committee shall include:</p> <p>(1) <u>to monitor the annual audit and assess and advise the Board of Directors on the truthfulness, accuracy and integrity of the audited financial statements;</u></p> <p>(2) to propose the appointment or replacement of an external audit firm and to oversee the work of the external audit firm;</p> <p>(3) to be in charge of the communications between the Company’s internal and external auditors;</p> <p>(4) <u>to perform such other duties determined by the Board of Directors and specified by the listing rules and regulatory rules of the locality where the shares of the Company are listed.</u></p>	<p><b>Article 188</b> The principal duties of the audit committee shall include:</p> <p>(1) <u>to be responsible for reviewing the financial information of the Company and its disclosure, supervising and evaluating internal and external audit work and internal control (disclosure of financial information in financial accounting reports and regular reports and internal control evaluation reports shall be submitted to the Board of Directors for consideration with the consent of more than half of the members);</u></p> <p>(2) to propose the appointment, dismissal or replacement of the accounting firm responsible for the Company’s audit engagement (which shall be submitted to the Board of Directors for consideration with the consent of more than half of the members);</p> <p>(3) <u>to appoint or dismiss the financial officer of the Company (which shall be submitted to the Board of Directors for consideration with the consent of more than half of the members);</u></p> <p>(4) <u>to make decisions on changes in accounting policies and accounting estimates or corrections of material accounting errors due to reasons other than changes in accounting standards (which shall be submitted to the Board of Directors for consideration with the consent of more than half of the members);</u></p> <p>(5) to be in charge of the communications between the Company’s internal and external auditors;</p> <p>(6) <u>other matters stipulated by laws and regulations, relevant provisions of the stock exchange and the Articles of Association.</u></p>	<p>Article 26 of the Measures for the Administration of Independent Directors of Listed Companies</p>

Original article	To be amended as	Basis
<p><b>Article 185</b> The principal duties of the remuneration and nomination committee shall include:</p> <p>(1) to <u>review and opine on the election standards and procedures of the Directors and senior management; to search for eligible candidates for Directors and senior management; to review and opine on the qualification criteria of candidates for Directors and senior management; to review the structure, size and composition of the Board of Directors (including the expertise, knowledge and experience) annually;</u></p> <p>(2) to <u>review and opine on the appraisal and remuneration management system of Directors and senior management;</u></p> <p>(3) to <u>assess and opine on the Directors and senior management;</u></p> <p>(4) to <u>perform such other duties determined by the Board of Directors and specified by the listing rules and regulatory rules of the locality where the shares of the Company are listed.</u></p>	<p><b>Article 189</b> The principal duties of the remuneration and nomination committee shall include:</p> <p>(1) to <u>be responsible for developing the election standards and procedures of the Directors and senior management; selecting and reviewing the candidates for Directors and senior management and their qualifications for appointment; reviewing the structure, size and composition of the Board of Directors (including the expertise, knowledge and experience) annually;</u></p> <p>(2) to <u>make recommendations on the nomination, appointment and removal of Directors and the appointment or dismissal of senior management;</u></p> <p>(3) to <u>be responsible for developing and evaluating the assessment standards for Directors and senior management, formulating and reviewing the remuneration policies and schemes for Directors and senior management (including making recommendations on the remuneration of Directors and senior management);</u></p> <p>(4) to <u>make recommendations on the formulation or amendment of share incentive scheme and employee stock ownership plan, the grant of rights and interests to incentive participants and the fulfilment of conditions for exercise of rights and interests;</u></p> <p>(5) to <u>make recommendations on the arrangement of the stock ownership plan for Directors and senior management in related to the proposed spin-off of subsidiary(ies);</u></p> <p>(6) <u>matters stipulated by laws and regulations, the provisions of the CSRC and the Articles of Association.</u></p>	<p>Article 27 and Article 28 of the Measures for the Administration of Independent Directors of Listed Companies</p>

Original article	To be amended as	Basis
<p><b>Article 211</b> A Supervisor may apply for resignation before the expiration of his/her term of office. <u>The provisions concerning the resignation of Directors as set out in Chapter 5 of the Articles of Association shall apply to the Supervisors.</u></p>	<p><b>Article 215</b> A Supervisor may apply for resignation before the expiration of his/her term of office. <u>If the resignation of a Supervisor causes the number of members on the Supervisory Committee falling below the quorum or if the resignation of an employee representative Supervisor causes the number of employee representative Supervisors to be less than one-third of the members of the Supervisory Committee, their resignations shall not come into effect until the vacancies resulting from their resignations are filled by the appointment of the new Supervisors. Save as disclosed above, the resignation of Supervisors shall become effective when the resignation is served on the Supervisory Committee.</u></p>	<p>Article 4.3.13 of the SSE Listing Rules</p>
<p><b>Article 253</b> The principle of allocating profits of the Company: adhering to the principle of “the same shares entitled to the same rights and dividend”, the Company allocates profits as per the proportions of shareholding in the Company by its shareholders. The Company implements a sustainable and stable profit distribution policy, and places a great emphasis on the reasonable investment returns of its investors as well as the long-term development of the Company.</p> <p>The policy of profit distribution of the Company is as follows:</p> <p>(1) ...</p> <p>(5) The Board of Directors shall take into account, among other things, features of the industries where the Company operates, its development stage, business model, and profit level <u>and</u> whether it has any significant capital expenditure plans, and formulate differentiated cash dividend proposals in accordance with the provisions set out below and procedures provided in the Articles of Association:</p> <p>(i) ...</p> <p>If it is difficult to determine the Company’s stage of development while it has a significant capital expenditure plan, the profit distribution may be dealt with pursuant to the rules applied in the previous distribution.</p> <p>The proportion of cash dividends in the profit distribution shall be the cash dividends divided by the sum of cash dividends and scrip dividends.</p>	<p><b>Article 257</b> The principle of allocating profits of the Company: adhering to the principle of “the same shares entitled to the same rights and dividend”, the Company allocates profits as per the proportions of shareholding in the Company by its shareholders. The Company implements a sustainable and stable profit distribution policy, and places a great emphasis on the reasonable investment returns of its investors as well as the long-term development of the Company.</p> <p>The policy of profit distribution of the Company is as follows:</p> <p>(1) ...</p> <p>(5) The Board of Directors shall take into account, among other things, features of the industries where the Company operates, its development stage, business model, and profit level, <u>debt repayment capacity</u> whether it has any significant capital expenditure plans <u>and investor returns</u>, and formulate differentiated cash dividend proposals in accordance with the provisions set out below and procedures provided in the Articles of Association:</p> <p>(i) ...</p> <p>If it is difficult to determine the Company’s stage of development while it has a significant capital expenditure plan, the profit distribution may be dealt with pursuant to the rules applied in <u>circumstance (3) above</u>.</p> <p>The proportion of cash dividends in the profit distribution shall be the cash dividends divided by the sum of cash dividends and scrip dividends.</p>	<p>Article 5 of the Guidelines for Regulation of Listed Companies No.3 – Cash Dividends of Listed Companies (2023 Revision)</p>

Original article	To be amended as	Basis
<p><b>Article 254</b> Decision-making procedures and mechanism of the profit distribution plan are as follows:</p> <p>(1) The decision-making procedures of the profit distribution plan of the Company shall be as follows: the Board of Directors shall formulate a clear and definite shareholders' return plan every three years after carrying out a thorough discussion of the conditions and percentage of profit distribution, the development stage of the Company, and its significant capital expenditure plans; and the Company shall formulate profit distribution plan for the current period after conducting careful research into and deliberation on the timing, conditions and minimum percentage of cash dividends as well as conditions of adjustment. The profit distribution proposal proposed by the Board of Directors shall be passed by a majority of the Directors of the Company, <u>and independent Directors shall express their independent opinions on the profit distribution plan</u> before it is submitted to the shareholders' general meeting for consideration and approval.</p> <p>The independent Directors <u>may collect opinions from minority shareholders for formulating and putting forward a profit distribution proposal to the Board of Directors of the Company for consideration.</u> When the profit distribution plan is considered at the shareholders' general meeting, the Company shall communicate and contact with its shareholders, especially minority shareholders, and discuss in detail and exchange ideas with shareholders on the profit distribution plan. If profit distribution plan for the current year cannot be decided in compliance with the existing cash dividends policy or as per the minimum proportion of cash dividend, the profit distribution plan shall be passed by more than a half of the voting rights held by shareholders (including their proxies) present at the shareholders' general meeting.</p>	<p><b>Article 258</b> Decision-making procedures and mechanism of the profit distribution plan are as follows:</p> <p>(1) The decision-making procedures of the profit distribution plan of the Company shall be as follows: the Board of Directors shall formulate a clear and definite shareholders' return plan every three years after carrying out a thorough discussion of the conditions and percentage of profit distribution, the development stage of the Company, and its significant capital expenditure plans; and the Company shall formulate profit distribution plan for the current period after conducting careful research into and deliberation on the timing, conditions and minimum percentage of cash dividends as well as conditions of adjustment. The profit distribution proposal proposed by the Board of Directors shall be passed by a majority of the Directors of the Company before it is submitted to the shareholders' general meeting for consideration and approval.</p> <p>The independent Directors <u>are entitled to express independent opinions if they consider that the cash dividend distribution plan may impair the interests of the listed company or minority shareholders.</u> If the opinions of the independent Directors are not adopted or not fully adopted by the Board of Directors, <u>the opinions of independent Directors and the specific reasons for non-adoption shall be recorded and disclosed in the resolutions of the Board of Directors.</u> When the profit distribution plan is considered at the shareholders' general meeting, the Company shall communicate and contact with its shareholders, especially minority shareholders, and discuss in detail and exchange ideas with shareholders on the profit distribution plan. If profit distribution plan for the current year cannot be decided in compliance with the existing cash dividends policy or as per the minimum proportion of cash dividend, the profit distribution plan shall be passed by more than a half of the voting rights held by shareholders (including their proxies) present at the shareholders' general meeting.</p> <p>...</p>	<p>Article 6 and Article 13 of the Guidelines for Regulation of Listed Companies No.3 – Cash Dividends of Listed Companies (2023 Revision) and Article 6.5.5 of the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operations (2023 Revision)</p>

Original article	To be amended as	Basis
<p><u>If profit distribution plan for the current year cannot be decided in compliance with the existing cash dividends policy or as per the minimum proportion of cash dividend under special circumstances, the Company shall disclose specific reasons and definite opinions of independent Directors in regular reports, and make specific explanation to matters such as use of retained earnings, estimated investment income, etc. Profit distribution plan for the current year shall be passed by more than two thirds of the voting rights held by shareholders (including their proxies) present at the shareholders' general meeting and the shareholders shall be accessible to network voting when attending the shareholders' general meeting to consider such plan.</u></p> <p>...</p> <p>(2) The decision-making procedures for the adjustment of the profit distribution policy of the Company are as follows: where the Company needs to adjust its profit distribution policy in light of industrial regulatory policies, business operation, investment plans and long-term development of the Company, or due to significant changes in the external operating environment or business operation of the Company, the adjusted profit distribution policy shall not violate relevant laws and regulations and relevant requirements of the CSRC and the stock exchange. The proposal on the adjustment of the profit distribution policy shall be formulated by the Board of Directors based on the operating condition of the Company and relevant regulations and policies, and it shall be submitted to the shareholders' general meeting for consideration.</p> <p><u>When formulating the proposal on the adjustment of the profit distribution policy, the Board of Directors shall listen fully to the opinions of the independent Directors and discuss their opinions in detail. The proposal on the adjustment of the profit distribution policy formulated by the Board of Directors shall be approved by a majority of all Directors of the Company, and independent Directors shall express their independent opinions on such proposal.</u></p> <p>...</p>	<p>(2) The decision-making procedures for the adjustment of the profit distribution policy of the Company are as follows: where the Company needs to adjust its profit distribution policy in light of industrial regulatory policies, business operation, investment plans and long-term development of the Company, or due to significant changes in the external operating environment or business operation of the Company, the adjusted profit distribution policy shall not violate relevant laws and regulations and relevant requirements of the CSRC and the stock exchange. The proposal on the adjustment of the profit distribution policy shall be formulated by the Board of Directors based on the operating condition of the Company and relevant regulations and policies, and it shall be passed by more than half of all Directors and submitted to the shareholders' general meeting for consideration.</p> <p>...</p>	

Original article	To be amended as	Basis
<p><b>Article 257</b> After the profit distribution plan has been adopted at shareholders' general meeting, <u>the Board of Directors shall complete the dividend (or share) distribution within two months after the end of the shareholders' general meeting.</u></p>	<p><b>Article 261</b> After the profit distribution plan has been adopted at shareholders' general meeting, <u>or after the Board of Directors of the Company formulates a specific plan in accordance with the conditions and caps for the interim dividend for the next year as considered and approved at the annual general meeting,</u> the dividend (or share) distribution shall be completed within two months.</p>	<p>Article 155 of the Guidelines for the Articles of Association of Listed Companies</p>
<p><b>Article 270</b> The engagement, renewal, dismissal or discontinuation of an accounting firm shall be decided by the shareholders' general meeting, <u>and be reported to the securities regulatory authority under the State Council.</u></p> <p>...</p>	<p><b>Article 274</b> The engagement, renewal, dismissal or discontinuation of an accounting firm shall be decided by the shareholders' general meeting.</p> <p>...</p>	<p>The Circular on the Regulation of Institutions (Issue No.16 of 2020) (《機構監管情況通報(2020年 第16期)》) issued by the CSRC on September 4, 2020 has cancelled the filing requirements for "the appointment, dismissal or non-reappointment of an accounting firm by the company"</p>
<p><b>Article 314</b> These Articles of Association are written in Chinese. In case of any inconsistency between these Articles and the articles of association in any other language or of different version, the latest Chinese version of these Articles of Association <u>approved by and registered</u> with the company registration authority shall prevail.</p>	<p><b>Article 318</b> These Articles of Association are written in Chinese. In case of any inconsistency between these Articles and the articles of association in any other language or of different version, the latest Chinese version of these Articles of Association <u>registered and filed</u> with the company registration authority shall prevail.</p>	<p>Amended according to actual situation</p>
<p><b>Article 315</b> The term "or above", "within", "following", as stated in these Articles of Association shall all include the given figure; the term "not exceeding", "except" shall all exclude the given figure.</p>	<p><b>Article 319</b> The term "or above", "within", "following", as stated in these Articles of Association shall all include the given figure; the term "not exceeding", "except", "<u>less than</u>", "more than", "over" shall all exclude the given figure.</p>	<p>Amended according to terminology</p>
	<p><b>Article 321</b> The attachments to the Articles of Association include the rules of procedure of the general meeting, the rules of procedure of the Board of Directors and the rules of procedure of the Supervisory Committee.</p>	<p>Article 198 of the Guidelines for the Articles of Association of Listed Companies</p>
<p>Changes in the sequence of chapters and articles due to the addition shall be adjusted according to the actual situation.</p>		

**APPENDIX II COMPARISON TABLE OF PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE FOR THE GENERAL MEETINGS OF ORIENT SECURITIES COMPANY LIMITED**

Original article	To be amended as	Basis
<p><b>Article 16</b> As a shareholders’ general meeting is convened, the Board of Directors, Supervisory Committee and any of the shareholders individually or jointly holding no less than 3% of the shares of the Company may propose resolution(s) to the Company.</p> <p>Any of the shareholders individually or jointly holding no less than 3% of the shares of the Company may submit an interim proposal in writing to the convener at least 10 days prior to the convening of the shareholders’ general meeting. The convener shall then send a supplemental notice to the shareholders to announce the interim proposal and the name and shareholding percentage of the shareholders who put forward the interim proposal, within 2 days upon receipt of such proposal.</p> <p>Other than the above circumstances, the convener shall not make any change in the notice to the existing proposals or add any new proposal after the publication of the notice of the shareholders’ general meeting.</p> <p>If a notice of shareholders’ general meeting does not specify the proposed resolutions or does not comply with the preceding article, the shareholders’ general meeting cannot vote and reach a decision.</p>	<p><b>Article 16</b> As a shareholders’ general meeting is convened, the Board of Directors, Supervisory Committee and any of the shareholders individually or jointly holding no less than 3% of the shares of the Company may propose resolution(s) to the Company.</p> <p>Any of the shareholders individually or jointly holding no less than 3% of the shares of the Company may submit an interim proposal in writing to the convener at least 10 days prior to the convening of the shareholders’ general meeting. <u>Prior to the convening of a shareholders’ general meeting, if a qualified shareholder proposes an interim proposal, his/her shareholding percentage shall not be less than 3% during the period from the notice of proposal to the announcement on the resolution of the meeting. Where a shareholder proposes an interim proposal, he/she shall provide the convener with documents proving that he/she holds more than 3% of the shares of the listed company. Where a shareholder jointly proposes a proposal by way of entrustment, the entrusting shareholder shall issue a written authorization document to the entrusted shareholder. If the qualification of the shareholders of the proposal is true and the relevant proposal complies with the relevant requirements of the Company Law,</u> the convener shall then send a supplemental notice to the shareholders to announce the interim proposal and the name and shareholding percentage of the shareholders who put forward the interim proposal, within 2 days upon receipt of such proposal.</p> <p>Other than the above circumstances, the convener shall not make any change in the notice to the existing proposals or add any new proposal after the publication of the notice of the shareholders’ general meeting. <u>Where the convener is required to supplement or correct the contents of the proposal disclosure in accordance with the provisions, the convener shall not substantially amend the proposal, and shall publish relevant supplementary or correction announcements within the prescribed time limit.</u></p> <p>If a notice of shareholders’ general meeting does not specify the proposed resolutions or does not comply with the preceding article, the shareholders’ general meeting cannot vote and reach a decision.</p>	<p>Articles 2.1.4 and 2.1.5 of Shanghai Stock Exchange Self-discipline Supervision Guidelines for Listed Companies No. 1 – Standard Operation</p>

Original article	To be amended as	Basis
<p><b>Article 17</b> <u>Written</u> notice of the shareholders' general meeting shall be given by the convener 20 <u>business</u> days before the date of the annual meeting and <u>10 business days</u> or 15 days (whichever is longer) before an extraordinary general meeting 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><b>Article 17</b> Notice of the shareholders' general meeting shall be given by the convener 20 days before the date of the annual meeting and 15 days before an extraordinary general meeting to notify all of the shareholders of the matters to be considered and the date and place of the meeting by way of announcement. <u>Where laws and regulations, securities regulatory authorities and stock exchanges in the place where the shares of the Company are listed have other provisions, such provisions shall prevail.</u></p>	<p>Same amendments as Articles of Association</p>
<p><b>Article 18</b> The notice of a shareholders' general meeting shall comply with the following requirements:</p> <p>(1) made in writing;</p> <p>(2) specify the date, time and venue of the meeting;</p> <p>(3) specify the matters and proposals submitted to the meeting for consideration and examination (the notice of the shareholders' general meeting and its supplementary notice shall fully and completely disclose the specific contents of all proposals. <u>For those items proposed for discussion requiring the opinions of independent Directors, the notice of the shareholders' general meeting or the supplementary notice shall disclose both the opinions and the reasons of independent Directors</u>);</p> <p>(4) provide such information and explanation as is necessary for the shareholders to make an informed decision on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to consolidate and repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the specific terms and the contract, if any, of the proposed transaction must be provided and the reason and effect of such proposal must be properly explained;</p>	<p><b>Article 18</b> The notice of a shareholders' general meeting shall comply with the following requirements:</p> <p>(1) made in writing;</p> <p>(2) specify the date, time and venue of the meeting;</p> <p>(3) specify the matters and proposals submitted to the meeting for consideration and examination (the notice of the shareholders' general meeting and its supplementary notice shall fully and completely disclose the specific contents of all proposals, <u>and all meeting materials necessary for the shareholders to make reasonable judgments on the relevant proposals; in the proposal to be voted on at the shareholders' general meeting, if an proposal taking effect is conditional upon other proposals become effective, the convener shall explicitly disclose the relevant preconditions in the notice of the shareholders' general meeting and shall give special reminders that the approval of such proposal is the precondition to the voting results of subsequent proposals taking effect</u>);</p> <p>(4) provide such information and explanation as is necessary for the shareholders to make an informed decision on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to consolidate and repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the specific terms and the contract, if any, of the proposed transaction must be provided and the reason and effect of such proposal must be properly explained;</p>	<p>Article 2.1.3 of the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operations and Article 18 of the Rules Governing Shareholders' General Meetings of Listed Companies</p>

Original article	To be amended as	Basis
<p>(5) contain a disclosure of the nature and extent of the material interests, if any, of any Director, Supervisor, President and other senior management in the matters to be discussed; and in the event that the matters to be discussed will have different effect on the Directors, Supervisors, President and other senior management in their capacity as shareholders from that on the shareholders of the same class, explain such difference;</p> <p>(6) contain the full text of any special resolution to be proposed at the meeting;</p> <p>(7) contain a conspicuous statement that all shareholders are entitled to attend the shareholders' general meeting and vote, and the shareholder may appoint a proxy in writing to attend the meeting and vote on his/her behalf and such proxy needs not be a shareholder of the Company;</p> <p>(8) specify the record date for determining the shareholders who are entitled to attend the shareholders' general meeting;</p> <p>(9) specify the date and place for the delivery of proxy forms for voting;</p>	<p>(5) contain a disclosure of the nature and extent of the material interests, if any, of any Director, Supervisor, President and other senior management in the matters to be discussed; and in the event that the matters to be discussed will have different effect on the Directors, Supervisors, President and other senior management in their capacity as shareholders from that on the shareholders of the same class, explain such difference;</p> <p>(6) contain the full text of any special resolution to be proposed at the meeting;</p> <p>(7) contain a conspicuous statement that all shareholders are entitled to attend the shareholders' general meeting and vote, and the shareholder may appoint a proxy in writing to attend the meeting and vote on his/her behalf and such proxy needs not be a shareholder of the Company;</p> <p>(8) specify the record date for determining the shareholders who are entitled to attend the shareholders' general meeting; <u>the interval between the shareholding record date of a shareholders' general meeting and the date of the meeting shall not be more than 7 business days. The shareholding record date shall not be changed once confirmed.</u></p> <p>(9) specify the date and place for the delivery of proxy forms for voting;</p>	

Original article	To be amended as	Basis
<p>(10) state the names and telephone numbers of the standing contact persons for the meeting;</p> <p>(11) in the event that a shareholders' general meeting is held online or through other means, the designated time and procedure for voting through internet or other means shall be expressly stated in the notice of such meeting.</p> <p>The voting online or by any other means shall be started not earlier than 3:00 pm on the day before the on-site general meeting is held and not later than 9:30 am on the day when the on-site general meeting is held, and shall be concluded not earlier than 3:00 pm on the day when the on-site general meeting ends.</p> <p><u>The interval between the shareholding record date of a shareholders' general meeting and the date of the meeting shall not be more than 7 business days. The shareholding record date shall not be changed once confirmed.</u></p>	<p>(10) state the names and telephone numbers of the standing contact persons for the meeting;</p> <p>(11) in the event that a shareholders' general meeting is held online or through other means, the designated time and procedure for voting through internet or other means shall be expressly stated in the notice of such meeting. The voting online or by any other means shall be started not earlier than 3:00 pm on the day before the on-site general meeting is held and not later than 9:30 am on the day when the on-site general meeting is held, and shall be concluded not earlier than 3:00 pm on the day when the on-site general meeting ends.</p> <p><u>The convener shall disclose other necessitate information 5 days prior to the convening of the shareholders' general meeting to enable the shareholders to make reasonable decisions on the matters proposed to be discussed. Where relevant proposals require independent Directors, the Supervisory Committee and intermediary institutions to issue opinions, such opinions shall be disclosed as part of materials of the meeting.</u></p>	

Original article	To be amended as	Basis
<p><b>Article 20</b> Where the election of Directors and Supervisors are scheduled to be discussed at a shareholders' general meeting, the notice of the shareholders' general meeting shall sufficiently disclose the detailed information about the Director and Supervisor candidate(s), including at least the following contents:</p> <p>(1) ...</p> <p>Except the election of Directors and Supervisors by means of cumulative voting, nomination of every Director and Supervisor candidate shall be conducted by separate resolution.</p> <p><u>Where material connected transactions are scheduled to be discussed at a shareholders' general meeting, the notice of the shareholders' general meeting shall sufficiently disclose the following contents:</u></p> <p><u>(1) a summary of the connected transaction(s);</u></p> <p><u>(2) the information about the connected person(s);</u></p> <p><u>(3) the basic information about the underlying of the connected transaction(s);</u></p> <p><u>(4) the main profile and the pricing policy of the connected transaction(s);</u></p> <p><u>(5) goal of the connected transaction(s) and its effect on the Company;</u></p> <p><u>(6) prior approvals of the independent Directors;</u></p> <p><u>(7) opinions from independent financial adviser(s) (if any);</u></p> <p><u>(8) the history of connected transaction(s);</u></p> <p><u>(9) commitments of the controlling shareholder(s) (if any).</u></p>	<p><b>Article 20</b> Where the election of Directors and Supervisors are scheduled to be discussed at a shareholders' general meeting, the notice of the shareholders' general meeting shall sufficiently disclose the detailed information about the Director and Supervisor candidate(s), including at least the following contents:</p> <p>(1) ...</p> <p>Except the election of Directors and Supervisors by means of cumulative voting, nomination of every Director and Supervisor candidate shall be conducted by separate resolution.</p>	<p>The original Guidelines of the SSE on Related Party Transactions of Listed Companies has been abolished</p>

Original article	To be amended as	Basis
<p><b>Article 41</b> The list of candidates for Directors and Supervisors shall be submitted to the shareholders' general meeting for voting by way of proposal. When a voting is made on election of Directors or Supervisors at a shareholder's general meeting, the cumulative voting system may be adopted in accordance with the requirements of laws, regulations, rules and regulatory documents and Articles of Association or the resolutions of the shareholders' general meeting. In respect of the election of Directors or Supervisors, the cumulative voting system shall be adopted when sole shareholder and its concert party are interested in 30% or more in shares of the Company.</p>	<p><b>Article 41</b> The list of candidates for Directors and Supervisors shall be submitted to the shareholders' general meeting for voting by way of proposal. When a voting is made on election of Directors or Supervisors at a shareholder's general meeting, the cumulative voting system may be adopted in accordance with the requirements of laws, regulations, rules and regulatory documents and Articles of Association or the resolutions of the shareholders' general meeting. <u>If more than two independent Directors are elected at the shareholder's general meeting of the Company, the cumulative voting system shall be adopted.</u> In respect of the election of Directors or Supervisors, the cumulative voting system shall be adopted when sole shareholder and its concert party are interested in 30% or more in shares of the Company.</p>	<p>Article 12 of the Administrative Measures for Independent Directors of Listed Companies</p>

**APPENDIX III COMPARISON TABLE OF PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS OF ORIENT SECURITIES COMPANY LIMITED**

Original article	To be amended as	Basis
<p><b>Article 5 Extraordinary meetings</b></p> <p>When it falls within one of the following circumstances, the Chairman shall convene an extraordinary meeting within ten <u>working</u> days:</p> <p>(1) when the shareholders representing more than one-tenth of voting rights make a proposal;</p> <p>...</p>	<p><b>Article 5 Extraordinary meetings</b></p> <p>When it falls within one of the following circumstances, the Chairman shall convene an extraordinary meeting within ten days:</p> <p>(1) when the shareholders representing more than one-tenth of voting rights make a proposal;</p> <p>...</p>	<p>Article 115 of the Guidelines for the Articles of Association of Listed Companies, which is consistent with the Articles of Association</p>

Original article	To be amended as	Basis
<p><b>Article 6 Proposing procedures for extraordinary meetings</b></p> <p>Where an extraordinary meeting of the Board is proposed in accordance with the provisions set out in the preceding paragraph, a written proposal signed under the hand (or seal) of the proponent shall be submitted through the Office of the Board or directly to the Chairman of the Board. The following shall be indicated in the written proposal:</p> <p>(1) the name of the proponent;</p> <p>(2) the reasons for the proposal or objective facts/causes on which the proposal is based;</p> <p>(3) the time or timeframe, venue and form of the proposed meeting;</p> <p>(4) the proposals in clear and specific terms;</p> <p>(5) the contact information of the proponent and the date of proposal, etc.</p> <p>The proposals shall be concerning matters that fall within the scope of the authorities of the Board as prescribed in the Articles of Association, and be submitted together with the relevant materials.</p> <p>After receiving the aforesaid written proposals and the relevant materials, the Office of the Board shall forward such to the Chairman on the same day. If the Chairman considers the contents of the proposals not clear and not specific, or considers the relevant materials insufficient, the Chairman may request the proponent to revise or supplement the relevant contents.</p> <p><u>The meeting of the Board shall be convened and presided over by the Chairman within 10 days upon receipt of the proposals or the request of the securities regulatory authority.</u></p>	<p><b>Article 6 Proposing procedures for extraordinary meetings</b></p> <p>Where an extraordinary meeting of the Board is proposed in accordance with the provisions set out in the preceding paragraph, a written proposal signed under the hand (or seal) of the proponent shall be submitted through the Office of the Board or directly to the Chairman of the Board. The following shall be indicated in the written proposal:</p> <p>(1) the name of the proponent;</p> <p>(2) the reasons for the proposal or objective facts/causes on which the proposal is based;</p> <p>(3) the time or timeframe, venue and form of the proposed meeting;</p> <p>(4) the proposals in clear and specific terms;</p> <p>(5) the contact information of the proponent and the date of proposal, etc.</p> <p>The proposals shall be concerning matters that fall within the scope of the authorities of the Board as prescribed in the Articles of Association, and be submitted together with the relevant materials.</p> <p>After receiving the aforesaid written proposals and the relevant materials, the Office of the Board shall forward such to the Chairman on the same day. If the Chairman considers the contents of the proposals not clear and not specific, or considers the relevant materials insufficient, the Chairman may request the proponent to revise or supplement the relevant contents.</p>	<p>The original Model Rules of Procedures of Shanghai Stock Exchange for the Board of Directors of Listed Companies was abolished</p>

Original article	To be amended as	Basis
<p><b>Article 9 Contents of the notice of the meeting</b></p> <p>A written notice on the meeting shall at least include:</p> <p>(1) the time, venue and duration of the meeting;</p> <p>(2) the form in which the meeting is convened;</p> <p>(3) the matters (proposals) to be reviewed;</p> <p>(4) the requirement on that a Director shall attend the meeting in person or shall appoint other Directors to attend the meeting on his/her behalf;</p> <p>(5) the contact person and contact method;</p> <p>(6) the date of issuing the notice.</p> <p>A verbal notice on meeting shall at least include the contents set out in paragraphs (1) and (2) above, as well as explanations for the convening of an extraordinary meeting of the Board under urgent circumstances.</p>	<p><b>Article 9 Contents of the notice of the meeting</b></p> <p>A written notice on the meeting shall at least include:</p> <p>(1) the time, venue and duration of the meeting;</p> <p>(2) the form in which the meeting is convened;</p> <p>(3) the matters (proposals) to be reviewed;</p> <p>(4) the requirement on that a Director shall attend the meeting in person or shall appoint other Directors to attend the meeting on his/her behalf;</p> <p>(5) the contact person and contact method;</p> <p>(6) the date of issuing the notice.</p> <p>A verbal notice on meeting shall at least include the contents set out in paragraphs (1) and (2) above, as well as explanations for the convening of an extraordinary meeting of the Board under urgent circumstances.</p> <p><u>If two or more independent Directors consider that the meeting materials are incomplete, the argumentation is insufficient or the provision is not timely, they may propose in writing to the Board to postpone the convening of the meeting or postpone the consideration of the matter, and the Board shall adopt such proposal.</u></p>	<p>Article 37 of the Administrative Measures for the Administration of Independent Directors of Listed Companies</p>

Original article	To be amended as	Basis
<p><b>Article 12 Attending in person or by proxy</b></p> <p>The Directors shall attend the meeting of the Board in person. Any Director who cannot attend the meeting for any reason shall review the meeting documents and form his/her definite opinions in advance and appoint another Director in writing to attend the meeting on his/her behalf.</p> <p>The power of attorney shall specify:</p> <p>(1) the names of the appointor and the proxy;</p> <p>(2) the appointor’s scope of authority and voting intention on the proposal;</p> <p>(3) the valid period of authorization of the appointor;</p> <p>(4) the appointor’s signature, date of signature, etc.</p> <p>...</p>	<p><b>Article 12 Attending in person or by proxy</b></p> <p>The Directors shall attend the meeting of the Board in person. Any Director who cannot attend the meeting for any reason shall review the meeting documents and form his/her definite opinions in advance and appoint another Director in writing to attend the meeting on his/her behalf.</p> <p>The power of attorney shall specify:</p> <p>(1) the names of the appointor and the proxy;</p> <p>(2) the appointor’s scope of authority and voting intention on the proposal <u>(In relation to voting on proposals, the appointor should specify his/her opinions on vote for, vote against or abstain from voting on each of the proposals in the power of attorney)</u>;</p> <p>(3) the valid period of authorization of the appointor;</p> <p>(4) the appointor’s signature, date of signature, etc.</p> <p>...</p>	<p>Article 3.3.2 of the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operations</p>

Original article	To be amended as	Basis
<p><b>Article 15 Consideration procedures of the meetings</b></p> <p>The presider shall request all the Directors attending the meeting of the Board of Directors to express clear opinions in respect of each proposal.</p> <p>With respect to the proposals that <u>shall be approved in advance</u> by the independent Directors according to relevant provisions, the presider shall, before considering relevant proposals, designate one independent Director to read out the <u>written approval opinions reached</u> by the independent Directors.</p> <p>...</p>	<p><b>Article 15 Consideration procedures of the meetings</b></p> <p>The presider shall request all the Directors attending the meeting of the Board of Directors to express clear opinions in respect of each proposal.</p> <p>With respect to the proposals that <u>need to be approved by more than half of the independent Directors for convening a special meeting of independent Directors in accordance with the regulations, and that need to be approved by more than half of all members for convening a meeting of the Audit Committee of the Board of Directors, and that need to be recommended by the Remuneration and Nomination Committee of the Board of Directors to the Board of Directors</u>, the presider shall, before considering relevant proposals, designate one independent Director <u>or member of the relevant committee</u> to read out the <u>resolutions and opinions of the special meeting of independent Directors or relevant committees</u>.</p> <p>...</p>	<p>Relevant provisions of the Administrative Measures for the Administration of Independent Directors of Listed Companies and taking into account the actual situation of the Company</p>

Original article	To be amended as	Basis
<p><b>Article 25 Meeting minutes</b></p> <p>The Secretary to the Board of Directors shall arrange Board office staff to record the minutes of the Board of Directors meeting. Minutes shall be signed by all attending Directors, the Secretary to the Board of Directors and the person taking the minutes. The minutes shall include the following information:</p> <p>(I) the session, time, venue and form of the meeting;</p> <p>(II) …</p>	<p><b>Article 25 Meeting minutes</b></p> <p>The Secretary to the Board of Directors shall arrange Board office staff to record the minutes of the Board of Directors meeting. Minutes shall be signed by all attending Directors, the Secretary to the Board of Directors and the person taking the minutes. The minutes shall <u>be true, accurate and complete, and fully reflect the opinions of the participants on the matters considered, including</u> the following information:</p> <p>(I) the session, time, venue and form of the meeting;</p> <p>(II) …</p>	<p>Article 2.2.3 of the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operations</p>

Original article	To be amended as	Basis
<p><b>Article 29 Implementation of resolutions</b></p> <p>The chairman of the Board of Directors shall procure the relevant persons to implement the resolutions formed by the Board of Directors, check the implementation of resolutions, and report at future meetings of the Board of Directors the implementation of resolutions adopted.</p>	<p><b>Article 29 Implementation of resolutions</b></p> <p>The chairman of the Board of Directors shall procure the relevant persons to implement the resolutions formed by the Board of Directors, check the implementation of resolutions, and report at future meetings of the Board of Directors the implementation of resolutions adopted.</p> <p><u>The independent Directors shall continue to pay attention to the implementation of the resolutions of the Board of Directors in relation to the matters described in Article 15 of these Rules that require consideration or suggestions by the independent Directors and the special committees of the Board of Directors, and shall report to the Board of Directors in a timely manner if they find that there are any violations of laws, administrative regulations, provisions of the CSRC, business rules of the stock exchange and the Articles of Association, or violations of the resolutions of the general meeting and the Board of Directors, and may require the Company to make written explanations.</u></p>	<p>Article 22 of the Administrative Measures for the Administration of Independent Directors of Listed Companies</p>
<p><b>Article 31 Supplementary provisions</b></p> <p>...</p> <p>Unless otherwise provided in these Rules, the terms “or above” and “within” in these Rules shall all include the given figure; the terms “exceed” and “less than” shall all exclude the given figure.</p> <p>...</p>	<p><b>Article 31 Supplementary provisions</b></p> <p>...</p> <p>Unless otherwise provided in these Rules, the terms “or above” and “within” in these Rules shall all include the given figure; the terms “exceed”, “less than” and “over” shall all exclude the given figure.</p> <p>...</p>	<p>Modifications according to terminology</p>