
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, independent adviser or other professional adviser.

If you have sold or otherwise transferred all your shares in **China Merchants Securities Co., Ltd.**, you should at once hand this circular and the enclosed form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6099)

**ANNUAL REPORT OF THE COMPANY FOR THE YEAR 2023,
THE PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR 2023,
THE AUTHORIZATION FOR INTERIM PROFIT DISTRIBUTION OF THE
COMPANY FOR 2024,
THE BUDGET FOR THE PROPRIETARY INVESTMENT OF THE COMPANY
FOR 2024,
CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS OF THE
COMPANY FOR 2024,
THE GUARANTEE AUTHORIZATION SCHEME FOR THE YEAR 2024 OF
CMS INTERNATIONAL AND ITS WHOLLY-OWNED SUBSIDIARIES,
THE SHAREHOLDERS' RETURN PLAN (2024-2026) OF THE COMPANY,
GRANT OF GENERAL MANDATE TO ISSUE ADDITIONAL H SHARES
AND
NOTICE OF 2023 ANNUAL GENERAL MEETING**

A letter from the Board is set out on pages 3 to 12 of this circular.

The AGM is to be held on Friday, June 28, 2024 at 10:00 a.m. at China Merchants Securities Building, No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen, the PRC. The notice of the AGM is set out on pages N-1 to N-4 of this circular.

The form of proxy for use at the AGM is enclosed with this circular. Such form of proxy is also published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cmschina.com), respectively. If you are not able to attend the AGM, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time stipulated for the holding of the AGM and deposit it together with the notarized power of attorney or other document of authorization with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited (for holders of H Shares). Completion and return of the form of proxy will not preclude you from attending and voting at the AGM in person should you so desire.

June 6, 2024

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
APPENDIX I – CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS OF THE COMPANY FOR 2024	I-1
APPENDIX II – THE SHAREHOLDERS’ RETURN PLAN (2024-2026) OF THE COMPANY	II-1
APPENDIX III – GRANT OF GENERAL MANDATE TO ISSUE ADDITIONAL H SHARES	III-1
NOTICE OF 2023 ANNUAL GENERAL MEETING	N-1

DEFINITIONS

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

“A Share(s)”	domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the SSE (stock code: 600999)
“AGM”	the annual general meeting of 2023 to be held by the Company at China Merchants Securities Building, No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen, the PRC on Friday, June 28, 2024 at 10:00 a.m.
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	the board of Directors of the Company
“CMS International”	China Merchants Securities International Company Limited, a wholly-owned subsidiary of the Company
“Company”	China Merchants Securities Co., Ltd., a joint stock limited company incorporated in the PRC under the laws of the PRC in August 1993; the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 6099) and the A Shares of which are listed on the SSE (stock code: 600999)
“Company Law”	the Company Law of the PRC(《中華人民共和國公司法》)
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate proposed to be granted to the Board at the AGM to issue, allot and deal with additional H Shares, representing up to the limit of 20% of the respective amount of the H Shares in issue as at the date of passing the relevant resolution at the AGM
“H Share(s)”	overseas-listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange (stock code: 6099)
“HK dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Non-executive Director(s)” or “Independent Director(s)”	the independent non-executive Director(s) of the Company
“Latest Practicable Date”	June 3, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, and for the purposes of this circular only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Share(s)”	the ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholders(s)”	holder(s) of the Share(s)
“SSE”	the Shanghai Stock Exchange
“Supervisor(s)”	members of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent.

Unless the context otherwise requires, all amounts are stated in RMB.

LETTER FROM THE BOARD



(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6099)

Executive Directors:

Mr. HUO Da (*Chairman of the Board*)

Mr. WU Zongmin (*President*)

Non-executive Directors:

Mr. ZHANG Jian

Mr. DENG Weidong

Mr. LIU Weiwu

Mr. LI Xiaofei

Mr. MA Boyin

Mr. HUANG Jian

Mr. ZHANG Mingwen

Ms. DING Lusha

Registered Office:

No. 111, Fuhua Yi Road

Futian Street

Futian District

Shenzhen

the PRC

Principal Place of Business in Hong Kong:

48/F, One Exchange Square

8 Connaught Place

Central

Hong Kong

Independent Non-executive Directors:

Mr. XIANG Hua

Mr. YIP, Ying Chi Benjamin

Ms. ZHANG Ruijun

Mr. CAO Xiao

Mr. FENG Jinhua

June 6, 2024

To the Shareholders

Dear Sir or Madam,

LETTER FROM THE BOARD

**ANNUAL REPORT OF THE COMPANY FOR THE YEAR 2023,
THE PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR 2023,
THE AUTHORIZATION FOR INTERIM PROFIT DISTRIBUTION OF THE
COMPANY FOR 2024,
THE BUDGET FOR THE PROPRIETARY INVESTMENT OF THE COMPANY
FOR 2024,
CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS OF THE
COMPANY FOR 2024,
THE GUARANTEE AUTHORIZATION SCHEME FOR THE YEAR 2024 OF
CMS INTERNATIONAL AND ITS WHOLLY-OWNED SUBSIDIARIES,
THE SHAREHOLDERS' RETURN PLAN (2024-2026) OF THE COMPANY,
GRANT OF GENERAL MANDATE TO ISSUE ADDITIONAL H SHARES
AND
NOTICE OF 2023 ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you, as holders of H Shares, with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM.

At the AGM, ordinary resolutions will be proposed to consider and approve (i) the annual report of the Company for the year 2023; (ii) the resolution on the profit distribution plan of the Company for 2023; (iii) the resolution on the authorization for interim profit distribution of the Company for 2024; (iv) the resolution on the budget for the proprietary investment of the Company for 2024; (v) the resolution on the contemplated ordinary related party transactions of the Company for 2024; (vi) the resolution on the guarantee authorization scheme for the year 2024 of CMS International and its wholly-owned subsidiaries; (vii) the resolution on the Shareholders' return plan (2024-2026) of the Company; and (viii) other matters contained in the notice of the AGM. Special resolution will be proposed to consider and approve (ix) the resolution on the grant of the General Mandate to the Board to issue additional H Shares of the Company.

1. ANNUAL REPORT OF THE COMPANY FOR THE YEAR 2023

An ordinary resolution will be proposed at the AGM to approve the annual report of the Company for the year 2023, which has been despatched to the Shareholders on Friday, April 19, 2024, and has been published on the websites of the SSE (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cmschina.com).

The annual report of the Company for the year 2023 has been considered and approved by the Board on March 28, 2024, and is hereby proposed at the AGM for the Shareholders' consideration and approval by way of an ordinary resolution.

LETTER FROM THE BOARD

2. THE RESOLUTION ON THE PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR 2023

An ordinary resolution will be proposed at the AGM to approve the profit distribution plan of the Company for 2023, the full text of which is set out as below:

The Company will not allocate profit to the statutory surplus reserve for 2023. Based on the total share capital registered on the equity registration date for equity distribution, a cash dividend of RMB2.52 (tax inclusive) for every 10 Shares will be distributed to all Shareholders; no bonus shares will be distributed; and no capital reserve will be converted to share capital.

Based on the total number of Shares of the Company of 8,696,526,806 Shares as of December 31, 2023, the total distributed profit is RMB2,191,524,755.11. If the Company's total share capital changes on the equity registration date for equity distribution, the Company will keep the total distribution unchanged and adjust the distribution per Share accordingly.

Such cash dividend shall be denominated and declared in RMB and paid to holders of A Shares in RMB and to holders of H Shares in Hong Kong dollar. The actual amount of dividend paid in Hong Kong dollar shall be determined based on the average exchange rate of RMB to Hong Kong dollar published by the People's Bank of China for the five business days immediately before the date of the shareholders' general meeting for considering and approving the profit distribution plan.

In view of the procedure for the distribution of dividend of H Shares, it is hereby proposed at the shareholders' general meeting to agree that Computershare Hong Kong Trustees Limited shall be appointed as the trustee in respect of the distribution of dividend to holders of H Shares of the Company.

Upon consideration and approval of the profit distribution plan of the Company for 2023 at the AGM, the Company is expected to distribute the 2023 annual cash dividend before August 30, 2024.

The profit distribution plan of the Company for 2023 has been considered and approved by the Board on March 28, 2024, and is hereby proposed at the AGM for the Shareholders' consideration and approval by way of an ordinary resolution.

3. THE RESOLUTION ON THE AUTHORIZATION FOR INTERIM PROFIT DISTRIBUTION OF THE COMPANY FOR 2024

An ordinary resolution will be proposed at the AGM to approve the authorization for interim profit distribution of the Company for 2024, the full text of which is set out as below:

The CSRC promulgated the amended Guideline No. 3 for the Supervision and Administration of Listed Companies – Cash Dividend for Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》) on December 21, 2023, in which, Article 7 clarifies that: When a listed company holds an annual general meeting to review the annual profit distribution plan, it may consider and approve the conditions, proportion cap and amount cap of cash dividends for the interim period of the next year. The dividend cap for the interim period of the next year considered at the annual general meeting

LETTER FROM THE BOARD

shall not exceed the net profit attributable to shareholders of a listed company for the corresponding period. The Board shall formulate a specific interim dividend plan in accordance with the resolutions of the shareholders' general meeting and subject to the conditions of profit distribution.

In order to fulfill the principle of people-oriented finance and improve investors' sense of contentment, the Company intends to propose to the shareholders' general meeting to authorize the Board to make decisions on the 2024 interim profit distribution plan of the Company with the amount of not exceeding RMB880 million.

The above resolution has been considered and approved by the Board on March 28, 2024, and is hereby proposed at the AGM for the Shareholders' consideration and approval by way of an ordinary resolution.

4. THE RESOLUTION ON THE BUDGET FOR THE PROPRIETARY INVESTMENT OF THE COMPANY FOR 2024

An ordinary resolution will be proposed at the AGM to approve the budget for the proprietary investment of the Company for 2024, the full text of which is set out as below:

Article 7 of the Provisions on Strengthening the Supervision and Administration of Listed Securities Companies (CSRC Announcement [2024] No. 7) (《關於加強上市證券公司監管的規定》(證監會公告[2024]7號)) promulgated by the CSRC stipulates that in case that the significant external investment, including securities proprietary investment, by listed securities companies exceed a certain amount and may require timely disclosure and resolution by the shareholders' general meeting, listed securities companies may review and consider the total amount of proprietary investment by the shareholders' general meeting and disclose such amount annually.

Given the fact that proprietary investment is an essential part of the principal business of the Company which requires prompt judgement and decision within a short period of time based on the market condition in order to capture the market opportunities, it is hereby proposed to authorize the management of the Company to determine the total amount of proprietary investment of the Company for 2024 within the budget set forth below on the condition that the relevant requirements by the CSRC regarding proprietary business management and risk management are satisfied:

- (1) The aggregate amount of proprietary investment in equity securities and its derivatives of the Company shall not exceed 100% of the net capital as at the relevant times;
- (2) The aggregate amount of proprietary investment in non-equity securities and its derivatives of the Company shall not exceed 500% of the net capital as at the relevant times.

Note: The budget set out above does not include long-term equity investment of the Company, which shall adhere to the Company's relevant decision-making procedures for confirmation and execution.

LETTER FROM THE BOARD

The budget set out above is the maximum amount of proprietary investment based on the characteristics of market fluctuation, which does not represent the judgement of the management of the Company and the Board regarding the market. The actual amount of proprietary investment shall be solely subject to the then prevailing market condition when the proprietary investment is made.

The above resolution has been considered and approved by the Board on March 28, 2024, and is hereby proposed at the AGM for the Shareholders' consideration and approval by way of an ordinary resolution.

5. THE RESOLUTION ON THE CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS OF THE COMPANY FOR 2024

An ordinary resolution will be proposed at the AGM to approve the following contemplated ordinary related party transactions of the Company for 2024, the full text of which is set out in Appendix I to this circular.

- 5.01 Contemplated ordinary related party transactions with China Merchants Bank Co., Ltd. (“**China Merchants Bank**”) and its subsidiaries;
- 5.02 Contemplated ordinary related party transactions with China Merchants Group Limited (“**China Merchants Group**”) and its related parties (including major upstream and downstream enterprises, but excluding China Merchants Bank and its subsidiaries);
- 5.03 Contemplated ordinary related party transactions with China COSCO Shipping Corporation Limited and its related parties;
- 5.04 Contemplated ordinary related party transactions with PICC Life Insurance Company Limited and its related parties;
- 5.05 Contemplated ordinary related party transactions with the Directors, Supervisors and senior management of the Company;
- 5.06 Contemplated ordinary related party transactions with other related parties.

The above resolution has been considered and approved by the Board on March 28, 2024, and is hereby proposed at the AGM for the Shareholders' consideration and approval by way of an ordinary resolution.

LETTER FROM THE BOARD

6. THE RESOLUTION ON THE GUARANTEE AUTHORIZATION SCHEME FOR THE YEAR 2024 OF CMS INTERNATIONAL AND ITS WHOLLY-OWNED SUBSIDIARIES

An ordinary resolution will be proposed at the AGM to approve the guarantee authorization scheme for the year 2024 of CMS International and its wholly-owned subsidiaries, the full text of which is set out as below:

As business operation requires, CMS International or its wholly-owned subsidiaries, because of the assessment by correspondent banks or counterparties based on the entities to the transactions, need to act as guarantors when they obtain finance or enter into transactions, in order to enhance their capacity of external business operation and financing. Based on the business development plan and the needs of providing guarantees, the guarantee authorization scheme for the year 2024 of CMS International and its wholly-owned subsidiaries is hereby proposed at the AGM for consideration and approval as follows:

1. To approve CMS International and its wholly-owned subsidiaries to provide guarantees for entities that are to obtain finance or enter into transactions, including financing guarantees (including but not limited to bank credit, syndicated loans, bond issuance or bills, etc.), transaction guarantees (including but not limited to International Swaps and Derivatives Association (ISDA) Agreement, Master Clearing Agreement, The Bond Market Association (TBMA)/International Security Management Association (ISMA), Global Master Repurchase Agreement (GMRA), Global Master Securities Lending Agreement (GMSLA), prime brokerage agreements, commodity trading, etc.) and other types of guarantees (including but not limited to leasing guarantees, etc.).
2. Authorized guarantee limit and guarantee entities: within the authorization period, the total amount of the authorized guarantees provided by CMS International and its wholly-owned subsidiaries for guaranteed parties shall not exceed HK dollar 79 billion or equivalent, among which, the total amount of authorization for financing guarantees provided shall not exceed HK dollar 14.8 billion or equivalent.

LETTER FROM THE BOARD

3. The details of the authorized guarantee limit are set out in the table below:

Guarantor	Guaranteed party	Shareholding percentage of the guarantor	Gearing ratio of the guaranteed party in the latest period ⁽¹⁾	Guarantee balance as of December 31, 2023 (HK dollar 100 million)	Estimated guarantee limit ⁽²⁾	Percentage of guarantee limit over the net assets of the Company in the latest period ⁽³⁾	Estimated validity period	Whether it is a related party guarantee or not	Whether there is a counter guarantee
1. Companies with a gearing ratio of 70% or more									
China Merchants Securities International Company Limited	China Merchants Securities Investment Management (HK) Co., Limited	100%	95.13%	12.71	The total amount of the authorized guarantees amounted to HK dollar 79 billion (including the shared amount of HK dollar 1 billion ⁽⁴⁾), of which the total amount of authorization for financing guarantees was HK dollar 14.8 billion (the same statistical calibre as above), the total amount of authorization for trading guarantees was approximately HK dollar 64.15 billion, and the total amount of authorization for other guarantees was approximately HK dollar 0.05 billion	58.70%	Long term	No	No
China Merchants Securities International Company Limited	CMS International Gemstone Limited	100%	100%	50.11			Long term	No	No
China Merchants Securities Investment Management (HK) Co., Limited	China Merchants Securities International Company Limited	N/A	75.80%	3.13			Long term	No	No
China Merchants Securities International Company Limited and its subsidiaries	China Merchants Securities International Company Limited	N/A	75.80%	0.40			Long term	No	No
2. Companies with a gearing ratio less than 70%									
China Merchants Securities International Company Limited	China Merchants Securities (HK) Co., Limited	100%	45.15%	0.00	The authorized limit for financing guarantee amounted to HK dollar 1 billion ⁽⁴⁾	0.74%	Long term	No	No

Notes:

- (1) Gearing ratio of the guaranteed party in the latest period is the audited data at the end of 2023, excluding customers' funds.
- (2) The guarantee limit is the maximum limit (including the undrawn portion), and will be implemented in accordance with the relevant laws and regulations, the latest regulations of the superior units, the relevant systems, and the requirements of risk control and management of the Company and its subsidiaries. If there are any new guarantee entities of the Company within the validity period of the

LETTER FROM THE BOARD

authorization, they can be transferred within the guarantee limit. Companies with a gearing ratio of 70% or more can only obtain guarantee limit from companies with a gearing ratio of 70% or more at the time of consideration at the shareholders' general meeting.

- (3) The net assets in the latest period are the audited net assets of the Company at the end of 2023.
 - (4) As China Merchants Securities Investment Management (HK) Co., Limited and China Merchants Securities (HK) Co., Limited, as the guaranteed parties, are jointly entitled to a guarantee limit of HK dollar 1 billion for bank borrowings, although the guarantee limit is set at HK dollar 1 billion each, the actual guarantee limit shall not exceed HK dollar 1 billion for the two companies in total. Therefore, the HK dollar 1 billion shared financing guarantee amount of China Merchants Securities (HK) Co., Limited is included in the total financing guarantee amount of HK dollar 14.8 billion and the total amount of HK dollar 79 billion.
4. Guarantee types: types which are prescribed in relevant laws and regulations including guarantee, mortgage guarantee and hypothecation, etc.
 5. Authorization period: the term of validity of the aforementioned guarantees shall commence from the date on which this resolution is considered and approved at the AGM until the date of the 2024 annual general meeting of the Company.
 6. To propose to the AGM to authorize the Board in turn to authorize the chairman of the board of directors of CMS International for determining specific guarantee matters and relevant amounts.

The above resolution has been considered and approved by the Board on April 26, 2024, and is hereby proposed at the AGM for the Shareholders' consideration and approval by way of an ordinary resolution.

In case of any inconsistency or conflict between the above authorization and the requirements under the Listing Rules or other requirements of the Stock Exchange, the requirements under the Listing Rules or other requirements of the Stock Exchange shall prevail.

7. THE RESOLUTION ON THE SHAREHOLDERS' RETURN PLAN (2024-2026) OF THE COMPANY

An ordinary resolution will be proposed at the AGM to approve the Shareholders' return plan (2024-2026) of the Company, the full text of which is set out in Appendix II to this circular.

The above resolution has been considered and approved by the Board on March 28, 2024, and is hereby proposed at the AGM for the Shareholders' consideration and approval by way of an ordinary resolution.

LETTER FROM THE BOARD

8. THE RESOLUTION ON THE GRANT OF GENERAL MANDATE TO THE BOARD TO ISSUE ADDITIONAL H SHARES OF THE COMPANY

A special resolution will be proposed at the AGM to approve the grant of General Mandate to the Board to issue additional H Shares of the Company, the full text of which is set out in Appendix III to this circular.

The above resolution has been considered and approved by the Board on March 28, 2024, and is hereby proposed at the AGM for the Shareholders' consideration and approval by way of a special resolution.

9. OTHERS

In addition, the Shareholders will consider and approve each of the following by way of an ordinary resolution: (i) working report of the Board of the Company for 2023; (ii) working report of the Supervisory Committee of the Company for 2023; (iii) duty report of Independent Directors of the Company for 2023; and (iv) final accounts report of the Company for 2023. The text of the above reports have been substantially included in the annual report of the Company for the year 2023, which has been despatched to the Shareholders on Friday, April 19, 2024, and has been published on the websites of the SSE (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cmschina.com).

AGM

The AGM will be held at China Merchants Securities Building, No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen, the PRC on Friday, June 28, 2024 at 10:00 a.m.

The summary of the important dates for holders of H Shares is as follows:

Last Registration Date	:	4:30 p.m. on Friday, June 21, 2024
Closure of Register of Members for H Shareholders	:	Monday, June 24, 2024 to Friday, June 28, 2024 (both days inclusive)
Submission of Proxy Form	:	not less than 24 hours before the time appointed for the AGM (i.e. 10:00 a.m. on Thursday, June 27, 2024)

For the purpose of determining the H Shareholders who are entitled to attend the AGM, the register of members of H Shares of the Company will be closed from Monday, June 24, 2024 to Friday, June 28, 2024 (both days inclusive), during which period no transfer of H Shares will be registered. All transfer documents accompanied by the relevant share certificates shall be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, June 21, 2024. H Shareholders whose names appear on the register of members of H Shares of the Company on Friday, June 21, 2024 are entitled to attend and vote at the AGM.

LETTER FROM THE BOARD

To be valid, for holders of H Shares, the form of proxy and notarized power of attorney or other document of authorization must be delivered to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the AGM. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM in person should you so desire.

PROCEDURES FOR VOTING AT THE AGM

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a shareholders' general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the AGM will demand a poll in relation to all the proposed resolutions at the AGM in accordance with Article 108 of the Articles of Association.

Pursuant to Rule 2.15 of the Listing Rules, where Shareholders' approval is required with regard to a transaction or arrangement, any Shareholder that has a material interest in such transaction or arrangement shall abstain from voting on the resolution(s) approving such transaction or arrangement at the shareholders' general meeting. As such, the abovementioned resolution regarding the contemplated ordinary related party transactions of the Company for 2024 will be taken by poll by Shareholders who do not hold any interest in relation to such resolution. Shareholders controlled by China Merchants Group are required to abstain from voting on ordinary resolutions No. 9.01 and 9.02 set out in the notice of the AGM. Shareholders controlled by China COSCO Shipping Corporation Limited are required to abstain from voting on ordinary resolution No. 9.03 set out in the notice of the AGM. PICC Life Insurance Company Limited is required to abstain from voting on ordinary resolution No. 9.04 set out in the notice of the AGM. Shareholders who have a controlling relationship with or are controlled by the same entity that controls any of such other related parties mentioned in ordinary resolution No. 9.06 set out in the notice of the AGM are required to abstain from voting on ordinary resolution No. 9.06.

Save as disclosed above, none of the Shareholders shall abstain from voting in respect of any other resolutions to be proposed at the AGM.

RECOMMENDATION

The Board believes that all the resolutions mentioned above are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that all Shareholders vote in favor of the relevant resolutions to be proposed at the AGM.

Yours faithfully,
By Order of the Board
HUO Da
Chairman

I. CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS FOR 2024

1. Contemplated ordinary related party transactions with China Merchants Bank Co., Ltd. and its subsidiaries

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Interest income from deposit, income from provision of underwriting, distribution, asset management, trading seats leasing, financial products agency sale, securities advisory, securities agency trading services, etc.	61,166.54	4.69%
		Expenses on wealth management products custody and agency sale, third-party depository and custody services for clients' funds, interest expenses for loans and placements from other financial institutions, interest expenses for repurchase, expenses on investment banking business such as underwriting fees, bank service charge, settlement fees, etc.	10,667.04	4.70%
Securities and financial products and transactions	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Total capital inflow from interbank lending, bond trading, bond repurchase, bond lending, foreign exchange transactions, interest rate swaps, equity swaps, over-the-counter derivative transactions, subscription or redemption of funds or wealth management products, purchase or payment of principal and interest of financing products, etc.	19,000,202.68	-
		Total capital outflow for interbank lending, bond trading, bond repurchase, bond lending, foreign exchange transactions, interest rate swaps, equity swaps, over-the-counter derivative transactions, subscription or redemption of funds or wealth management products, purchase or payment of principal and interest of financing products, etc.	17,360,572.48	-
Equity/asset transactions and joint investment	Not more than RMB300 million	Joint investment with and investment in the equity and assets of related parties (subscription)	5,000.00	-
Others	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Income from server room custody services	157.50	0.86%
		Lease expenses, property management fees, administrative procurement expenses, etc.	8,077.13	10.16%

2. Contemplated ordinary related party transactions with China Merchants Group Limited and its related parties (including major upstream and downstream enterprises, but excluding China Merchants Bank and its subsidiaries)

2.1 *Contemplated transactions with China Merchants Group Limited and its associates⁽¹⁾*

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	The actual situation shall be disclosed	Income from provision of underwriting, sponsorship, financial advisory, securities agency trading, custody services, etc.	6,338.90	0.76%
		Investment bank service charge and commission expenses, etc.	2.99	0.03%
Securities and financial products and transactions	due to the difficulty in the estimation of the actual items and amount	Total capital inflow from subscription or redemption of wealth management products, purchase or payment of principal and interest of financing products, etc.	105,918.58	-
		Total capital outflow for subscription or redemption of wealth management products, purchase or payment of principal and interest of financing products, etc.	510,729.64	-
Equity/asset transactions and joint investment	Not more than RMB800 million	Joint investment with and investment in the equity and assets of related parties (subscription)	19,600.00	-
Others	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Lease expenses, property management fees, administrative procurement expenses, etc.	10,810.78	14.00%

Note:

- (1) Associates are defined in the Listing Rules, sic passim. In 2024, the amount of securities and financial products, transactions and services transactions between the Company and China Merchants Group and its associates shall not exceed the annual transaction caps as determined by the resolutions of the 2022 second extraordinary general meeting, the amount of administrative procurement transactions shall not exceed the caps as determined by the resolutions of the 39th meeting of the seventh session of the Board of the Company, and the amount of property leasing transactions shall not exceed the caps as determined by the resolutions of the 15th meeting of the seventh session of the Board of the Company. Among them, the transaction amounts between the Company and China Merchants Group Finance Co., Ltd. shall not exceed the caps determined by the resolution of the 35th meeting of the seventh session of the Board of the Company.

2.2 *Contemplated ordinary related party transactions with other related parties of China Merchants Group (including major upstream and downstream enterprises)*

2.2.1 *Contemplated ordinary related party transactions with Bosera Asset Management Co., Limited and its subsidiaries*

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Income from provision of financial advisory, trading seats leasing, financial products agency sale, custody and fund administrative services, etc.	11,561.36	1.42%
Securities and financial products and transactions		Total capital inflow from bond trading, subscription or redemption of funds or wealth management products, purchase or payment of principal and interest of financing products, etc.	353,240.19	-
		Total capital outflow for bond trading, subscription or redemption of funds or wealth management products, purchase or payment of principal and interest of financing products, etc.	334,320.31	-
Equity/asset transactions and joint investment	Not more than RMB500 million	Nil	0	-

2.2.2 *Contemplated ordinary related party transactions with China Great Wall Securities Co., Ltd.*

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Income from targeted asset management services	42.43	0.25%
Securities and financial products and transactions		Total capital inflow from bond trading, bond repurchase, subscription or redemption of wealth management products, purchase or payment of principal and interest of financing products, etc.	280,860.82	-
		Total capital outflow for bond trading, bond repurchase, subscription or redemption of wealth management products, purchase or payment of principal and interest of financing products, etc.	243,832.59	-

2.2.3 *Contemplated ordinary related party transactions with Zheshang Securities Co., Ltd. and its subsidiaries*

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Income from custody and fund administrative services and targeted asset management services	85.36	0.10%
Securities and financial products and transactions		Total capital inflow from bond trading, bond repurchase, interest rate swaps, purchase or payment of principal and interest of financing products, subscription or redemption of wealth management products, over-the-counter derivative transactions, etc.	787,955.79	-
		Total capital outflow for bond trading, bond repurchase, interest rate swaps, purchase or payment of principal and interest of financing products, subscription or redemption of wealth management products, over-the-counter derivative transactions, etc.	523,107.63	-

3. **Contemplated ordinary related party transactions with China COSCO Shipping Corporation Limited and its related parties**3.1 *Contemplated ordinary related party transactions with China COSCO Shipping Corporation Limited and its associates⁽¹⁾*

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Income from provision of securities agency trading, underwriting services and financial advisory services	175.82	0.03%
Securities and financial products and transactions		Total capital inflow from purchase or payment of principal and interest of financing products, etc.	18.58	-
		Total capital outflow for purchase or payment of principal and interest of financing products	55,500.00	-
Others		Lease expenses, property management fees, etc.	0.9	0.002%

Note:

- (1) In 2024, the cumulative transaction amount of securities and financial products, transactions and services between the Company and China COSCO SHIPPING Corporation Limited and its associates shall not exceed the annual transaction cap as determined by the resolutions of the 2022 second extraordinary general meeting.

3.2 *Contemplated ordinary related party transactions with other related parties of China COSCO Shipping Corporation Limited*

3.2.1 *Contemplated ordinary related party transactions with Shanghai Rural Commercial Bank Co., Ltd.*

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Fees for financial products agency sale, interest expenses for repurchase, etc.	1,287.15	2.57%
Securities and financial products and transactions		Total capital inflow from bond trading, bond lending, bond repurchase, purchase or payment of principal and interest of financing products, interest rate swaps, etc.	14,389,987.48	-
		Total capital outflow for bond trading, bond lending, bond repurchase, purchase or payment of principal and interest of financing products, interest rate swaps, etc.	14,442,286.89	-

3.2.2 *Contemplated ordinary related party transactions with Bank of Kunlun Co., Ltd.*

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)
Securities and financial products and transactions	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Total capital inflow from bond trading and repurchase, etc.	1,239,710.70
		Total capital outflow for bond trading and repurchase, etc.	1,241,467.05

3.2.3 *Contemplated ordinary related party transactions with China Everbright Bank Co., Ltd.*

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Interest income from deposit, income from provision of underwriting	1,525.46	0.27%
		Expenses on third-party depository and custody services for clients' funds, interest expenses for lending, interest expenses for repurchase, bank service charge, settlement fees	228.54	0.16%
Total capital inflow from foreign exchange transactions, interbank lending, bond trading, bond repurchase, subscription or redemption of wealth management products, purchase or payment of principal and interest of financing products		1,732,134.59	-	
Total capital outflow for foreign exchange transactions, interbank lending, bond trading, bond repurchase, subscription or redemption of wealth management products, purchase or payment of principal and interest of financing products		2,316,418.24	-	

3.2.4 *Contemplated ordinary related party transactions with China Bohai Bank Co., Ltd.*

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Interest expenses for lending, custodian fees for wealth management products	3.75	0.004%
Securities and financial products and transactions		Total capital inflow from bond trading, bond repurchase, interest rate swaps, bond lending, etc.	8,421,383.59	-
		Total capital outflow for bond trading, bond repurchase, interest rate swaps, bond lending, etc.	8,522,450.14	-

3.2.5 *Contemplated ordinary related party transactions with CIB Fund Management Co., Ltd.*

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services		Income from provision of trading seats leasing	35.25	0.05%
Securities and financial products and transactions	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Total capital inflow from bond trading, bond repurchase, purchase or payment of principal and interest of financing products, subscription or redemption of fund products, etc.	698,335.68	-
		Total capital outflow for bond trading, bond repurchase, purchase or payment of principal and interest of financing products, subscription or redemption of fund products, etc.	355,545.46	-

3.2.6 *Contemplated ordinary related party transactions with China Cinda Asset Management Co., Ltd.*

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)
Securities and financial products and transactions	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Total capital outflow for purchase or payment of principal and interest of financing products	120,000.00

3.2.7 *Contemplated ordinary related party transactions with Shanghai Life Insurance Co., Ltd.*

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)
Securities and financial products and transactions	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Total capital outflow for bond trading	70,897.79

4. **Contemplated ordinary related party transactions with PICC Life Insurance Company Limited and its related parties**

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)
Securities and financial products and transactions	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Total capital outflow for purchase or payment of principal and interest of financing products	93,483.62

5. **Contemplated ordinary related party transactions with the Directors, Supervisors and senior management of the Company**

The Company and its holding subsidiaries are expected to enter into financial services and securities and financial products and transactions with the Directors, Supervisors and senior management of the Company in 2024. The terms of the transactions are equivalent to those with third-party non-related parties and are exempt from disclosure.

The terms of the related party transactions entered into between the Company and its holding subsidiaries and the Directors, Supervisors and senior management of the Company in 2023 were equivalent to those with third-party non-related parties and were exempt from disclosure. In addition, the Directors, Supervisors and senior management of the Company receive

remuneration or allowances in accordance with the relevant rules of the Company or the resolutions of the shareholders' general meeting. For details, please refer to the annual report of the Company.

6. Contemplated ordinary related party transactions with other related parties

Other related parties include legal persons or other organizations, other than the abovementioned related parties, that are directly or indirectly controlled by the related natural persons of the Company, or where the related natural persons serve as a director or senior management, including those that had or will have a related relationship in the past twelve months and the next twelve months. Other related parties that are controlled by the same entity should be aggregated. For transactions between the Company and other related parties, the actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount.

6.1 *Contemplated ordinary related party transactions with Essence Fund Management Co., Ltd. (安信基金管理有限責任公司) and its subsidiaries*

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Income from trading seats leasing, financial products agency sale and custody	957.43	0.60%
Securities and financial products and transactions		Total capital inflow from bond trading, bond repurchase, subscription or redemption of funds products, purchase or payment of principal and interest of financing products, etc.	718,236.76	-
		Total capital outflow for bond trading, bond repurchase, subscription or redemption of funds products, purchase or payment of principal and interest of financing products, etc.	434,094.82	-

6.2 *Contemplated ordinary related party transactions with Sichuan Bank Company Limited (四川銀行股份有限公司)*

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Securities and financial products and transactions	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Total capital inflow from bond trading, bond repurchase, etc.	4,156,074.55	-
		Total capital outflow for bond trading, bond repurchase, etc.	4,131,117.95	-

6.3 *Contemplated ordinary related party transactions with China Resources Co., Limited (華潤股份有限公司)*

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Income from provision of underwriting services, fixed income from distribution fees	296.34	0.28%
Securities and financial products and transactions		Total capital inflow from purchase or payment of principal and interest of financing products, etc.	29,771.30	-
		Total capital outflow for purchase or payment of principal and interest of financing products, etc.	111,999.70	-

6.4 *Contemplated ordinary related party transactions with China Railway Construction Corporation Limited*

Type of related party transaction	Estimated amount for the year	Actual transaction items in the previous year	Actual amount for the previous year (RMB10,000)
Securities and financial products and transactions	The actual situation shall be disclosed due to the difficulty in the estimation of the actual items and amount	Capital inflow from purchase or payment of principal and interest of financing products	54,553.93
		Capital outflow for purchase or payment of principal and interest of financing products	1,000.00

II. MAJOR RELATED PARTIES AND THE RELATIONSHIPS

1. China Merchants Group indirectly holds a total of 44.17% of the Shares of the Company and is the de facto controller of the Company. Among China Merchants Group and its related parties, the major related parties that have transactions with the Company include China Merchants Bank Co., Ltd. (a company listed on the SSE (stock code: 600036) and the Hong Kong Stock Exchange (stock code: 03968)), China Merchants Fund Management Co., Ltd. and its subsidiaries, Bosera Asset Management Co., Limited and its subsidiaries, China Great Wall Securities Co., Ltd. (a company listed on the Shenzhen Stock Exchange (stock code: 002939)), Zheshang Securities Co., Ltd. (a company listed on the SSE (stock code: 601878)) and its subsidiaries, and China Merchants Commerce Leasing Co., Ltd., etc.
2. China COSCO Shipping Corporation Limited indirectly holds a total of 10.02% of the Shares of the Company. Among COSCO Shipping and its related parties, the major related parties that have transactions with the Company include Shanghai Rural Commercial Bank Co., Ltd. (a company listed on the SSE (stock code: 601825)), Bank of Kunlun Co., Ltd., China Everbright Bank Co., Ltd. (a company listed on the SSE (stock code: 601818)), China Bohai Bank Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 09668)), CIB Fund Management Co., Ltd., China Cinda Asset Management Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 01359)), Shanghai Life Insurance Co., Ltd., and Powchan Financial Group Co., LTD., etc.

III. PRICING PRINCIPLES FOR RELATED PARTY TRANSACTIONS

The pricing of related party transactions of the Company shall be determined with reference to the following principles:

- (1) Where the transaction is subject to government pricing, such price shall be directly applicable;
- (2) Where the transaction is subject to government-guided pricing, the transaction price shall be reasonably determined within the scope of the government-guided pricing;
- (3) In addition to government pricing or government-guided pricing, where the transaction has a comparable independent third-party market price or rate, the transaction price shall be determined with priority reference to such price or rate;
- (4) Where there is no comparable independent third-party market price for the related party transaction, the transaction price shall be determined with reference to the price of non-related party transactions between the related party and a third-party independent of the related party;
- (5) Where there is neither an independent third-party market price nor an independent non-related party transaction price for reference, a reasonable composition of price, i.e. reasonable costs plus reasonable profits, shall be used as the basis for pricing.

**IV. REASONS FOR THE RELATED PARTY TRANSACTIONS AND IMPACT ON THE
COMPANY**

The abovementioned ordinary related party transactions are conducted in the ordinary course of business of the Company, and are beneficial to the business development and enhancement of overall competitiveness of the Company.

The relationships between the Company and its related parties are fair and equal and mutually beneficial to both parties. The pricing of the abovementioned related party transactions is determined in accordance with the market rates on a reasonable and fair basis without prejudicing the interests of the non-related Shareholders of the Company. The abovementioned related party transactions do not affect the independence of the Company. The principal business of the Company has not been in reliance on the related parties due to these related party transactions.

The Company is committed to its own sustainable development while also attaches great importance to providing reasonable returns to Shareholders. Pursuant to the requirements of the Company Law, the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Notice of the China Securities Regulatory Commission Regarding Further Implementation of Cash Dividends Distribution of Listed Companies (《中國證券監督管理委員會關於進一步落實上市公司現金分紅有關事項的通知》), the Guideline No. 3 for the Supervision and Administration of Listed Companies – Cash Dividend for Listed Companies (2023 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2023年修訂)》), the Self-regulatory Guidelines for the Listed Companies on the Shanghai Stock Exchange No. 1 – Standardized Operations (《上海證券交易所上市公司自律監管指引第1號—規範運作》) and the Articles of Association, the Company has formulated the Shareholders' return plan for the next three years (2024-2026) (the “Plan”). Details of the Plan are as follows:

I. PRINCIPLES FOR THE FORMULATION OF THE PLAN

1. Strictly comply with relevant laws, regulations and regulatory requirements as well as the provisions of the Articles of Association;
2. Attach great importance to providing reasonable return on investment to Shareholders, while taking into account the Company's development strategy and sustainable development needs;
3. Implement a continuous and stable profit distribution policy;
4. As long as the Company records continuous profit, complies with regulatory requirements and maintains normal operation and long-term development, the Company shall take priority to distributing dividends in form of cash;
5. Fully consider and listen to the opinions of the Shareholders (especially minority Shareholders), Independent Directors and Supervisors.

II. CONSIDERATIONS FOR THE PLAN

Based on the Company's long-term and sustainable development, upon comprehensive analysis of the operating environment of the securities industry, characteristics of risk supervision of the securities industry, domestic and overseas Shareholders' requirements, external financing environment and capital costs as well as regulatory policies, the Company has fully considered its strategic planning, profitability, investment capital requirements, solvency or capital adequacy and balanced the relationship between sustainable business development and comprehensive return to Shareholders to formulate the Shareholders' return plan, establish a continuous, stable and scientific return mechanism for investors and maintain the continuity and stability of the profit distribution policy.

III. DETAILS OF THE SHAREHOLDERS' RETURN PLAN (2024-2026)

1. Form of profit distribution: The Company shall distribute dividends in form of cash, shares or a combination of cash and shares, and shall prioritize profit distribution in form of cash. The specific distribution ratio shall be determined by the Board in accordance with the Company's

operating conditions and the relevant requirements of the CSRC, and shall be considered and approved at the shareholders' general meeting. As long as the Company records profit and all risk control indicators meet the regulatory requirements, and taking into full consideration of the Company's operations and long-term development needs, the Company shall take the initiative to distribute dividends in form of cash.

2. Specific conditions for and ratio of cash dividends
 - (1) Specific conditions for distributing cash dividends: The Company records profit for the year and the total undistributed profit in the consolidated financial statement is a positive value; the auditor issues a standard unqualified audit report on the Company's financial report for the year; and upon the implementation of the cash dividend distribution plan, the Company's risk control indicators such as net capital do not reach the early warning levels stipulated in the Measures for Managing the Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》).
 - (2) Ratio of cash dividends: In compliance with laws, regulations, regulatory requirements and provisions of the Articles of Association, the Company's annual profits distributed in cash shall not be less than 20% of the distributable profits realized in that year, and in any three consecutive years, the Company's total profits distributed in cash shall not be less than 30% of the average distributable profits realized for those three years.
 - (3) Differentiated cash dividend policy: When the Company is at a mature development stage and has no major capital expenditure arrangement, the ratio of cash dividends shall be at least 80% in the profit distribution. When the Company is at a mature development stage and has a major capital expenditure arrangement, the ratio of cash dividends shall be at least 40% in the profit distribution. Where the Company is at a growing development stage and has a major capital expenditure arrangement, the ratio of cash dividends shall be at least 20% in the profit distribution. Where the Company's development stage cannot be clearly distinguished but there is a major capital expenditure arrangement, the above provision can be applied for reference.
3. Conditions for distributing share dividends: The Company may distribute dividends in form of shares based on the annual profits and cash flow condition and subject to the satisfaction of the lowest ratio for cash dividends and the reasonableness of the Company's scale of share capital, after taking into full consideration of the Company's growth and the dilution of net assets per share and other real and reasonable factors. If the Company distributes dividends in form of cash or shares or a combination of the two, it shall determine the specific amount and ratio of profits distributed in form of shares, and shall ensure that the distribution plan will be in the interest of all Shareholders as a whole as well as their long-term interest.
4. Provisions on the increase in profit distributed

- (1) If the Company's net profit maintains a sustained and stable growth, the Company may increase the ratio of cash dividends or distribute dividends in form of shares, so as to increase the return to investors;
 - (2) The Board of the Company may propose the Company to make interim cash dividend distribution based on the Company's profitability and capital requirements and relevant conditions.
5. Intervals of profit distribution: Under the premise that there is profit available for distribution, the Company shall make profit distribution at least once a year; the Company can make interim profit distribution in form of cash according to the conditions of production and operation and capital requirements.

IV. THE DECISION-MAKING, ADJUSTMENT AND SUPERVISORY MECHANISMS OF THE PROFIT DISTRIBUTION PLAN OF THE COMPANY

1. The Board of the Company shall propose annual or interim dividend distribution plan based on specific business data and after taking into full consideration of the Company's profitability, cash flow condition, development stage, capital requirements and opinions of the Shareholders (especially minority Shareholders), Independent Directors and Supervisors, and submit it to the shareholders' general meeting for voting.
2. In formulating the Company's specific plan for profit distribution in cash, the Board shall carefully study and identify the timing, conditions and minimum ratio, conditions for adjustment and requirements for decision-making procedures and other matters involved for implementing the distribution of cash dividends of the Company. When making decisions on and formulating its profit distribution proposal, the Board shall record in detail the advice of the management, key points of the speeches of Directors present at the meeting, and voting results of the Board, and form written minutes to be properly kept as the Company's records.
3. The profit distribution plan of the Company shall be submitted to the shareholders' general meeting for approval after being considered and approved by the Board. When considering the specific plan for profit distribution in cash, the shareholders' general meeting shall take the initiative to communicate and interact with Shareholders, especially minority Shareholders, through various channels. Opinions and requests of minority Shareholders shall be fully considered at the shareholders' general meeting to effectively ensure the rights for public Shareholders to receive reasonable investment returns.
4. If the Company records profit for the year but does not propose any cash dividend proposal, the management shall report the particulars to the Board to explain the reasons for not distributing dividend, and the purpose and proposed applications for the undistributed funds retained by the Company. It shall be submitted to the shareholders' general meeting for consideration and approval upon consideration and approval by the Board. Opinions and requests of minority Shareholders shall be fully considered at the shareholders' general meeting, to which the Board shall report the particulars.

5. In the event that the Company has to make adjustments to its profit distribution plan and Shareholders' return plan due to material changes in the external business environment or its operating conditions, the management shall submit scrupulous argumentation and detailed explanation of the adjustments to the Board. The adjustments in the profit distribution plan shall be submitted to the shareholders' general meeting for voting after being considered and approved by the Board. The Company shall take the initiative to communicate and interact with minority Shareholders to collect their opinions and requests through various channels. Upon the publishing of notice of shareholders' general meeting, the Company shall issue a supplementary notice of shareholders' general meeting within three days after the record date. The adjustment plan shall be passed by no less than two-thirds of the voting rights represented by the Shareholders present at the shareholders' general meeting.

V. FORMULATION CYCLE AND ADJUSTMENT MECHANISM OF THE SHAREHOLDERS' RETURN PLAN

1. The Company shall review the Shareholders' return plan at least once every three years, and make revisions in a timely manner according to the development of the Company or changes in laws and regulations to ensure that the Plan does not violate relevant laws and regulations and the provisions of the Articles of Association.
2. In the event that force majeure or changes in the external business environment of the Company have a material impact on the Company's production and operation, or if the Company's operating conditions undergo major changes, the Company has to adjust the profit distribution policy. On the basis of actively listening to the opinions of the Shareholders and Independent Directors, the Board shall conduct specific discussion over adjustment to the Company's profit distribution policy, provide detailed reasons for such adjustment, formulate a new Shareholders' return plan for the next three years, and submit it to the Board for consideration and approval. The relevant proposal shall be submitted to the shareholders' general meeting for consideration and approval by way of special resolution after being considered and approved by the Board. The Company shall provide the access to online voting for Shareholders when the issue regarding the changes in the profit distribution policy is considered at the shareholders' general meeting.

VI. SUPPLEMENTARY PROVISIONS

In case of any matters not covered in the Plan or any inconsistency between the Plan and the requirements of relevant laws and regulations, regulatory provisions, self-disciplinary rules and the Articles of Association, the relevant laws and regulations, regulatory provisions, self-disciplinary rules and the Articles of Association shall prevail.

Pursuant to the requirements of the Listing Rules, in order to grasp market opportunity and ensure flexibility in issuing new shares and in line with market practices of H share listed companies, it is proposed to the shareholders' general meeting to approve the grant of an unconditional General Mandate to the Board by a special resolution to authorize the Board to decide to, subject to market conditions and the needs of the Company, issue, allot and deal with additional Shares not exceeding 20% of the amount of overseas-listed foreign Shares (H Shares) in issue at the date of the passing of such resolutions and also authorize the Board to approve and execute necessary document(s), submit all necessary application procedures to relevant authorities and take other necessary steps to complete the aforesaid matters.

I. THE CONTENTS OF THE MANDATE

Details of the contents of the mandate include but are not limited to:

- (1) Granting of an unconditional General Mandate to the Board (or the Director(s) authorized by the Board) to decide to, subject to market conditions and the needs of the Company, issue, allot and deal with additional Shares of the share capital of H Shares of the Company and make or grant offers, agreements, or options in relation to such Shares during the Relevant Period (as defined below);
- (2) The aggregate nominal value of the H Shares approved to be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to the exercise of options or otherwise) by the Board (or the Director(s) authorized by the Board) shall not exceed 20% of the aggregate nominal value of the H Shares in issue at the date of the passing of this resolution at the shareholders' general meeting;
- (3) The Board (or the Director(s) authorized by the Board) be authorized to, upon the exercise of the aforementioned General Mandate, formulate and implement detailed issuance plan, including but not limited to the class of new Shares to be issued, pricing mechanism and/or issuance price (including price range), number of shares to be issued, allottees and use of proceeds, etc., and to determine the time of issuance, period of issuance and whether to allot shares to existing Shareholders;
- (4) The Board be authorized to engage agents for share issuance related matters under the General Mandate; to approve and execute all acts, deeds, documents and other matters necessary, appropriate, required or relevant for share issuance; and to consider, approve, amend, according to the requirements of domestic and overseas regulatory authorities, and execute, on behalf of the Company, agreements related to the issuance, including but not limited to placing underwriting agreement and engagement agreement of agent, etc.;
- (5) The Board be authorized to consider, approve, amend, according to the requirements of domestic and overseas regulatory authorities, and execute, on behalf of the Company, statutory documents in relation to the issuance to be submitted to regulatory authorities; to carry out approval procedures required by regulatory authorities and places in which the Company is

listed; and to complete all necessary filings, registrations and records with the relevant governmental authorities of Hong Kong and/or any other regions and jurisdictions (if applicable);

- (6) The Board be authorized to increase the registered capital of the Company after the issuance of new Shares, and to make corresponding amendments to the Articles of Association relating to total share capital and shareholdings structure, etc.;
- (7) Upon the grant of the above authorizations, save as provided in relevant laws and regulations and normative documents and the Articles of Association, the Board be authorized to in turn authorize the management of the Company to deal with the authorizations under items (4) and (5) above according to relevant systems and work procedures.

II. VALIDITY OF THE MANDATE

Except that the Board may make or grant offers, agreements, or options during the Relevant Period in relation to the issuance of H Shares, which might require further promotion or implementation after the end of the Relevant Period, the period of the above mandate shall not exceed the Relevant Period. “**Relevant Period**” represents the period from the passing of this resolution as a special resolution at the shareholders’ general meeting until whichever is the earliest of:

- (1) the conclusion of the next annual general meeting of the Company;
- (2) the expiration of the 12-month period following the passing of this resolution as a special resolution at the shareholders’ general meeting; or
- (3) the date of the revocation or variation of the authority under this resolution by passing of a special resolution in any shareholders’ general meeting of the Company.

Should the Board or the authorized persons, during the Relevant Period, sign the necessary documents, complete the necessary formalities or take relevant steps which might require to be performed or carried out upon or after the end of the Relevant Period or continued until the end of the Relevant Period, the Relevant Period will be extended accordingly.

Exercise of the power granted under the aforementioned mandate by the Board is subject to approvals of the competent authorities and in accordance with the Company Law, the Listing Rules (as amended from time to time) and the Articles of Association.

NOTICE OF 2023 ANNUAL GENERAL MEETING



(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6099)

NOTICE OF 2023 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2023 annual general meeting (the “AGM”) of China Merchants Securities Co., Ltd. (the “Company”) will be held at China Merchants Securities Building, No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen, the PRC on Friday, June 28, 2024 at 10:00 a.m. to consider and approve the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the working report of the Board of the Company for 2023.
2. To consider and approve the working report of the Supervisory Committee of the Company for 2023.
3. To consider and approve the duty report of Independent Directors of the Company for 2023.
4. To consider and approve the annual report of the Company for the year 2023.
5. To consider and approve the final accounts report of the Company for 2023.
6. To consider and approve the resolution on the profit distribution plan of the Company for 2023.
7. To consider and approve the resolution on the authorization for interim profit distribution of the Company for 2024.
8. To consider and approve the resolution on the budget for the proprietary investment of the Company for 2024.
9. To consider and approve the resolution on the contemplated ordinary related party transactions of the Company for 2024:
 - 9.01 Contemplated ordinary related party transactions with China Merchants Bank Co., Ltd. and its subsidiaries;
 - 9.02 Contemplated ordinary related party transactions with China Merchants Group Limited and its related parties (including major upstream and downstream enterprises, but excluding China Merchants Bank and its subsidiaries);
 - 9.03 Contemplated ordinary related party transactions with China COSCO Shipping Corporation Limited and its related parties;

NOTICE OF 2023 ANNUAL GENERAL MEETING

- 9.04 Contemplated ordinary related party transactions with PICC Life Insurance Company Limited and its related parties;
- 9.05 Contemplated ordinary related party transactions with the Directors, Supervisors and senior management of the Company; and
- 9.06 Contemplated ordinary related party transactions with other related parties.
10. To consider and approve the resolution on the guarantee authorization scheme for the year 2024 of China Merchants Securities International Company Limited and its wholly-owned subsidiaries.
11. To consider and approve the resolution on the Shareholders' return plan (2024-2026) of the Company.

SPECIAL RESOLUTION

12. To consider and approve the resolution on the grant of the General Mandate to the Board to issue additional H Shares of the Company.

By Order of the Board
China Merchants Securities Co., Ltd.
HUO Da
Chairman

Shenzhen, the PRC
June 6, 2024

NOTICE OF 2023 ANNUAL GENERAL MEETING

Notes:

1. Eligibility for attending the AGM and date of registration of members.
 - (1) For the purpose of determining the H Shareholders who are entitled to attend the AGM, the register of members of H Shares of the Company will be closed from Monday, June 24, 2024 to Friday, June 28, 2024 (both days inclusive), during which period no transfer of H Shares will be registered. All transfer documents accompanied by the relevant share certificates shall be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, June 21, 2024. H Shareholders whose names appear on the register of members of H Shares of the Company on Friday, June 21, 2024 are entitled to attend and vote at the AGM.
 - (2) Further announcement will be made by the Company in the PRC regarding the record date and arrangements for holders of A Shares of the Company who are entitled to attend the AGM.
2. Proxy
 - (1) A Shareholder who is entitled to attend and vote at the AGM may appoint one or more proxy(ies) to attend and vote on his/her/its behalf. A proxy need not be a Shareholder of the Company. A proxy of a Shareholder who has appointed more than one proxy may only vote by poll.
 - (2) If a Shareholder wishes to appoint his/her/its proxy(ies) to attend the AGM, the instrument appointing a proxy shall be in writing under the hand of the appointor or his/her/its attorney duly authorized in writing, or if the appointor is a legal person, either under seal or signed by a director or duly authorized attorney. If the instrument is signed by an attorney of the appointor, the power of attorney authorizing the attorney to sign or other document of authorization shall be notarized.
 - (3) In order to be valid, the notarized power of attorney or other document of authorization and the form of proxy shall be delivered to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the AGM.
3. Registration procedures for attending the AGM
 - (1) A Shareholder attending in person should present valid proof of identity or stock account card when attending the AGM. In the case of attendance by proxy, the proxy should present valid proof of identity and the proxy form(s) of the Shareholder.
 - (2) If a Shareholder is a legal person, its legal representative should present his/her proof of identity and valid proof of his/her capacity as a legal representative. In the case of attendance by proxy of the legal representative, the proxy should present his/her proof of identity and a written letter of authorization duly issued by such legal representative when attending the AGM.
4. Voting by poll

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a shareholders' general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the AGM will demand a poll in relation to all the proposed resolutions at the AGM in accordance with Article 108 of the Articles of Association of the Company.

Pursuant to Rule 2.15 of the Listing Rules, where Shareholders' approval is required with regard to a transaction, any Shareholder that has a material interest in such transaction shall abstain from voting on the resolution(s) approving such transaction at the shareholders' general meeting. As such, the abovementioned ordinary resolution No. 9 will be taken

NOTICE OF 2023 ANNUAL GENERAL MEETING

by poll by Shareholders who do not hold any interest in relation to such resolution. Shareholders controlled by China Merchants Group Limited are required to abstain from voting on the abovementioned ordinary resolutions No. 9.01 and 9.02. Shareholders controlled by China COSCO Shipping Corporation Limited are required to abstain from voting on the abovementioned ordinary resolution No. 9.03. PICC Life Insurance Company Limited is required to abstain from voting on the abovementioned ordinary resolution No. 9.04. Shareholders who have a controlling relationship with or are controlled by the same entity that controls any of such other related parties mentioned in ordinary resolution No. 9.06 set out in the notice of the AGM are required to abstain from voting on ordinary resolution No. 9.06.

5. Miscellaneous

(1) Shareholders who attend the AGM in person or by proxy shall bear their own travelling and accommodation expenses.

(2) The contact details of the AGM are as follows:

Computershare Hong Kong Investor Services Limited

Address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai,
Hong Kong (for lodging transfer documents)
17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
(for deposit of proxy form)

Telephone: (852) 2862 8555

Fax: (852) 2865 0990

The Company

Contact address: No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen, Guangdong Province,
the PRC

General office of China Merchants Securities Co., Ltd.

Contact person: SHANG Zhe and SUN Ya

Contact number: (86)755-8308 1596 and (86)755-8308 1580

Fax: (86)755-8294 4669

(3) For details of the resolutions to be submitted for consideration and approval at the AGM, please refer to the circular of the Company dated June 6, 2024.

As at the date of this notice, the executive directors of the Company are Mr. HUO Da and Mr. WU Zongmin; the non-executive directors of the Company are Mr. ZHANG Jian, Mr. DENG Weidong, Mr. LIU Weiwu, Mr. LI Xiaofei, Mr. MA Boyin, Mr. HUANG Jian, Mr. ZHANG Mingwen and Ms. DING Lusha; and the independent non-executive directors of the Company are Mr. XIANG Hua, Mr. YIP, Ying Chi Benjamin, Ms. ZHANG Ruijun, Mr. CAO Xiao and Mr. FENG Jinhua.