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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)

**PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

I. PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Reference is made to the announcements of 東方證券股份有限公司 (the “**Company**”) dated December 5, 2017 in relation to resignation of non-executive director and election of the board of directors (the “**Board**”) and the supervisory committee (the “**Supervisory Committee**”) of the Company and amendments to the articles of association of the Company (the “**Articles of Association**”).

The Board has considered and agreed to nominate Ms. Xia Jinghan (“**Ms. Xia**”) as candidate for the non-executive director of the fourth session of the Board. The biography of Ms. Xia is summarized as follows:

Ms. Xia Jinghan (夏晶寒女士), born in 1969, a member of the Communist Party of China (“**CPC party**”), holds a bachelor’s degree as well as a master’s degree in economics. Currently, she is the general counsel of Zhejiang Energy Group Co., Ltd., the secretary of CPC party committee and the chairman of Zheneng Capital Holdings Limited (浙能資本控股有限公司), the chairman of Zhejiang Zheneng Assets Operation and Management Co., Ltd. (浙江浙能資產經營管理有限公司), an executive director of Zheneng Equity Investment Fund Management Co., Ltd. (浙能股權投資基金管理有限公司) and the chairman of Zhejiang Zheneng Carbon Assets Management Co., Ltd. (浙江浙能碳資產管理有限公司). She was successively a member, a deputy section officer, a section officer, and the deputy head of the finance section of Zhejiang Provincial Development and Planning Commission from August 1990 to June 2003, a member of CPC party committee, the deputy general manager and secretary of the board of directors of Zhejiang Southeast Electric Power Company Limited (浙江東南發電股份有限公司) from June 2003 to September 2010, and the director of the strategic research and legal affairs department of Zhejiang Energy Group Co., Ltd. from February 2010 to December 2016. Ms. Xia has been serving as the general counsel of Zhejiang Energy Group Co., Ltd. since April 2014, and the secretary of CPC party committee and the chairman of Zheneng Capital Holdings Limited since November 2016.

As at the date of this announcement and as far as the Board is aware, save as disclosed in this announcement, Ms. Xia has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. As at the date of this announcement, save as disclosed in this announcement, Ms. Xia does not have other relationship with any directors, supervisors, senior management or substantial shareholders of the Company. Ms. Xia does not have any interest in the shares of the Company or its associated companies within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed in this announcement, there is no other information in relation to the appointment of Ms. Xia which is required to be disclosed pursuant to the requirements set out in Rules 13.51(2) (h) to (v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited nor are there any matters which need to be brought to the attention of the shareholders of the Company (the “**Shareholders**”). Ms. Xia has not been penalized by the China Securities Regulatory Commission (the “**CSRC**”) or other relevant departments or stock exchanges.

As at the date of this announcement, the Company has not entered into any service contract with Ms. Xia in terms of the appointment of the fourth session of the Board. The Board proposed to appoint Ms. Xia as the non-executive director of the Company. Unless adjustment is required by the relevant applicable laws and regulations, the term of office of Ms. Xia as the non-executive director shall end on the expiry date of the terms of office of the fourth session of the Board. Ms. Xia will not receive remuneration from the Company during her term of office as the non-executive director of the Company.

In accordance with the Articles of Association and the provisions of the relevant PRC laws and regulations, the proposed appointment of Ms. Xia as the non-executive director of the fourth session of the Board shall be proposed at the extraordinary general meeting of the Company (the “**Extraordinary General Meeting**”) for consideration and approval and will come into effect after her qualification as director is approved by the CSRC.

A circular containing, among other things, details of the aforesaid proposed appointment of non-executive director, together with the notice of the Extraordinary General Meeting, will be despatched to the Shareholders in due course.

II. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated December 5, 2017 in relation to election of the Board and the Supervisory Committee and amendments to the Articles of Association.

The Board hereby announces that, as the non-public issuance of A Shares of the Company in 2017 (the “**Issuance**”) has been completed and in view of the Issuance results, in order to improve the corporate governance structure, the Company proposed to increase the number of directors of the Board from 13 to 14, and proposed to amend the number of directors of the Board of the resolution in relation to the amendments to certain articles in the Articles of Association considered and approved by the 36th meeting of the third session of the Board, details of which are set out as below:

Original proposal	Amended proposal
Article 151 The Company shall have a board accountable to the shareholders’ general meeting. The Board consists of <u>13</u> directors, including <u>one employee representative director</u> and at least one-third of independent directors. The Board shall have a chairman and a vice chairman.	Article 151 The Company shall have a board accountable to the shareholders’ general meeting. The Board consists of <u>14</u> directors, including <u>one employee representative director</u> and at least one-third of independent directors. The Board shall have a chairman and <u>may have</u> a vice chairman.

The other amendments to the Articles of Association of the resolution in relation to the amendments to certain articles in the Articles of Association, which were considered and approved by the 36th meeting of the third session of the Board, will remain the same. Such amended proposal and the amendments to the Articles of Association considered and approved by the 36th meeting of the third session of the Board, will be proposed together at the Extraordinary General Meeting for consideration and approval, and material articles therein will come into effect after being approved by the CSRC.

A circular containing, among other things, details of the aforesaid proposed amendments to the Articles of Association, together with the notice of the Extraordinary General Meeting, will be despatched to the Shareholders in due course.

III. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

After the completion of the Issuance, the registered capital and the total number of shares of the Company have changed. According to the authorization derivative from the resolution in relation to the authorization by the extraordinary general meeting, the class meeting of A Shareholders and the class meeting of H Shareholders to the Board to deal with relevant matters involved in the Issuance considered and approved by the extraordinary general meeting, the class meeting of A Shareholders and the class meeting of H Shareholders held on February 28, 2017, the Company has amended the Article 6 and Article 21 of the Articles of Association in relation to the registered capital and the shareholding structure of the Company. The details of amendments are set out as below:

Original article	To be amended as
Article 6 The registered capital of the Company is <u>RMB6,215,452,011</u> .	Article 6 The registered capital of the Company is <u>RMB6,993,655,803</u> .
Article 21 The total number of shares of the Company is <u>6,215,452,011</u> shares, and the shareholding structure of the Company is: <u>5,188,372,011</u> ordinary shares denominated in Renminbi and 1,027,080,000 overseas listed foreign shares.	Article 21 The total number of shares of the Company is <u>6,993,655,803</u> shares, and the shareholding structure of the Company is: <u>5,966,575,803</u> ordinary shares denominated in Renminbi and 1,027,080,000 overseas listed foreign shares.

The amended full set of the Articles of Association has been published on the website of Shanghai Stock Exchange (<http://www.sse.com.cn>), the website of the Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the website of the Company (<http://www.dfzq.com.cn>).

By order of the Board of Directors

PAN Xinjun

Chairman

Shanghai, PRC
January 19, 2018

As at the date of this announcement, the Board of Directors comprises Mr. PAN Xinjun and Mr. JIN Wenzhong as executive Directors; Mr. WU Jianxiong, Mr. ZHANG Qian, Mr. WU Junhao, Mr. CHEN Bin, Mr. LI Xiang, Mr. XU Jianguo and Ms. HUANG Laifang as non-executive Directors; and Mr. XU Guoxiang, Mr. TAO Xiuming, Mr. WEI Anning, Mr. XU Zhiming and Mr. JIN Qinglu as independent non-executive Directors.