

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 and reply slip 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.



招商证券股份有限公司
China Merchants Securities Co., Ltd.

(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 2019,
RESOLUTION ON THE BUDGET FOR
THE PROPRIETARY INVESTMENT OF THE COMPANY FOR 2020,
RESOLUTION ON THE ENGAGEMENT OF
THE AUDITORS OF THE COMPANY FOR 2020,
RESOLUTIONS ON CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS OF
THE COMPANY FOR 2020,
RESOLUTION ON THE PROVISION OF GUARANTEES BY CMS INTERNATIONAL FOR ITS
WHOLLY-OWNED SUBSIDIARIES,
RESOLUTION ON GRANT OF GENERAL MANDATE TO ISSUE ADDITIONAL H SHARES,
RESOLUTION ON GRANT OF GENERAL MANDATE TO
ISSUE DEBT FINANCING INSTRUMENTS,
RESOLUTION IN RELATION TO THE AMENDMENTS TO THE ARTICLES OF
ASSOCIATION OF CHINA MERCHANTS SECURITIES CO., LTD., RULES OF PROCEDURE
FOR GENERAL MEETINGS OF CHINA MERCHANTS SECURITIES CO., LTD., RULES OF
PROCEDURE FOR BOARD MEETINGS OF CHINA MERCHANTS SECURITIES CO., LTD.
AND RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE OF CHINA
MERCHANTS SECURITIES CO., LTD.,
RESOLUTION ON THE PROFIT DISTRIBUTION FOR 2019,
RESOLUTION IN RELATION TO THE EXTENSION OF THE VALIDITY PERIOD OF
THE RESOLUTION ON THE RIGHTS ISSUE PLAN OF THE COMPANY IN 2019,
RESOLUTION IN RELATION TO THE EXTENSION OF THE VALIDITY PERIOD OF
THE FULL AUTHORIZATION TO THE BOARD TO DEAL WITH RELEVANT MATTERS IN
RELATION TO THE RIGHTS ISSUE PLAN AND
RESOLUTION ON THE USE OF PREVIOUS PROCEEDS
AND
SUPPLEMENTAL NOTICE OF
THE 2019 ANNUAL GENERAL MEETING**

A letter from the Board is set out on pages 7 to 32 of this circular.

The AGM is to be held on Tuesday, May 19, 2020 at 10:00 a.m. at Marco Polo Shenzhen, 28 Fuhua Yi Road, Futian CBD, Shenzhen, the PRC. The H Shareholders Class Meeting will be held at Marco Polo Shenzhen, 28 Fuhua 1st Road, Futian CBD, Shenzhen on Tuesday, May 19, 2020 at 10:00 a.m. (or immediately after the conclusion or adjournment of the AGM and the A Shareholders Class Meeting). The notices of the AGM and/or the H Shareholders Class Meeting, the reply slips and the forms of proxy for holders of H Shares for attending the AGM and/or the H Shareholders Class Meeting have been despatched on Wednesday, April 1, 2020. They have also been published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cmschina.com).

A supplemental notice of the AGM containing the additional proposed resolution is set out on pages N-1 to N-2 of this circular. A second proxy form (the **"Second Proxy Form"**) containing the original proposed resolutions and the additional proposed resolution is also enclosed herewith.

If you are not able to attend the AGM, please complete and return the Second Proxy Form 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/or the H Shareholders Class Meeting and deposit it together with the notarised 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 Second Proxy Form will not preclude you from attending and voting at the AGM should you so desire.

April 29, 2020

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	7
Appendix I — CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS OF THE COMPANY FOR 2020	I-1
Appendix II — RESOLUTION ON GRANT OF GENERAL MANDATE TO ISSUE ADDITIONAL H SHARES	II-1
Appendix III — RESOLUTION ON GRANT OF GENERAL MANDATE TO ISSUE DEBT FINANCING INSTRUMENTS	III-1
Appendix IV — COMPARISON CHART OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION	IV-1
Appendix V — COMPARISON CHART OF AMENDMENTS TO THE RULES OF PROCEDURE FOR SHAREHOLDERS' GENERAL MEETINGS	V-1
Appendix VI — COMPARISON CHART OF AMENDMENTS TO THE RULES OF PROCEDURE FOR BOARD MEETINGS	VI-1
Appendix VII — COMPARISON CHART OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE	VII-1
Appendix VIII — RESOLUTION ON THE USE OF PREVIOUS PROCEEDS	VIII-1
Appendix IX — RIGHTS ISSUE PLAN OF CHINA MERCHANTS SECURITIES CO., LTD. IN 2019	IX-1
Supplemental Notice of the 2019 AGM	N-1

DEFINITIONS

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

“A Rights Shares”	the new A Shares proposed to be allotted and issued to the Qualified A Shareholders pursuant to the A Share Rights Issue Plan (less any A Shares not taken up by the Qualified A Shareholders)
“A Share(s) ”	domestic shares of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi and are listed for trading on the SSE
“A Share Record Date”	a date to be determined by the Board or its authorized person(s) by reference to which entitlements to the A Share Rights Issue Plan are to be determined
“A Share Repurchase Plan”	the plan on proposed repurchase of A Shares approved by the Shareholders at the 2019 first extraordinary general meeting, the 2019 first H Shareholders class meeting and the 2019 first A Shareholders class meeting of the Company held on May 20, 2019
“A Share Rights Issue Plan”	the proposed issue of 1,715,702,444 A Rights Shares at the Subscription Price on the basis of three (3) A Rights Shares for every ten (10) existing A Shares held on the A Share Record Date
“A Shareholder(s)”	holder(s) of the A Shares
“A Shareholders Class Meeting”	the class meeting of the A Shareholders to be convened at Marco Polo Shenzhen, 28 Fuhua Yi Road, Futian CBD, Shenzhen on Tuesday, May 19, 2020 at 10:00 a.m. (or immediately after the conclusion of the AGM or adjournment thereof) or any adjournment thereof (as the case may be), to consider and, if thought fit, approve, among other things, the extension of the validity period of the resolutions in respect of the A Share Rights Issue Plan and H Share Rights Issue Plan
“AGM”	the annual general meeting of 2019 to be held by the Company at Marco Polo Shenzhen, 28 Fuhua Yi Road, Futian CBD, Shenzhen, the PRC on Tuesday, May 19, 2020 at 10:00 a.m.

DEFINITIONS

“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board” or “Board of Directors”	the board of Directors of the Company
“China Clear”	China Securities Depository and Clearing Corporation Limited
“China Merchants Group”	China Merchants Group Limited (招商局集團有限公司), a state-owned enterprise established in the PRC in October 1986, which is directly administered by the SASAC and is a controlling shareholder 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)
“CMS International”	China Merchants Securities International Company Limited, a wholly-owned subsidiary of the Company
“controlling shareholder(s)”	has the meaning ascribed to this term under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Employee Stock Ownership Scheme”	the employee stock ownership scheme of the Company approved by the Shareholders at the 2020 first extraordinary general meeting of the Company held on January 15, 2020
“Excluded H Shareholder(s)”	overseas H Shareholder(s) whom the Board, based on legal opinions provided by legal advisers, considers it necessary or expedient to exclude any such overseas H Shareholder(s) from participating in the Rights Issue Plan on account either of the legal restrictions under the laws of the place of his/her/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place

DEFINITIONS

“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
“Group”	the Company and its subsidiaries
“H Rights Shares”	the new H Shares proposed to be allotted and issued to the Qualified H Shareholders pursuant to the H Share Rights Issue Plan (less any H Shares not taken up by the H Shareholders)
“H Share(s)”	overseas-listed foreign shares in the share capital of the Company with nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are listed for trading on the Hong Kong Stock Exchange
“H Share Record Date”	a date to be determined by the Board or its authorized person(s) by reference to which entitlements to the H Share Rights Issue Plan are to be determined
“H Share Rights Issue Plan”	the proposed issue of 294,120,354 H Rights Shares at the Subscription Price on the basis of three (3) H Rights Shares for every ten (10) existing H Shares held on the H Share Record Date
“H Share Rights Issue Prospectus”	the prospectus in relation to the H Share Rights Issue Plan to be issued by the Company and despatched to the H Shareholders, which contains further details of the H Share Rights Issue Plan
“H Shareholder(s)”	holder(s) of the H Shares
“H Shareholders Class Meeting”	the class meeting of the H Shareholders to be convened at Marco Polo Shenzhen, 28 Fuhua Yi Road, Futian CBD, Shenzhen on Tuesday, May 19, 2020 at 10:00 a.m. (or immediately after the conclusion of the AGM and the A Shareholders Class Meeting or adjournment thereof) or any adjournment thereof (as the case may be), to consider and, if thought fit, approve, among other things, the extension of the validity period of the resolutions in respect of the A Share Rights Issue Plan and H Share Rights Issue Plan

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK dollar(s)” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“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”	April 24, 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Nil-paid H Rights Shares”	the rights to subscribe for H Rights Shares (in the form of H Rights Shares in nil-paid form) before the Subscription Price is paid
“Overseas Shareholder(s)”	H Shareholders whose name(s) appear on the register of members of the Company on the H Share Record Date and whose registered address(es) is/are in a place outside Hong Kong
“PRC” or “China”	the People’s Republic of China, excluding for the purposes of this circular, Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC Southbound Trading Investors”	PRC investors including enterprises and individuals who hold the shares of Hong Kong listed companies through China Clear as nominee under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
“Qualified A Shareholder(s)”	A Shareholders whose name(s) appear(s) on the register at the Shanghai branch of China Clear after the close of trading on the A Share Record Date

DEFINITIONS

“Qualified H Shareholder(s)”	H Shareholders whose name(s) appear(s) on the register of members of the Company on the H Share Record Date and who are not Excluded H Shareholders
“Record Date”	the A Share Record Date and/or the H Share Record Date
“Reporting Period”	from January 1, 2019 to December 31, 2019
“Rights Issue Plan”	the A Share Rights Issue Plan and/or the H Share Rights Issue Plan
“Rights Share(s)”	the A Rights Share(s) and/or the H Rights Share(s)
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Shanghai-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by the Stock Exchange, the SSE, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shanghai
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 Share
“Shareholders(s)”	holder(s) of the Share(s)
“Shenzhen-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by the Stock Exchange, the SZSE, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shenzhen
“Subscription Price”	the final subscription price for the A Rights Shares and the H Rights Shares to be offered pursuant to the Rights Issue Plan
“Supervisor(s)”	member(s) of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company

DEFINITIONS

“SSE”	the Shanghai Stock Exchange
“SZSE”	the Shenzhen Stock Exchange
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent.

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

LETTER FROM THE BOARD



招商证券股份有限公司
China Merchants Securities Co., Ltd.

(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. XIONG Jiantao (*President*)

Non-executive Directors:

Ms. SU Min
Mr. SU Jian
Mr. XIONG Xianliang
Ms. PENG Lei
Mr. GAO Hong
Mr. HUANG Jian
Mr. WANG Daxiong
Mr. WANG Wen

Independent Non-executive Directors:

Mr. XIANG Hua
Mr. XIAO Houfa
Mr. XIONG Wei
Mr. HU Honggao
Mr. WONG Ti

Registered Office:

No. 111, Fuhua Yi Road
Futian District
Shenzhen
Guangdong
PRC

*Principal Place of Business
in Hong Kong:*

48/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

April 29, 2020

To the Shareholders

Dear Sir or Madam,

**ANNUAL REPORT OF THE COMPANY FOR THE YEAR 2019,
RESOLUTION ON THE BUDGET FOR
THE PROPRIETARY INVESTMENT OF THE COMPANY FOR 2020,
RESOLUTION ON THE ENGAGEMENT OF
THE AUDITORS OF THE COMPANY FOR 2020,
RESOLUTIONS ON CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS OF
THE COMPANY FOR 2020,
RESOLUTION ON THE PROVISION OF GUARANTEES BY CMS INTERNATIONAL FOR ITS
WHOLLY-OWNED SUBSIDIARIES,
RESOLUTION ON GRANT OF GENERAL MANDATE TO ISSUE ADDITIONAL H SHARES,
RESOLUTION ON GRANT OF GENERAL MANDATE TO
ISSUE DEBT FINANCING INSTRUMENTS,
RESOLUTION IN RELATION TO THE AMENDMENTS TO THE ARTICLES OF
ASSOCIATION OF CHINA MERCHANTS SECURITIES CO., LTD., RULES OF PROCEDURE
FOR GENERAL MEETINGS OF CHINA MERCHANTS SECURITIES CO., LTD., RULES OF
PROCEDURE FOR BOARD MEETINGS OF CHINA MERCHANTS SECURITIES CO., LTD.
AND RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE OF CHINA
MERCHANTS SECURITIES CO., LTD.,
RESOLUTION ON THE PROFIT DISTRIBUTION FOR 2019,
RESOLUTION IN RELATION TO THE EXTENSION OF THE VALIDITY PERIOD OF
THE RESOLUTION ON THE RIGHTS ISSUE PLAN OF THE COMPANY IN 2019,
RESOLUTION IN RELATION TO THE EXTENSION OF THE VALIDITY PERIOD OF
THE FULL AUTHORIZATION TO THE BOARD TO DEAL WITH RELEVANT MATTERS IN
RELATION TO THE RIGHTS ISSUE PLAN AND
RESOLUTION ON THE USE OF PREVIOUS PROCEEDS
AND
SUPPLEMENTAL NOTICE OF
THE 2019 ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to provide you, as holders of H Share, with the information on, among other things, considering and approving (i) annual report of the Company for the year 2019; (ii) resolution on the profit distribution for 2019; (iii) resolution on the budget for the proprietary investment of the Company for 2020; (iv) resolution on the engagement of the auditors of the Company for 2020; (v) resolutions on contemplated ordinary related party transactions of the Company for 2020; (vi) resolution on the provision of guarantees by CMS International for its wholly-owned subsidiaries; (vii) resolution on grant of the General Mandate to the Board to issue additional H Shares; (viii) resolution on grant of general mandate to issue debt financing instruments; (ix) proposed amendments to the Articles of Association, the Rules of Procedure for General Meetings, the Rules of Procedure for Board Meetings and the Rules of Procedure for the Supervisory Committee; (x) resolution on the use of previous proceeds; (xi) resolution to the Extension of the Validity Period of the Resolution on the Rights Issue Plan of the Company in 2019; (xii) resolution in relation to the Extension of the Validity Period of the Full Authorization to the Board to Deal with Relevant Matters in Relation to the Rights Issue Plan; and (xiii) other matters contained in the notice of the AGM, so that you may make an informed decision on voting in respect of the resolutions to be tabled at the AGM and/or the H Shareholders Class Meeting.

1. ANNUAL REPORT OF THE COMPANY FOR 2019

An ordinary resolution will be proposed at the AGM to approve the annual report of the Company for 2019, which has been despatched on April 27, 2020, and meanwhile 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 2019 has been considered and approved by the Board on March 27, 2020, and is hereby proposed at the AGM for its consideration and approval as an ordinary resolution.

LETTER FROM THE BOARD

In light of the above, after comprehensive consideration of factors such as the interests of shareholders and the development of the Company, the Company will not make profit distribution for 2019, nor will it transfer its capital reserve to increase its share capital. The Company intends to subsequently proceed with the related matters for profit distribution as required by regulatory authorities and the Articles of Association as soon as possible after the completion of its proposed rights issue.

The profit distribution plan of the Company for 2019 has been considered and approved by the Board on March 27, 2020, and is hereby proposed at the AGM for its consideration and approval.

2. RESOLUTION ON THE BUDGET FOR THE PROPRIETARY INVESTMENT OF THE COMPANY FOR 2020

An ordinary resolution will be proposed at the AGM to approve the budget for proprietary investment of the Company for 2020, the full text of which is as below:

Given the fact that proprietary investment is an essential part of the principal business of the Company which requires prompt judgement and decision based on the market condition in order to capture the market opportunities, according to the Provisions on Strengthening the Supervision and Administration of Listed Securities Companies promulgated by CSRC it is hereby proposed to authorize the management of the Company to determine the total amount of proprietary investment of the Company for 2020 within the budget set forth below on the condition that the relevant requirements by 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 as set out above does not include long-term equity investment of the Company, which shall adhere to the Company's relevant procedures for confirmation and execution.

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 and the Board of the Company 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 27, 2020, and is hereby proposed at the AGM for its consideration and approval.

LETTER FROM THE BOARD

3. RESOLUTION ON THE ENGAGEMENT OF THE AUDITORS OF THE COMPANY FOR 2020

An ordinary resolution will be proposed at the AGM to approve the engagement of the auditors of the Company for 2020, the full text of which is as below:

The Company proposes to continue to engage Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) and Deloitte Touche Tohmatsu as the auditors of the Company for the financial report and internal control of 2020; The annual audit fees charged by Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) and Deloitte Touche Tohmatsu (together “**Deloitte**”) for 2020 shall not exceed RMB3.85 million, including meal and traveling expenses and etc (tax inclusive).

To authorise the Board to determine the adjustment in the auditing fees if there is any increase to the auditing fees due to the change in the scope of services.

The above resolution has been considered and approved by the Board on March 27, 2020, and is hereby proposed at the AGM for its consideration and approval.

4. RESOLUTIONS ON THE CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS OF THE COMPANY FOR 2020

In accordance with the requirements of the Rules Governing the Listing of Stocks and the Guidelines on Related Party Transactions of Listed Companies of the Shanghai Stock Exchange and the Administrative System Concerning Related Party Transactions of the Company, and the 2019-2021 “Securities and Financial Products, Transactions and Services Framework Agreement”, the “Property Leasing Framework Agreement” and the “Administrative Procurement Framework Agreement” entered into between the Company and China Merchants Group and the “Business Cooperation Agreement” (2018-2020) entered into between the Company and China Merchants Bank, ordinary resolutions will be proposed at the AGM to approve the contemplated ordinary related party transactions of the Company for 2020 as follows, the full text of which are set out in Appendix I of this circular.

- 4.01 Contemplated ordinary related party transactions with China Merchants Bank Co., Ltd.;
- 4.02 Contemplated ordinary related party transactions with China Merchants Group Limited and its associates;
- 4.03 Contemplated ordinary related party transactions with China Merchants Fund Management Co., Ltd.;
- 4.04 Contemplated ordinary related party transactions with Bosera Asset Management Co., Ltd.;

LETTER FROM THE BOARD

- 4.05 Contemplated ordinary related party transactions with Great Wall Securities Co., Ltd.;
- 4.06 Contemplated ordinary related party transactions with China COSCO Shipping Corporation Limited and its persons acting in concert and other related parties which HUANG Jian and WANG Daxiong serve as director and senior management;
- 4.07 Contemplated ordinary related party transactions with PICC Life Insurance Company Limited and China-US Insurance Advisory Co., Ltd.;
- 4.08 Contemplated ordinary related party transactions with related natural persons;
- 4.09 Ordinary related party transactions with other related parties.

The above resolutions have been considered and approved by the Board on March 27, 2020, and are hereby proposed at the AGM for its consideration and approval.

5. RESOLUTION ON THE PROVISION OF GUARANTEES BY CMS INTERNATIONAL FOR ITS WHOLLY-OWNED SUBSIDIARIES

An ordinary resolution will be proposed at the AGM to approve the provision of guarantees by CMS International for its wholly-owned subsidiaries, the full text of which is as below:

CMS International, a wholly-owned subsidiary of the Company will provide guarantees for its wholly-owned subsidiaries, including financing guarantees (including but not limited to bank credit, bank loans, syndicated loans, bond issuance, etc.), transaction guarantees (including but not limited to International Swaps and Derivatives Association (ISDA), Master Clearing Agreement, The Bond Market Association (TBMA)/International Securities Market Association (ISMA) Global Master Repurchase Agreement (TBMA/ISMA GMRA), Prime Brokerage Agreement, physical precious metals trading, etc.), subsidiaries, as liquidators, providing guarantees to exchanges (including but not limited to Intercontinental Exchange (ICE), Chicago Mercantile Exchange (CME) and London Metal Exchange (LME)) and other types of guarantees.

- Guarantee limit : Within the authorization period, the total amount of guarantees provided by CMS International for its wholly-owned subsidiaries shall not exceed HKD31 billion or equivalent, among which the total amount of financing guarantee provided by CMS International shall not exceed HKD2.7 billion or equivalent.
- Guarantee types : security, mortgage, pledge and other types of guarantee provided in relevant laws and regulations.

LETTER FROM THE BOARD

- Guaranteed entities : China Merchants Securities (HK) Co., Limited, China Merchants Futures (HK) Co., Limited, China Merchants Securities Investment Management (HK) Co., Limited, China Merchants Securities (UK) Limited, China Merchants Securities (HK) Finance Co., Limited.
- Authorization period : The term of validity of the aforementioned guarantees shall be from the date of this resolution is considered and approved at the AGM until the date of next annual general meeting of the Company.
- Authorization matter : To grant relevant authorization to the Board and the Board in turn delegates its authorization to the Chairman of CMS International for determining specific guarantee matter and relevant amount.

The Board believes that CMS International's provision of guarantee for its wholly-owned subsidiaries is to further promote the development of the Company's overseas business, accelerate the business transformation of CMS International, the Company's wholly-owned subsidiary, and the risk is controllable without any prejudice to the legitimate rights and interests of the Company and the Shareholders.

The above resolution was considered and approved by the Board on March 27, 2020 and are hereby proposed at the AGM for its consideration and approval.

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 should be followed.

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

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

The above resolution has been considered and approved by the Board on March 27, 2020, and is hereby proposed at the AGM for its consideration and approval.

LETTER FROM THE BOARD

7. RESOLUTION ON GRANT OF GENERAL MANDATE TO ISSUE DEBT FINANCING INSTRUMENTS

The following special resolutions will be proposed at the AGM to approve the grant of general mandate to the Board to issue debt financing instruments, the full details of which are set out in Appendix III of this circular:

- 7.1. Issuer of the debt financing instruments
- 7.2. Issue size of the debt financing instruments
- 7.3. Type of the debt financing instruments
- 7.4. Maturity of the debt financing instruments
- 7.5. Interest rate of the debt financing instruments
- 7.6. Security and other credit enhancement arrangements
- 7.7. Use of proceeds
- 7.8. Issue price
- 7.9. Issue target
- 7.10. Listing of the debt financing instruments
- 7.11. Guarantee measures for repayment of the debt financing instruments
- 7.12. Authorisation for issuance of the Company's onshore and offshore debt financing instruments
- 7.13. Validity period of the resolution

The above resolutions have been considered and approved by the Board on March 27, 2020, and is hereby proposed at the AGM for its consideration and approval.

8. THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION, THE RULES OF PROCEDURES FOR GENERAL MEETINGS, THE RULES OF PROCEDURE FOR BOARD MEETINGS AND THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE

Reference is made to the announcement of the Company published on March 27, 2020 in relation to proposed amendments to the Articles of Association, the Rules of Procedure for General Meetings, the Rules of Procedure for Board Meetings and the Rules of Procedure for the Supervisory Committee (the "**Proposed Amendments**").

LETTER FROM THE BOARD

In accordance with the regulations and requirements of the laws and regulations and normative documents revised and newly issued by the relevant regulatory authorities in recent years and in light of the operating and development needs of the Company, special resolutions will be proposed at the AGM to approve the proposed amendments to the Articles of Association, the Rules of Procedure for General Meetings, the Rules of Procedure for Board Meetings and the Rules of Procedure for the Supervisory Committee.

The Proposed Amendments are subject to approval of the Shareholders at general meetings. The Board has resolved to propose at general meetings to authorise the Board in turn to authorise the management of the Company to (1) make adjustments and modifications to the draft Articles of Association considered and passed by the Shareholders at general meetings, including but not limited to adjustments and modifications to its sections or articles, in accordance with provisions of domestic and overseas laws and rules, or requirements of or advice from relevant domestic or overseas government departments or regulatory authorities, and based on actual condition of the Company; (2) handle the filing procedures with relevant regulatory authorities in respect of the Articles of Association; and (3) handle the procedures for the registration for change with the competent authority for industry and commerce arising from the amendments to the Articles of Association

The Proposed Amendments are prepared in the Chinese language. In case of any conflict between the English version and the Chinese version of the Articles of Association, the latest version of the Articles of Association in Chinese approved and registered with the competent industrial and commercial registration authority shall prevail.

The Board has resolved to amend relevant articles in the Articles of Association, and to amend the corresponding articles of the Rules of Procedure for Shareholders' General Meetings, the Rules of Procedure for Board Meetings and the Rules of Procedure for the Supervisory Committee of the Company, details of which are set out in Appendix IV, Appendix V, Appendix VI and Appendix VII of this circular.

Such amendments to the Articles of Association, the Rules of Procedure for Shareholders' General Meetings, the Rules of Procedure for Board Meetings and the Rules of Procedure for the Supervisory Committee will come into effect after being considered and approved at the general meeting of the Company.

9. RESOLUTION ON THE PROFIT DISTRIBUTION OF THE COMPANY FOR 2019

A special resolution will be proposed at the AGM to approve the profit distribution plan of the Company for 2019, the full text of which is as below:

The Company is currently proceeding with the proposed rights issue. The article 18 of the Measures for the Administration of Securities Issuance and Underwriting (《證券發行與承銷管理辦法》) of the CSRC requires that if profit distribution proposal and proposal for share capital increase by transferring capital reserve have yet to be presented at the shareholders' general meeting for voting or have been passed at the shareholders' general meeting but have not implemented, listed companies shall only issue securities after the implementation of the proposals. If the Company undertakes the proposed rights issue after the convening of the AGM and the implementation of the profit distribution for the year 2019, the Company will not be able to strengthen the capital base and replenish the working capital of the Company in time, which in turn have an impact on the Company's profit for the period and continuing development.

LETTER FROM THE BOARD

The aforesaid resolution was considered and approved by the Board on March 27, 2020 and is hereby proposed at the AGM for consideration and approval as a special resolution.

10. RESOLUTIONS ON THE EXTENSION OF THE VALIDITY PERIOD OF THE RESOLUTIONS IN RESPECT OF THE A SHARE RIGHTS ISSUE PLAN AND H SHARE RIGHTS ISSUE PLAN AND THE RESOLUTION IN RELATION TO THE EXTENSION OF THE VALIDITY PERIOD OF THE RESOLUTION ON THE RIGHTS ISSUE PLAN OF THE COMPANY IN 2019

At the AGM, special resolutions will be proposed to consider and approve (1) the resolution in relation to the Extension of the Validity Period of the Resolution on the Rights Issue Plan of the Company in 2019; and (2) the resolution in relation to the Extension of the Validity Period of the Full Authorization to the Board to Deal with Relevant Matters in Relation to the Rights Issue Plan.

At the H Shareholders Class Meeting, special resolutions will be proposed to consider and approve (1) the resolution in relation to the Extension of the Validity Period of the Resolution on the Rights Issue Plan of the Company in 2019; and (2) the resolution in relation to the Extension of the Validity Period of the Full Authorization to the Board to Deal with Relevant Matters in Relation to the Rights Issue Plan.

Introduction

Reference is made to the announcement of the Company dated March 27, 2020, in relation to, among other things, the extension of the validity period of the A Share Rights Issue Plan and H Share Rights Issue Plan and the authorizations concerning the A Share Rights Issue Plan and H Share Rights Issue Plan.

With reference to the announcements of the Company dated March 12, 2019 and March 14, 2019, and the circular of the Company dated April 29, 2019, the Company proposed to seek approval of the Shareholders for the Rights Issue Plan and the A Share Repurchase Plan. The Company proposed to (i) allot Shares to all Shareholders on the basis of up to three (3) Rights Shares for every ten (10) existing Shares; and (ii) repurchase A Shares using its own funds through the centralised bidding for the implementation of the Employee Stock Ownership Scheme. The SASAC approved the Rights Issue Plan in principle on May 16, 2019. The Shareholders passed the relevant resolutions in relation to the Rights Issue Plan and the A Share Repurchase Plan at the 2019 first extraordinary general meeting, the 2019 first H Shareholders class meeting and the 2019 first A Shareholders class meeting of the Company held on May 20, 2019, respectively. Upon approval of the relevant resolutions, the Board proceeded with the Rights Issue Plan and the A Share Repurchase Plan in accordance with the authorisation as granted.

LETTER FROM THE BOARD

With reference to the announcement of the Company dated October 31, 2019, the Company received the CSRC's Approval in respect of the Rights Issue of Overseas Listed Foreign Shares of China Merchants Securities Co., Ltd. (Zheng Jian Xu Ke No. [2019]1946)* (《關於核准招商證券股份有限公司境外上市外資股配股的批覆》) (證監許可[2019]1946號). On November 4, 2019, the Board determined that (i) the H Share Rights Issue Plan will be made to all Qualified H Shareholders based on the total number of qualified H Shares determined on the H Share Record Date, on the basis of three (3) H Shares for every ten (10) existing H Shares; and (ii) the A Share Rights Issue Plan will be made to all qualified A Shareholders (excluding the special account for repurchase of the Company) based on the total number of A Shares which is calculated by the total A Share capital after the trading hours as at the A Share Record Date deducting the A Shares in the special account for repurchase of the Company, on the basis of up to three (3) A Shares for every ten (10) existing A Shares. With reference to the announcement of the Company dated April 3, 2020, the Issue Review Committee of the CSRC approved the Company's application for the A Share Rights Issue Plan. It is currently expected that the gross proceeds of the Rights Issue Plan will be no more than RMB15 billion. The final amount of gross proceeds shall be subject to actual Subscription Price and the actual number of Rights Shares to be issued.

The Company conducted the repurchase of the A Shares from November 8, 2019 to December 26, 2019. The aggregate number of A Shares repurchased by the Company through the centralised bidding was 40,020,780, representing approximately 0.5974% of the total existing share capital of the Company.

With reference to the announcement of the Company dated October 15, 2019 and the circular and the supplemental circular of the Company dated November 29, 2019 and December 27, 2019, respectively, the Company proposed the adoption of the Employee Stock Ownership Scheme. The Shareholders passed the relevant resolutions at the 2020 first extraordinary general meeting of the Company held on January 15, 2020. The Company has completed the transfer of Shares under the Employee Stock Ownership Scheme on March 3, 2020. There are 40,020,780 A Shares under the Employee Stock Ownership Scheme, representing approximately 0.5974% of the total share capital of the Company. There are 995 participants under the Employee Stock Ownership Scheme.

The H Share Rights Issue Plan is still subject to, among other things, the listing approval of H Rights Shares and the A Share Rights Issue Plan is still subject to, among other things, the approval by the CSRC. The "resolution on the Rights Issue Plan of the Company in 2019" and the "resolution on the submission to the general meeting of the Company for full authorization to the Board to deal with relevant matters in relation to the rights issue" passed at the 2019 first extraordinary general meeting, the 2019 first H Shareholders class meeting and the 2019 first A Shareholders class meeting of the Company are both effective for 12 months from the date on which the resolutions had been approved. Therefore, the validity period of the above two resolutions in respect of the A Share Rights Issue Plan and the H Share Rights Issue Plan will expire on May 19, 2020.

LETTER FROM THE BOARD

Reasons for the Extension of the Validity Period

Having made due and careful consideration, the Board decided to further extend the validity period of the resolutions in respect of the A Share Rights Issue Plan and the H Share Rights Issue Plan on the following grounds:

- (i) approvals from relevant regulatory authorities shall be required for implementation of the Rights Issue Plan. The H Share Rights Issue Plan has been approved by the SASAC and the CSRC in May and October 2019, respectively. The Issue Review Committee of the CSRC reviewed and approved the Company's application for the A Share Rights Issue Plan on April 3, 2020 and the CSRC is undergoing its internal procedures to issue the formal approval in respect of the A Share Rights Issue Plan. The subsequent procedures to be completed by the Company in respect of the A Share Rights Issue Plan include (a) to update the documents submitted to the CSRC; (b) to obtain the formal approval from the CSRC; and (c) to submit relevant application documents to the SSE in respect of the registration, issuing and listing of the A Rights Shares. It normally takes approximately one to two months for the CSRC to issue the formal approval. However, the specific date on which the Company is able to obtain the formal approval from the CSRC mainly depends on the time to be taken for the implementations of the internal procedures of the CSRC. As such, taken into account the above reasons and the recent development of the epidemic COVID-19, the Company cannot estimate when such approval from the CSRC in respect of the A Share Rights Issue Plan can be obtained;
- (ii) pursuant to the documents promulgated by the CSRC, if a listed company intends to apply for refinancing, the refinancing matter shall be tabled at the shareholders' meeting for approval. The validity period shall be specified in the resolution of the shareholders' meeting, and in practice, the validity period shall generally be one year. The meeting of the board of directors and the shareholders' meeting shall be convened to extend the validity period of the resolution of the shareholders' meeting before its expiration. The Company's original one-year validity period of the resolutions in respect of the A Share Rights Issue Plan and the H Share Rights Issue Plan was in accordance with the then expected timetable of the Company and the requirement of the CSRC. However, as it takes more time for the CSRC to review the A Share Rights Issue Plan, more time is needed for the Board and its authorised persons to deal with the follow-up matters in respect of the Rights Issue Plan; and

LETTER FROM THE BOARD

- (iii) in addition, as the validity period of the formal approval in respect of the A Share Rights Issue Plan is 12 months pursuant to the rules of the CSRC, the Company can, within the above validity period, determine the proper window to implement the Rights Issue Plan. As such, sufficient time is needed for the Company to analyze the market conditions for the proper window to implement to the Rights Issue Plan in order to realize the interests of the Company and the Shareholders as a whole.

Accordingly, as a number of regulatory approval procedures in respect of the application for the A Share Rights Issue Plan are required to be implemented, it takes more time for the Company to complete the A Share Rights Issue Plan. Due to the uncertainty as to when the Company can obtain the formal approval in respect of the application for the A Share Rights Issue Plan and that the A Share Rights Issue Plan shall be conducted and completed before the H Share Rights Issue Plan, the Company shall determine the proper window to implement the Rights Issue Plan after analysing the market conditions. As such, after taking into consideration of the above reasons and the fact that the extension of the validity period of the resolutions in respect of the rights issue plan is not uncommon in the financing process of companies whose A shares are listed on the SSE and the SZSE, the Board is of the view that the extension of the validity period of the resolutions in respect of the A Share Rights Issue Plan and the H Share Rights Issue Plan will not cause additional risks or material uncertainty to the Shareholders and is beneficial and necessary for the Company and the Shareholders as a whole.

The Resolution in relation to the Extension of the Validity Period of the Resolution on the Rights Issue Plan of the Company in 2019

The “resolution on the Rights Issue Plan of the Company in 2019” and relevant resolutions were considered and approved at the 2019 first extraordinary general meeting, 2019 first A Shareholders class meeting and 2019 first H Shareholders class meeting of the Company held on May 20, 2019, and the “resolution on determining the specific rights issue ratio and number of the Rights Issue Plan of the Company in 2019” was considered and approved at the twenty-seventh meeting of the sixth session of the Board held on November 4, 2019.

The “resolution on the Rights Issue Plan of the Company in 2019” shall be effective for 12 months from the date on which the resolution had been approved at the 2019 first extraordinary general meeting, 2019 first A Shareholders class meeting and 2019 first H Shareholders class meeting of the Company.

LETTER FROM THE BOARD

The Company has submitted relevant application for the Rights Issue Plan to the CSRC, among which, the H Share Rights Issue Plan has been approved by the CSRC in October 2019. However, as at the Latest Practicable Date, the A Share Rights Issue Plan has not been approved by the CSRC and the listing approval of the H Rights Shares has not been obtained.

As the validity period of the “resolution on the Rights Issue Plan of the Company in 2019” will soon expire, in order to ensure the smooth implementation of the Rights Issue Plan, the Board proposed to the AGM to extend the validity period of the “resolution on the Rights Issue Plan of the Company in 2019” for 12 months starting from May 19, 2020, the date on which the resolution is approved by the AGM, the A Shareholders Class Meeting and the H Shareholders Class Meeting, until May 19, 2021. Meanwhile, the “resolution on determining the specific rights issue ratio and number of the Rights Issue Plan of the Company in 2019” was considered and approved at the twenty-seventh meeting of the sixth session of the Board, which determined the specific rights issue ratio and number of the Rights Issue Plan. Save for the extension of validity period of the “resolution on the Rights Issue Plan of the Company in 2019” and the determination of specific rights issue ratio and number of the Rights Issue Plan, other contents of the Rights Issue Plan approved at the 2019 first extraordinary general meeting, 2019 first A Shareholders class meeting and 2019 first H Shareholders class meeting of the Company shall remain unchanged (see Appendix IX to this circular for the revised plan).

The resolution has been considered and approved by the Board on March 27, 2020 and is hereby proposed at the AGM and the H Shareholders Class Meeting for consideration and approval.

Prior to the commencement of the H Share Rights Issue Plan, the Company will make a further announcement and issue the H Share Rights Issue Prospectus, which will contain all relevant details of the Rights Issue Plan, including the Subscription Price, the period of closure of the register of members for the H Shares and the H Share Record Date, the trading arrangements for H Rights Shares, the arrangements for excess H Rights Shares, the underwriting arrangements and the expected timetable of the Rights Issue Plan.

The Resolution in relation to the Extension of the Validity Period of the Full Authorization to the Board to Deal with Relevant Matters in Relation to the Rights Issue Plan

The Rights Issue Plan and relevant resolutions were considered and approved at the 2019 first extraordinary general meeting, 2019 first A Shareholders class meeting and 2019 first H Shareholders class meeting of the Company held on May 20, 2019, among which, the “resolution on the submission to the general meeting of the Company for full authorization to the Board to deal with relevant matters in relation to the rights issue” granted full authorization to the Board to deal with matters in relation to the Rights Issue Plan.

LETTER FROM THE BOARD

Pursuant to the above resolution, the authorizations under items (4), (5) and (6) of the above resolution shall be effective from the date on which the resolution had been approved at the 2019 first extraordinary general meeting, 2019 first A Shareholders class meeting and 2019 first H Shareholders class meeting of the Company until the conclusion of relevant matters, and the authorizations under items (1), (2), (3), (7) and (8) shall be effective for 12 months from the date on which the resolution had been approved at the 2019 first extraordinary general meeting, 2019 first A Shareholders class meeting and 2019 first H Shareholders class meeting of the Company.

The Company has submitted relevant application for the Rights Issue Plan to the CSRC, among which, the H Share Rights Issue Plan has been approved by the CSRC in October 2019. However, as at the Latest Practicable Date, the A Share Rights Issue Plan has not been approved by the CSRC and the listing approval of the H Rights Shares has not been obtained.

As the validity period of certain authorizations items under the above resolution will soon expire, in order to ensure the smooth implementation of the Rights Issue Plan, the Board proposed to the AGM to extend the validity period of the authorizations under items (1), (2), (3), (7) and (8) of the above resolution for 12 months starting from May 19, 2020, the date on which the resolution is approved by the AGM, the A Shareholders Class Meeting and the H Shareholders Class Meeting. Save for the above extension of validity period of authorization to the Board, other contents of the authorization to the Board granted by AGM shall remain unchanged.

The revised authorization is as follows:

The authorization to the Board to take full charge of matters relating to the Rights Issue Plan, includes but not limited to:

- (1) To formulate and implement a specific plan for the Rights Issue Plan covering all aspects relating to Rights Issue Plan, including the time of the implementation of the Rights Issue Plan, ratio, quantity and pricing, starting and ending dates, and actual size of proceeds, pursuant to relevant general meeting resolutions and with reference to actual circumstances, to such extent as the relevant laws, regulations and rules would allow;
- (2) To make any necessary adjustments to the Rights Issue Plan, including, but not limited to, the projects in which the proceeds from the Rights Issue Plan are to be used, the amount of proceeds to be invested therein and the schedule thereof, or adjusting the rights issue ratio, quantity and pricing, according to any new requirements, guidelines or policies implemented by the state and securities regulator, market conditions or any actual needs of the Company and continue the issuance in the best interest of the Company and for the purpose of the Rights Issue Plan, to the extent not required to be considered at a general meeting pursuant to the relevant laws, regulations or rules or the Articles of Association;

LETTER FROM THE BOARD

- (3) To open a dedicated account for the proceeds from the Rights Issue Plan;
- (4) To amend the Articles of Association regarding the registered capital and the total number of Shares, capital verification arrangements, modification of the business registration of the Company and relevant filings procedures according to the outcome of the Rights Issue Plan;
- (5) To register the Shares issued in the Rights Issue Plan and arrange for listing on the SSE and the Stock Exchange following the completion of the Rights Issue Plan;
- (6) To repay any subscribed Shareholders an amount equivalent to the amount of subscription together with any bank interest accrued thereon in the event of a failed Rights Issue Plan due to the substantial shareholders' failure to subscribe the Shares allotted thereto as undertook or the A Shares subscribed by existing A Shareholders at the end of the A Shares Rights Issue Plan represents less than 70% of the A Shares to be allotted;
- (7) To make any other arrangements in relation to the Rights Issue Plan; and
- (8) Subject to obtaining the above-mentioned authorizations, to authorize the Board to delegate its responsibility (except those required by the laws, regulations, normative documents and the Articles of Association) to the management of the Company to handle items (3) to (7) above in accordance with the relevant policies and procedures.

The authorizations under items (4), (5) and (6) above shall be effective from the date on which the resolution had been approved at the 2019 first extraordinary general meeting, 2019 first A Shareholders class meeting and 2019 first H Shareholders class meeting of the Company until the conclusion of relevant matters; and provided that the resolution has been approved in the AGM, the A Shareholders Class Meeting and H Shareholders Class Meeting, the other authorizations shall be effective for 24 months from the date on which the resolution had been approved at the 2019 first extraordinary general meeting, 2019 first A Shareholders class meeting and 2019 first H Shareholders class meeting of the Company, i.e. from May 20, 2019 until May 19, 2021.

The relevant resolution has been considered and approved by the Directors on March 27, 2020 and is hereby proposed at the AGM and H Shareholders Class Meeting for consideration and approval.

Others Information Regarding the Rights Issue Plan

Underwriting

It is expected that the Company intends to proceed with the H Share Rights Issue Plan on a fully underwritten basis in accordance with Rule 7.19(1)(a) of the Listing Rules and such underwriting will be conducted in accordance with the requirements of the Listing Rules. Details of the underwriting arrangement in relation to the H Share Rights Issue Plan will be provided to the Shareholders in a further announcement on the H Share Rights Issue Plan to be issued by the Company in due course.

The A Share Rights Issue Plan will however proceed on a best effort basis as required under the applicable PRC laws and regulations. Under the applicable PRC laws and regulations and as regulated by the CSRC, the A Share Rights Issue Plan may only proceed if the subscription level of the A Rights Shares is at least 70% of the A Share Rights Issue Plan. The rights to subscribe for the A Shares which are not taken up will lapse and no new A Shares will be issued or allotted pursuant to such rights.

Qualified H Shareholders

Subject to, among other things, approval by the Shareholders at the relevant general meetings, the Company will send the H Share Rights Issue Prospectus to the Qualified H Shareholders including the PRC Southbound Trading Investors (and to the extent permitted by the relevant laws, to the Excluded H Shareholders for information purposes only). To qualify for the H Share Rights Issue Plan, a Shareholder must:

- (i) be registered as a H Shareholder of the Company on the H Share Record Date; and
- (ii) not be an Excluded H Shareholder.

Before the commencement of the H Share Rights Issue Plan, the Company will announce the date by which the H Shareholders must lodge any transfer documents in relation to the existing H Shares (together with the relevant H Share certificates) with the Company's share registrar in Hong Kong, in order for the transferee to become a H Shareholder of the Company on or before the H Share Record Date. The PRC Southbound Trading Investors will not be excluded from participation in the H Share Rights Issue Plan.

LETTER FROM THE BOARD

The PRC Southbound Trading Investors

The Directors have made the relevant enquiries and were advised that the PRC Southbound Trading Investors may participate in the H Share Rights Issue Plan through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their Nil-paid H Rights Shares on the Stock Exchange under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect; and/or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of H Rights Shares held on the H Share Record Date at the Subscription Price under the H Share Rights Issue Plan in accordance with the relevant laws and regulations. However, China Clear will not support applications by such PRC Southbound Trading Investors for excess H Rights Shares under the H Share Rights Issue Plan through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. In addition, according to the PRC legal adviser of the Company, the PRC Southbound Trading Investors (or the relevant China Clear participants as the case may be) whose stock accounts in the China Clear are credited with Nil-paid H Rights Shares can only sell those Nil-paid H Rights Shares on the Stock Exchange via China Clear under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect and can neither purchase any Nil-paid H Rights Shares nor transfer such Nil-paid H Rights Shares to the other PRC Southbound Trading Investors.

Save and except for the PRC Southbound Trading Investors and Qualified H Shareholders who have been exempted by or have obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations, according to the PRC legal adviser of the Company, other Shareholders in the PRC are not entitled to participate in the H Share Rights Issue Plan.

H Share Record Date

The H Share Record Date and the trading arrangements for the Nil-paid H Rights Shares will be fixed by the Board and once so fixed, a further announcement will be made by the Company. The H Share Rights Issue Plan is conditional upon the fulfillment of the conditions set out under the section headed “Conditions of the H Share Rights Issue Plan” in this circular. The H Share Record Date will not precede the date of the AGM, A Shareholders Class Meeting and H Shareholders Class Meeting, or the date on which all relevant PRC governmental and regulatory approvals are granted to the Company in relation to the proposed Rights Issue Plan.

Trading of the H Rights Shares

Dealings in the H Rights Shares in both their nil-paid and fully-paid forms registered with the share registrar of the Company in Hong Kong will be subject to the payment of stamp duty in Hong Kong. A further announcement will be made by the Company regarding the trading arrangements for the H Rights Shares (in nil-paid and fully-paid forms) after such arrangements have been finalised by the Board.

LETTER FROM THE BOARD

Status of the H Rights Shares

The H Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the H Shares then in issue. Holders of fully-paid H Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the H Rights Shares.

Rights of Overseas Shareholders

The H Share Rights Issue Prospectus will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will make enquiries regarding the feasibility of extending the H Share Rights Issue Plan to the Overseas Shareholders. If, based on the advice received from the relevant legal advisers, the Board considers that it is necessary or expedient not to offer the H Rights Shares to certain Overseas Shareholders (who are Excluded H Shareholders) on account either of the legal restrictions under the laws of the place of his/her/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place, the H Share Rights Issue Plan will not be made available to the Excluded H Shareholders.

The Company will send copies of the H Share Rights Issue Prospectus to the Excluded H Shareholders for their information only, but the Company will not send any provisional allotment letters or excess application forms to the Excluded H Shareholders.

Arrangements will be made for the H Rights Shares, which would otherwise have been provisionally allotted to the Excluded H Shareholders, to be sold in the market in their nil-paid form, as soon as practicable after the commencement of the dealings in the Nil-paid H Rights Shares, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid on a pro rata basis to the Excluded H Shareholders, which means the Company will pay individual amounts of more than HK\$100 to the relevant Excluded H Shareholders, provided that the Company will retain individual amounts of HK\$100 or less for its own benefit.

Application for excess H Rights Shares

Qualified H Shareholders of the Company (other than the PRC Southbound Trading Investors) may apply, by way of excess application, for any H Rights Shares to which unsold entitlements of the Excluded H Shareholders relate and for any H Rights Shares provisionally allotted to the Qualified H Shareholders but not accepted. Application for excess H Rights Shares may be made by completing the excess application form to be despatched to the Qualified H Shareholders together with the H Share Rights Issue Prospectus and lodging the same with a separate remittance for such excess H Rights Shares. The Board will allocate the excess H Rights Shares at its discretion on a fair and equitable basis but will give preference to topping-up odd lots to whole board lots. The remaining excess H Rights Shares (if preference will be given) or all excess H Rights Shares (if no preference will be given) will be allocated to Qualified H Shareholders (other than the PRC Southbound Trading Investors) who have applied for excess H Rights Shares on a pro rata basis with reference to their number of excess H Rights Shares applied for.

LETTER FROM THE BOARD

Estimated Subscription Price

Based on (1) the total issued Shares of 6,699,409,329 Shares as at the Latest Practicable Date, (2) the basis of three (3) Rights Shares for every ten (10) existing Shares for both A Shares and H Shares; and (3) assuming that the gross proceeds of the Rights Issue Plan being no more than RMB15 billion, the Subscription Price is estimated to be no more than approximately RMB7.46 per Share. The actual Rights Issue Plan will be subject to the market conditions and the approval of the Rights Issue Plan by the CSRC and other relevant regulatory authorities.

Conditions of the H Share Rights Issue Plan

It is expected that the H Share Rights Issue Plan will be conditional upon the fulfillment of the following matters:

- (i) the approval of the Rights Issue Plan by the Shareholders at the general meeting of the Company;
- (ii) the approval of the Rights Issue Plan at the H Shareholders class meeting and the A Shareholders class meeting of the Company, respectively;
- (iii) the approval of the Rights Issue Plan by the CSRC and other relevant regulatory authorities;
- (iv) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the H Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any) by no later than the date of the delivery of the H Share Rights Issue Prospectus; and
- (v) the delivery to the Stock Exchange and filing and registration of all documents in relation to the H Share Rights Issue Plan as required by laws to be filed by and registered with the Registrar of Companies in Hong Kong.

None of the above conditions for completion of the H Share Rights Issue Plan may be waived by the Company. As at the Latest Practicable Date, the condition (iii) above has been fulfilled. If any of the above conditions are not fulfilled, the H Share Rights Issue Plan will not proceed.

Conditions of the A Share Rights Issue Plan

It is expected that the A Share Rights Issue Plan will be conditional upon the fulfillment of the following matters:

- (i) the approval of the Rights Issue Plan by the Shareholders at the general meeting of the Company;

LETTER FROM THE BOARD

- (ii) the approval of the Rights Issue Plan at the A Shareholders class meeting and the H Shareholders class meeting of the Company, respectively;
- (iii) the approval of the Rights Issue Plan by the CSRC and other relevant regulatory authorities;
- (iv) the fulfillment of the public undertaking made by the controlling shareholder of the Company in respect of the subscription amount; and
- (v) the subscription of the A Rights Shares by the A Shareholders being at least 70% of the A Share Rights Issue Plan.

None of the above conditions for completion of the A Share Rights Issue Plan may be waived and has been satisfied by the Company as at the Latest Practicable Date. If any of the above conditions are not fulfilled, the A Share Rights Issue Plan will not proceed.

The H Share Rights Issue Plan and the A Share Rights Issue Plan are inter-conditional.

Theoretical Dilutive Effects

Taking into account the Rights Issue Plan, the Company confirms that, as at the Latest Practicable Date, the Rights Issue Plan of the Company will not result in a theoretical dilution effect of 25% or more under Rule 7.27B of the Listing Rules.

Fund raising activities involving issue of equity securities in the past 12 months

The Company has not conducted any fund raising activities involving the issue of equity securities in the past 12 months immediately preceding the date of this circular.

Shareholding Structure of the Company

For illustrative purpose only, the following tables set out the Company's shareholding structure as at the Latest Practicable Date and certain possible shareholding structures upon completion of the Rights Issue Plan (which are all subject to change and assuming no change in the issued share capital of the Company between the Latest Practicable Date and the Record Date) on the basis of the Rights Issue Plan being conducted on the basis of three (3) Rights Shares for every ten (10) existing Shares and assuming:

- (1) full subscription for H Rights Shares and A Rights Shares;
- (2) the subscription level for A Rights Shares being 70% (the minimum subscription level of the A Rights Shares required to fulfil the A Share Rights Issue Plan) and full subscription for H Rights Shares; and

LETTER FROM THE BOARD

- (3) the subscription level for A Rights Shares being 80.8% (the increase of China Merchants Group's shareholding percentage in the Company being 1.99% from the 12 months before the completion of the Rights Issue Plan) and full subscription for H Rights Shares.

Table under assumption (1) (for illustrative purpose only):

Name of Shareholder	Class of Shares	Number of Shares as at the Latest Practicable Date	Approximate percentage of the total number of Shares	Number of Shares upon completion of the Rights Issue Plan	Approximate percentage of the total number of Shares
China Merchants Group	A Shares	2,886,027,221	43.08%	3,751,835,387	43.08%
	H Shares	67,706,400	1.01%	88,018,320	1.01%
China COSCO Shipping Corporation Limited	A Shares	509,426,550	7.60%*	662,254,515	7.60%*
	H Shares	159,844,400	2.39%*	207,797,720	2.39%*
PICC Life Insurance Company Limited	H Shares	333,300,000	4.98%*	433,290,000	4.98%*
Other Public Shareholders	A Shares	2,283,533,598	34.09%*	2,968,593,677	34.09%*
	H Shares	419,550,380	6.26%*	545,415,494	6.26%*
Others					
Employee Stock Ownership Scheme	A Shares	40,020,780	0.60%*	52,027,014	0.60%*
Total	A Shares	5,719,008,149	85.37%	7,434,710,593	85.37%
	H Shares	980,401,180	14.63%	1,274,521,534	14.63%
Total public float		3,745,675,708	55.91%	4,869,378,420	55.91%
Total		<u>6,699,409,329</u>	<u>100.00%</u>	<u>8,709,232,127</u>	<u>100.00%</u>

Note: The shareholding marked with * represents the Shares held by the public.

LETTER FROM THE BOARD

Table under assumption (2) (for illustrative purpose only):

Name of Shareholder	Class of Shares	Number of Shares as at the Latest Practicable Date	Approximate percentage of the total number of Shares	Number of Shares upon completion of the Rights Issue Plan	Approximate percentage of the total number of Shares
China Merchants Group	A Shares	2,886,027,221	43.08%	3,751,835,387	45.78% ^(Notes 1)
	H Shares	67,706,400	1.01%	88,018,320	1.07%
China COSCO Shipping Corporation Limited	A Shares	509,426,550	7.60%*	662,254,515	8.08% ^(Note 2)
	H Shares	159,844,400	2.39%*	207,797,720	2.54% ^(Note 2)
PICC Life Insurance Company Limited	H Shares	333,300,000	4.98%*	433,290,000	5.29%*
Other Public Shareholders	A Shares	2,283,533,598	34.09%*	2,453,882,944	29.95%*
	H Shares	419,550,380	6.26%*	545,415,494	6.66%*
Others					
Employee Stock Ownership Scheme	A Shares	40,020,780	0.60%*	52,027,014	0.63%*
Total	A Shares	5,719,008,149	85.37%	6,919,999,860	84.45%
	H Shares	980,401,180	14.63%	1,274,521,534	15.55%
Total public float		3,745,675,708	55.91%	3,484,615,452	42.53%
Total		6,699,409,329	100.00%	8,194,521,394	100.00%

Notes:

1. This scenario is for illustrative purpose only. Given that the A Share Rights Issue Plan will proceed on a best effort basis and the H Share Rights Issue Plan will be fully underwritten, the shareholding percentage of China Merchants Group in the Company may in certain circumstances increase by more than 2%. In that case, the Company will comply with relevant applicable laws and regulations, including but not limited to the Takeovers Code, and obtain all necessary approval and consent, including approval from the Shareholders if required.
2. Given China COSCO Shipping Corporation Limited (“China COSCO”) holds approximately 9.99% shareholding of the Company as at the Latest Practicable Date, upon completion of the Rights Issue Plan, if China COSCO subscribes for its entitlement under the Rights Issue Plan, China COSCO will eventually hold more than 10% shareholding in the Company and will then become a connected person of the Company. In such case, the shareholding held by China COSCO will not be considered as part of the public float.
3. The shareholding marked with * represents the Shares held by the public.

LETTER FROM THE BOARD

Table under assumption (3) (for illustrative purpose only) ^(Note 1):

Name of Shareholder	Class of Shares	Number of Shares as at the Latest Practicable Date	Approximate percentage of the total number of Shares	Number of Shares upon completion of the Rights Issue Plan	Approximate percentage of the total number of Shares
China Merchants Group	A Shares	2,886,027,221	43.08%	3,751,835,387	44.77%
	H Shares	67,706,400	1.01%	88,018,320	1.05%
China COSCO Shipping Corporation Limited	A Shares	509,426,550	7.60%*	662,254,515	7.90% ^(Note 2)
	H Shares	159,844,400	2.39%*	207,797,720	2.48% ^(Note 2)
PICC Life Insurance Company Limited	H Shares	333,300,000	4.98%*	433,290,000	5.17%*
Other Public Shareholders	A Shares	2,283,533,598	34.09%*	2,639,178,808	31.49%*
	H Shares	419,550,380	6.26%*	545,415,494	6.51%*
Others					
Employee Stock Ownership Scheme	A Shares	40,020,780	0.60%*	52,027,014	0.62%*
Total	A Shares	5,719,008,149	85.37%	7,105,295,724	84.79%
	H Shares	980,401,180	14.63%	1,274,521,534	15.21%
Total public float		3,745,675,708	55.91%	3,669,911,316	43.80%
Total		6,699,409,329	100.00%	8,379,817,258	100.00%

Notes:

1. This scenario is to illustrate the subscription level for A Rights Shares and the shareholding percentage of the Shareholders in the case that China Merchants Group does not trigger the general offer obligation under the Takeovers Code.
2. Given China COSCO holds approximately 9.99% shareholding of the Company as at the Latest Practicable Date, upon completion of the Rights Issue Plan, if China COSCO subscribes for its entitlement under the Rights Issue Plan, China COSCO will eventually hold more than 10% shareholding in the Company and will then become a connected person of the Company. In such case, the shareholding held by China COSCO will not be considered as part of the public float.
3. The shareholding marked with * represents the Shares held by the public.

LETTER FROM THE BOARD

Given that (i) the A Share Rights Issue Plan will proceed on a best effort basis and the H Share Rights Issue Plan will be fully underwritten; and (ii) the Company's controlling shareholders and its parties acting in concert have undertaken to subscribe for Rights Shares to be issued by the Company, the shareholding percentage of the controlling shareholders of the Company may in certain circumstances increase by more than 2%. In that case, the Company will comply with relevant applicable laws and regulations, including but not limited to the Takeovers Code, and obtain all necessary approval and consent, including approval from the Shareholders if required.

11. RESOLUTION ON THE USE OF PREVIOUS PROCEEDS

A special resolution on the use of previous proceeds will be proposed at the AGM for approval. For details, please refer to Appendix VIII to this circular.

The resolution has been considered and approved by the Board on April 17, 2020, and is hereby proposed at the AGM for consideration and approval.

12. 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 2019; (ii) Working Report of the Supervisory Committee of the Company for 2019; (iii) Duty Report of Independent Directors of the Company for 2019; and (iv) Final Accounts Report of the Company for 2019, the text of the above reports have substantially included in the annual report of the Company for 2019, which has been despatched on April 27, 2020, and meanwhile 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).

ANNUAL GENERAL MEETING OF THE YEAR 2019 AND/OR THE H SHAREHOLDERS CLASS MEETING

The AGM will be held at Marco Polo Shenzhen, 28 Fuhua Yi Road, Futian CBD, Shenzhen, the PRC on Tuesday, May 19, 2020 at 10:00 a.m. The H Shareholders Class Meeting will be held at Marco Polo Shenzhen, 28 Fuhua Yi Road, Futian CBD, Shenzhen, the PRC on Tuesday, May 19, 2020 at 10:00 a.m. (or immediately after the conclusion or adjournment of the AGM and the A Shareholders Class Meeting).

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

Submission of Proxy Form : 24 hours before the time appointed for the AGM (i.e. 10:00 a.m. on Monday, May 18, 2020)

The register of members is closed from April 19, 2020 to May 19, 2020 (both days inclusive), during which period no transfer of H Shares will be effected.

LETTER FROM THE BOARD

The notices of the AGM and/or the H Shareholders Class Meeting, the reply slips and the proxy forms for the AGM and/or the H Shareholders Class Meeting have been despatched on Wednesday, April 1, 2020 and have also been published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cmschina.com). A supplemental notice of the AGM containing an additional proposed resolution is set out on pages N-1 to N-2 of this circular. The Second Proxy Form containing the originally proposed resolutions and additional proposed resolutions are also enclosed herewith.

To be valid, for holders of H Share, the Second Proxy Form and notarised power of attorney or other document of authorisation 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 Second Proxy Form will not preclude you from attending and voting at the AGM and/or the H Shareholders Class Meeting in person if you so wish.

PROCEDURES FOR VOTING AT THE AGM AND/OR THE H SHAREHOLDERS CLASS MEETING

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 and/or the H Shareholders Class Meeting will demand a poll in relation to all the proposed resolutions at the AGM and/or the H Shareholders Class Meeting in accordance with Article 124 of the Articles of Association.

The abovementioned ordinary resolution No.4 will be taken 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 resolution No. 4.02. Shareholders controlled by China COSCO Shipping Corporation Limited are required to abstain from voting on the abovementioned ordinary resolution No. 4.06. PICC Life Insurance Company Limited is required to abstain from voting on the abovementioned ordinary resolution No. 4.07.

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

LETTER FROM THE BOARD

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 favour of the relevant resolutions to be proposed at the AGM and/or the H Shareholders Class Meeting.

Yours faithfully,
By order of the Board
HUO Da
Chairman

APPENDIX I	CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS OF THE COMPANY FOR 2020
-------------------	---

I. Estimated amount of ordinary related party transactions for the year and implementation of ordinary related party transactions in previous year

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

Type of Related Party Transaction	Item	Estimated amount for the year (10,000 yuan)	Actual amount for previous year (10,000 yuan)	Percentage in the same type of business
Financial services	Interest income from deposit	The actual amount shall be disclosed due to the difficulty in the estimation of the self-owned deposits and deposits from customers	38,313.63	26.24%
	Income from underwriting service and other investment banking services	The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and transaction amount	4,531.50	3.06%
	Income from targeted assets management products		5,273.01	21.14%
	Interest expenses on borrowings		346.31	2.94%
	Interest expenses for loans	It shall be based on the national interbank interest rate for loans, and the actual amount shall be disclosed due to the difficulty in the estimation of the amount and interest rate of loans	1,141.73	8.51%
	Income from third-party custodian service fee		3,550.31	48.30%
	Fee for wealth management products custodian and agency sales	50,000	19,442.64	52.20%
	Expenses on investment banking business including underwriting fee	The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and transaction amount	510.03	7.55%
	Expenses on custodian fee		49.12	0.25%
	Bank charges and settlement fee, etc.		245.62	3.47%

APPENDIX I	CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS OF THE COMPANY FOR 2020
-------------------	---

Type of Related Party Transaction	Item	Estimated amount for the year (10,000 yuan)	Actual amount for previous year (10,000 yuan)	Percentage in the same type of business
Securities and financial products and transactions	Interbank market lending and borrowing	The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and transaction amount	12,340,000.00	–
			(capital inflow), 12,421,164.51	
	Bond trading and lending		(capital outflow) 488,075.69	
			(capital inflow), 81,767,218.02	
			(capital outflow) 9,450,379.60	–
			(capital inflow), 9,491,676.77	
	Bond repurchase		(capital outflow) 519.95	
			(capital inflow), 982.30	–
	Interest rate swap		(capital outflow) 22,653,438.54	
			(capital inflow), 24,066,730.52	–
	Related parties purchase and redeem the products managed by the Company and subsidiaries under its control		(capital outflow)	
	The Company and subsidiaries under its control purchase and redeem the products managed by related parties		3,728.72	–
			(capital inflow), 3,494.21	
	(capital outflow)			
Related parties purchase and redeem the financial products issued by the Company and subsidiaries under its control	788,000.00	–		
	(capital inflow), 558,171.32			
	(capital outflow)			
The Company and subsidiaries under its control purchase and redeem the financial products issued by related parties	122,291.83	–		
	(capital inflow), 928,671.45			
	(capital outflow)			
Over-the-counter derivatives transactions with related parties	513.72	–		
	(capital inflow), 440.72			
	(capital outflow)			

APPENDIX I	CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS OF THE COMPANY FOR 2020
-------------------	---

Type of Related Party Transaction	Item	Estimated amount for the year (10,000 yuan)	Actual amount for previous year (10,000 yuan)	Percentage in the same type of business
Other related party transactions	Lease expense, property management fees, etc.	The actual amount shall be disclosed due to the difficulty in the estimation of the actual amount	6,218.30	13.44%

Note: Securities and financial products and transactions mainly represent fixed-income products or transactions, equity products or transactions, financing transactions, other related securities and financial products and derivative products or transactions, sic passim.

2. *Contemplated ordinary related party transactions with China Merchants Group Limited and its associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited)*

Type of Related Party Transaction	Item	Estimated amount for the year (10,000 yuan)	Actual amount for previous year (10,000 yuan)	Percentage in the same type of business
Financial services	Commission from trading agency business		250.01	0.058%
	Income from underwriting service		2,572.37	1.74%
	Income from financial consulting service		10,178.72	34.49%
	Income from sponsoring services		943.40	9%
Securities and financial products and transactions	Related parties purchase and redeem the products managed by the Company and subsidiaries under its control	It should comply with the 2019 – 2021 “Securities and Financial Products, Transactions and Services Framework Agreement”. The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and transaction amount	11,252.22	–
			(capital inflow), 11,259.99	
			(capital outflow)	
	The Company and subsidiaries under its control purchase and redeem the financial products issued by related parties		164,100.00	–
			(capital inflow), 98,090.00	
			(capital outflow)	
	Commodity transactions with related parties			0
		(capital inflow), 20,929.15		
		(capital outflow)		

APPENDIX I	CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS OF THE COMPANY FOR 2020
-------------------	---

Type of Related Party Transaction	Item	Estimated amount for the year (10,000 yuan)	Actual amount for previous year (10,000 yuan)	Percentage in the same type of business
Joint investment/ investment in equity or assets of related parties	Joint investment and investment in the equity or assets of related parties	400,000	1,978	–
Other related party transactions	Lease expense, property management fees, etc.	2,200	1,919.86	4.15%
	IT services fees	296.64	297.04	2.44%
	Administrative Procurement	2,500	1,790.22	8.89%

3. *Contemplated ordinary related party transactions with China Merchants Fund Management Co., Ltd.*

Type of Related Party Transaction	Item	Estimated amount for the year (10,000 yuan)	Actual amount for previous year (10,000 yuan)	Percentage in the same type of business
Financial services	Commission from trading of mutual funds		2,489.16	5.83%
	Income from agency sales of financial products		319.80	1.82%
Securities and financial products and transactions	Bond trading	It should comply with the 2019 – 2021 “Securities and Financial Products, Transactions and Services Framework Agreement”. The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and transaction amount	12,757.67 (capital inflow), 0 (capital outflow)	–
	The Company and subsidiaries under its control purchase and redeem products managed by related parties		109,464.00 (capital inflow), 72,412.99 (capital outflow)	–
	Market-making for gold ETFs, money funds of related parties		15,797.59 (capital inflow), 21,814.27 (capital outflow)	–

APPENDIX I
**CONTEMPLATED ORDINARY RELATED PARTY
TRANSACTIONS OF THE COMPANY FOR 2020**

Type of Related Party Transaction	Item	Estimated amount for the year (10,000 yuan)	Actual amount for previous year (10,000 yuan)	Percentage in the same type of business
Joint investment	Joint investment with related party in equity investment funds of which the related party acted as the fund manager	100,000	0	–
Other related party transactions	Income from IT services	200	112.5	100%

4. *Contemplated ordinary related party transactions with Bosera Asset Management Co., Ltd.*

Type of Related Party Transaction	Item	Estimated amount for the year (10,000 yuan)	Actual amount for previous year (10,000 yuan)	Percentage in the same type of business
Financial services	Commission from trading of mutual funds		9,226.15	21.60%
	Income from agency sales of financial products		350.13	1.99%
Securities and financial products and transactions	The Company and subsidiaries under its control purchase and redeem products managed by related parties	The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and transaction amount	91,559.92 (capital inflow), 60,917.25 (capital outflow)	–
	Market-making for gold ETFs, money funds of related parties		233,134.80 (capital inflow), 267,911.51 (capital outflow)	–
Joint investment	Joint investment with related party in equity investment funds of which the related party act as the fund manager	200,000	0	–

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

Type of Related Party Transaction	Item	Estimated amount for the year (10,000 yuan)	Actual amount for previous year (10,000 yuan)
Securities and financial products and transactions	Bond trading		89,773.19 (capital inflow), 42,052.32 (capital outflow)
	Bond repurchase		77,216.16 (capital inflow), 75,700.00 (capital outflow)
	Related parties purchase and redeem the products managed by the Company and subsidiaries under its control	The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and transaction amount	0 (capital inflow), 62,709.04 (capital outflow)
	The Company and subsidiaries under its control purchase and redeem the products managed by the related parties		39,153.08 (capital inflow), 10,000.00 (capital outflow)

6. *Contemplated ordinary related party transactions with China COSCO Shipping Corporation Limited and its persons acting in concert and other related parties which HUANG Jian and WANG Daxiong serve as director and senior management*

Type of Related Party Transaction	Item	Estimated amount for the year (10,000 yuan)	Actual amount for previous year (10,000 yuan)
Securities and financial products and transactions	Interbank market lending	The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and transaction amount	2,490,000.00
			(capital inflow),
	Bond trading and lending		2,490,206.64
			(capital outflow)
	Bond repurchase		172,847.59
			(capital inflow),
	Interest rate swap		186,870.86
			(capital outflow)
	The Company and subsidiaries under its control purchase and redeem the financial products issued by related parties		5,934,653.30
			(capital inflow),
	5,944,959.69		
	(capital outflow)		
	57.13		
	(capital inflow),		
	91.51		
	(capital outflow)		
	0		
	(capital inflow),		
	47,000.00		
	(capital outflow)		

7. *Contemplated ordinary related party transactions with PICC Life Insurance Company Limited and China-US Insurance Advisory Co., Ltd.*

Type of Related Party Transaction	Estimated amount for the year (10,000 yuan)	Actual amount for previous year (10,000 yuan)
Securities and financial products and transactions	The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and transaction amount	0

8. *Contemplated ordinary related party transactions with related natural persons*

Type of Related Party Transaction	Item	Estimated amount for the year (10,000 yuan)	Actual amount for previous year (10,000 yuan)
Securities and financial products and transactions	Related natural persons purchased and redeemed products managed by the Company	The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and transaction amount	4,902.09 (capital inflow), 4,683.61 (capital outflow)

9. *Ordinary related party transactions with other related parties*

The contemplated ordinary related party transactions with other related parties are mainly ordinary related party transactions entered into with, other than the aforementioned related parties, related legal persons and other organizations of which the directors or senior management serve as the Director, Supervisor or senior management of our company or have served/will serve as the Director, Supervisor or senior management of our company in the past/next twelve months. The actual amount shall be disclosed due to the difficulty in the estimation of the actual item and transaction amount.

II. MAJOR RELATED PARTIES AND THE RELATIONSHIP

1. China Merchants Bank Co., Ltd. is under significant influence by the de facto controller of the Company. SU Min and WANG Daxiong, Directors of the Company, also serve as its directors. It is listed on the Shanghai Stock Exchange (stock code: 600036) and Hong Kong Stock Exchange (stock code: 3968). Please refer to its announcement for its profile.
2. China Merchants Group Limited is the de facto controller of the Company. Its registered capital was RMB16.7 billion and the major business scope includes sea and land transportation and agency of goods, leasing and agency of sea and land transportation tools and equipment, investment in and management of port and warehouse businesses; sea rescue, salvage, towing; manufacturing; building, repair, inspection and sale of vessels and offshore oil drilling equipment; repair and inspection of oil rigs and containers; contracting and construction of and back office services for sea and land construction projects and offshore oil exploitation projects; procurement, supply and sale of sea and land transportation equipment and relevant supplies; import and export transportation businesses; investment in and management of businesses in the financial, insurance, trust, securities and futures industries; investment in and management of businesses in the tourism, hotel, catering and relevant services industries; real estate development and property management and consultancy business; investment in and management of petrochemical business; investment in and operation of transportation infrastructure; operation of offshore assets; development, operation and management of Shekou Industrial Zone in Shenzhen and Zhangzhou Development Zone in Fujian.
3. China Merchants Fund Management Co., Ltd. is an associate of the Company. The Company holds 45% equity interests in it. Ms. DENG Xiaoli, the Vice President of the Company, serves as its vice chairman. Its registered capital was RMB1.31 billion and the major business scope includes fund management, promotion and establishment of funds, and other businesses approved by the CSRC.
4. Bosera Asset Management Co., Limited is an associate of the Company. The Company holds 49% equity interests in it. Su Min, a Director of the Company, is one of its directors. Its registered capital was RMB250 million and the major business scope includes fund raising, sales of funds, asset management and other businesses approved by the CSRC.

5. China COSCO Shipping Corporation Limited, is a shareholder of the Company which indirectly holds more than 5% equity interests in the Company. Its registered capital was RMB11 billion and the major business scope includes international shipping, auxiliary business for international maritime transportation; import and export of goods and technologies; international maritime, land and air freight agency business; leasing of self-owned vessels; sales of vessels, containers and steel; design of maritime engineering equipment; investment in docks and ports; sales of communication equipment, information and technology services; warehousing (other than hazardous chemicals); technological development, technology transfer, technological consultancy and technological services in relation to shipping, spare parts and related fields; equity investment funds.

III. PARTICULARS AND PRICING OF THE RELATED PARTY TRANSACTIONS

1. Interest income from deposit: interest income for deposits of certain funds of the Company and subsidiaries under its control as well as funds from customers placed with China Merchants Bank shall be determined based on the market interest rate for interbank deposits.
2. Interest expenses on borrowings: interest payable to China Merchants Bank or its offshore branches for the borrowings of the Company and subsidiaries under its control and the prices shall be determined based on the market interest rate.
3. Interest expenses on loans: the interest payable by the Company for loans from China Merchants Bank through the national interbank funding center shall be determined based on the interest rate of national interbank funding center.
4. Income from underwriting service: the income received from underwriting services provided by the Company and subsidiaries under its control to related parties and the prices shall be determined based on the market rates and industry practice.
5. Income from financial consultation: the income received from financial consultation provided by the Company and subsidiaries under its control to related parties and the prices shall be determined based on the market rates and industry practice.
6. Third-party custodian service fees: the third-party custodian service fees payable in relation to the transaction settlement funds deposited by customers of the Company and subsidiaries under its control with China Merchants Bank and the prices shall be determined based on the pricing standard of China Merchants Bank charged on other comparable securities firms.

7. Fee for custody and agency sales of wealth management products: custodian fees for collective wealth management products and relevant fees for agency sales of wealth management products payable by the Company and subsidiaries under its control to China Merchants Bank and the prices shall be determined based on the market rates and industry practice.
8. Income from targeted asset management services: service fees from targeted asset management provided by the Company and subsidiaries under its control to China Merchants Bank and the prices shall be determined based on the market rates and industry practice.
9. The Company and subsidiaries under its control and related parties purchase and redeem the products managed by each other: the prices shall be determined based on the market rates and industry practice.
10. The Company and subsidiaries under its control and related parties purchase and redeem financial products of each other: the prices shall be determined based on the market rates and industry practice.
11. Bond trading and sales: The prices of bond spot transactions between the Company and subsidiaries under its control and related parties, and sales of bonds by the Company to related parties, shall be determined based on the market rates and industry practice.
12. Bond repurchase: The Company and subsidiaries under its control engages in bond transactions with related parties and agrees that the seller must repurchase bonds from the purchaser at an agreed price within the time period in the future agreed by both parties, and pay interest at the agreed interest rate (price), with reference to the market rates and industry practice.
13. Joint investment with related parties: the prices of joint investment that may be made by the Company and subsidiaries under its control with related parties shall be determined based on the market rates and industry practice.
14. Commission income from trading of mutual funds: commission from securities transactions such as the trading of stock and bonds that may be made by fund products of related parties through leasing of participant business unit of the Company and subsidiaries under its control and the prices shall be determined based on the market rates and industry practice.
15. Income from agency sales of financial products: attributable income from management fees, subscription fees and redemption fees payable by related parties to the Company in respect of the agency sales services provided by the Company and subsidiaries under its control as a distribution channel for the fund products issued by related parties and the prices shall be determined based on the market rates and industry practice.

16. Lease expense: the expenses paid by the Company and subsidiaries under its control to related parties for leasing its business premises and the prices shall be determined based on the market rates and industry practice.

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

1. 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 relationship between the Company and the related parties is mutually beneficial and fair and equal to both parties without causing any harm to the interest of the Company.
2. The abovementioned related party transactions are conducted in the Company's ordinary course of business which are beneficial to its business development and enhancement of overall competitiveness.
3. The abovementioned related party transactions do not affect the independence of the Company. Major business of the Company has not been in reliance on the related parties due to these related party transactions.

Pursuant to the requirements of Rules 13.36 and 19A.38 of the Listing Rules, and in order to grasp market opportunity, ensure flexibility in issuing new Shares and in line with market practices, the Board intends to propose to the 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 condition and the needs of the Company, separately or concurrently issue, allot and deal with additional Shares not exceeding 20% of the amount of 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 institutions and take other necessary steps to complete the aforesaid matters.

1. THE CONTENTS OF THE MANDATE

Details of the contents of the Mandate include but not limited to:

- (1) Granting of an unconditional General Mandate to the Board (or the Director(s) authorized by the Board) to, subject to market condition 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 shall not respectively exceed 20% of the aggregate nominal value of the existing H Shares in issue at the date of the passing of this resolution at the general meeting.
- (3) 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 H Shares to be issued, pricing mechanism and/or issuance price (including price range), number of H Shares to be issued, allottees and use of proceeds, etc., and to determine the time of issuance, period of issuance and whether to allot H Shares to existing H Shareholders.
- (4) The Board be authorized to engage the agents for share issuance related matters, and to approve and execute all acts, deeds, documents and other matters necessary, appropriate, required or relevant for share issuance; and to consider, approve and execute, on behalf of the Company, agreements related to issuance, including but not limited to underwriting agreement and engagement agreements of agents, etc..

- (5) The Board be authorized to consider, approve and execute, on behalf of the Company, statutory documents in relation to issuance to be submitted to regulatory authorities; to carry out approval procedures required by regulatory authorities and venues 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 new share issuance, 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 regulatory documents and the Articles, the Board may in turn authorize the management of the Company to deal with the authorizations under items (4) and (6) above according to relevant systems and work procedures.

2. VALIDITY OF THE GENERAL MANDATE

Except that the Board may make or grant offers, agreements, or options during the Relevant Period in relation to the issue of H Shares, which might require further promotion or implementation after the end of the Relevant Period, the exercise of the powers referred to above shall be within the Relevant Period. "Relevant Period" means the period from the passing of this resolution as a special resolution at the 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 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 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 of the authorization will be extended accordingly.

Exercise of the power granted under the above mentioned General Mandate by the Board is subject to all necessary approvals of the China Securities Regulatory Commission and/or the relevant governmental authorities of the People's Republic of China and in accordance with the Company Law, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) and the Articles of Association.

1. ISSUER OF THE DEBT FINANCING INSTRUMENTS

The Company or its wholly-owned subsidiaries will act as the issuer of the onshore and offshore debt financing instruments. With regard to any issue of asset-backed securities, the Company or its wholly-owned subsidiaries will act as original equity holder and asset service provider.

The Company may establish direct or indirect wholly-owned offshore subsidiary for issue of offshore debt financing instrument. The share capital of such offshore subsidiary shall be determined based on the needs for issuance of debt financing instruments, while its name will be subject to approval and registration with the relevant approval authority.

2. ISSUE SIZE OF THE DEBT FINANCING INSTRUMENTS

The aggregate outstanding balance of the onshore and offshore debt financing instruments shall be no more than 3.5 times of the net assets of the Company in the latest audited financial statements (based on the balance outstanding on the instruments issued and, in the case of an instrument denominated in foreign currency, based on the median exchange rate published by the People's Bank of China on each date of issuance), and shall be in compliance with the requirements prescribed in the relevant laws and regulations and relevant requirements of various risk control indicators on the maximum amount of the onshore and offshore debt financing instruments to be issued.

3. TYPE OF THE DEBT FINANCING INSTRUMENTS

The Company may issue onshore and offshore debt financing instruments, through public or non-public offering, on a one-off or multiple issuances or multi-tranche issuances basis, including but not limited to: onshore short-term commercial paper of securities companies, financial bonds, corporate bonds, subordinated bonds (including perpetual subordinated bonds), beneficiary certificates, asset-backed securities, renewable bonds and other instruments as approved by the regulatory authorities; offshore debt financing instruments such as foreign currency (such as USD and EUR) corporate bonds and offshore Renminbi corporate bonds, mid-term notes programme, notes (including but not limited to commercial notes), renewable bonds, subordinated bonds (including perpetual subordinated bonds) and other instruments as approved by the regulatory authorities.

The aforementioned onshore and offshore debt financing instruments do not contain any provision for conversion into shares, and will not be linked to any shares or other equity derivatives of the Company.

The specific types and priorities for repayment of the onshore and offshore debt financing instruments shall comply with the relevant rules and be determined based on the then prevailing market conditions at the time of issuance.

4. MATURITY OF THE DEBT FINANCING INSTRUMENTS

The term of the onshore and offshore debt financing instruments of the Company shall be no longer than 15 years (inclusive). It may have single maturity or a hybrid type of multiple maturities. The issuance of other debt financing instruments with no fixed terms such as perpetual subordinated bonds and renewable bonds is not subject to the aforementioned requirement on the term. The term and size of each type of debt financing instrument shall be determined in accordance with the relevant rules and the then prevailing market conditions at the time of issuance.

5. INTEREST RATE OF THE DEBT FINANCING INSTRUMENTS

The debt financing instruments may carry interests at fixed rate and/or floating rate. The interest rate for the onshore and offshore debt financing instruments to be issued as well as the method of calculation and payment thereof shall be determined in accordance with the then prevailing onshore and offshore market conditions at the time of issuance and upon negotiation with the underwriters (if any) pursuant to applicable laws and regulations.

6. SECURITY AND OTHER CREDIT ENHANCEMENT ARRANGEMENTS

The Company or its eligible wholly-owned subsidiaries will act as the issuer of the onshore and offshore debt financing instruments of the Company, and determine guarantee or other security arrangement based on the features of the onshore and/or offshore debt financing instrument and the structure and demand of the issue.

The Company, or the Company's wholly-owned subsidiaries, may provide guarantee for the issue of offshore debt financing instruments by an overseas wholly-owned subsidiary of the Company (including those with an asset-liability ratio of more than 70%). The guarantee covers principal amount of the relevant debt financing instruments, relevant interests and other fees, and the guarantee may take the form of warrants, mortgages, pledges and other forms that permitted by applicable laws and regulations. Any guarantee provided by the Company or its wholly-owned subsidiaries to the overseas wholly-owned issuer, on a stand-alone basis, shall not exceed 10% of the latest audited net asset of the Company, and the total amount of such guarantee shall not exceed 30% of the Company's latest audited net asset.

7. USE OF PROCEEDS

The proceeds raised from the issuance of the onshore and offshore debt financing instruments of the Company shall be used to meet the needs of business operation, adjust the debt structure, repay the debt liabilities due, replenish the working capital and/or finance project investment of the Company and other uses permitted by the relevant laws and regulations (if the relevant regulatory authority has specific requirements for the proceeds from the issue of debt financing instruments, the use shall comply with the relevant requirements from the regulatory authority).

8. ISSUE PRICE

The issuance price of the onshore and offshore debt financing instruments shall be determined in accordance with the then prevailing market conditions at the time of issuance and relevant laws and regulations.

9. ISSUE TARGET

The issue target of the onshore and offshore debt financing instruments shall be the onshore and offshore institutional investors and/or individual investors or eligible investors which/who meet the qualifications for subscription. The details regarding the issue target shall be determined in accordance with relevant laws and regulations, the prevailing market conditions and the matters in connection with the issuance.

The debt financing instruments may be placed to the shareholders of the Company. The details of the placement arrangements (including whether to make such placement and the proportion of placement) shall be determined in accordance with the prevailing onshore and offshore market conditions and the matters in connection with the issuance.

10. LISTING OF THE DEBT FINANCING INSTRUMENTS

The matters in relation to the application for listing of the onshore and offshore debt financing instruments shall be determined in accordance with applicable laws and regulations, the actual conditions of the Company and the prevailing onshore and offshore market conditions.

11. GUARANTEE MEASURES FOR REPAYMENT OF THE DEBT FINANCING INSTRUMENTS

In the event that the Company is expected to be unable to repay the principal and interests of the debts as scheduled, or the Company fails to repay the principal and interests of the debts when they become due, the following measures, as a minimum, shall be implemented:

- (1) no dividends shall be distributed to the shareholders;
- (2) the implementation of projects that incur capital expenditure such as material external investments, acquisitions and mergers shall be suspended;
- (3) payment of salary and bonus to the Directors and senior management of the Company shall be adjusted, reduced or ceased;
- (4) key personnel accountable shall not be allowed for re-designation.

In case of an issuance of perpetual subordinated bonds, if the Company is expected to be unable to pay the interests thereof as scheduled, it shall implement, as a minimum, the following measures:

- (1) no dividend shall be distributed to the holders of the ordinary shares;
- (2) the registered capital shall not be reduced.

If there are specific requirements on guarantee measures for repayment of debt financing instruments prescribed by the relevant regulatory authorities or under applicable laws and regulations, the measures to be adopted by the Company shall comply with the such requirements prescribed.

12. AUTHORIZATION FOR ISSUANCE OF THE COMPANY'S ONSHORE AND OFFSHORE DEBT FINANCING INSTRUMENTS

To authorize the Board, which in turn authorizes the management (except for the financing types which must be separately proposed to the Board or the shareholders' general meeting for approval in accordance with the national policies and regulations as well as the Company's internal policies) to deal with, at its/their sole discretion, all matters in connection with the issuance of debt financing instruments, within the limit of outstanding debt financing instrument and during the validity period of this resolution, adhering to the principle of maximizing the interest of the Company, provided that the leverage ratio, risk control indicators, liquidity regulatory indicators and risk limits of various debt financing instruments shall be in compliance with the requirements of the regulatory authorities, including but not limited to:

- (1) formulating and adjusting of the details of the proposal for issuances of onshore and offshore debt financing instruments in accordance with the applicable laws, regulations and relevant provisions from regulatory authorities as well as resolutions passed at the shareholders' general meeting of the Company, and based on the actual conditions of the Company and the then prevailing conditions of the relevant market, including but not limited to, the determination of the suitable issuer(s), timing of issuance, details of issuance size and method, terms of issuance, product plan, issuance 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 issuance size and term of each issuance, tranche and category, the methods in which the issue price, nominal value and interest rate are determined and adjusted (including the determination and adjustment mechanism for the renewal interest rates of perpetual subordinated bonds and renewable bonds, etc), currency (including offshore Renminbi), priority, pricing method, issuance arrangements, credit enhancement arrangements including letter of (counter) guarantee/letter of support/keepwell deed, etc., rating arrangement, details of subscription method, whether to incorporate terms of repurchase or redemption (including option for renewal, term of renewal, option for

deferred payment of interest and mandatory payment of interest, etc, for debt financing instruments with no fixed terms such as perpetual subordinated bonds and renewable bonds), details of placement arrangements, use of proceeds, registration, listing of onshore and offshore debt financing instruments and place of listing, measures to mitigate repayment risks, measures to ensure debt repayment (if applicable), methods of repayment of the principal and the interests, and all matters in connection with the issuance of onshore and offshore debt financing instruments; handling the formalities with the relevant regulatory departments and authorities relating to the reporting, approval, registration, filing, verification, obtaining of consent for the issuance, etc;

- (2) engaging relevant intermediary agency (if applicable), signing, implementing, amending and completing all agreements and documents relating to the issuance of onshore and offshore debt financing instruments, including but not limited to, the prospectus, sponsor agreement, underwriting agreement, credit enhancement agreements such as (counter) guarantee agreement/letter of support/keepwell deed, bond indenture, engagement letter with intermediary agency, trust management agreement, rules for meeting of the bondholders, settlement management agreement, registration and custody agreement, listing agreement and other legal documents, etc, and disclosing the relevant information in accordance with the laws, regulations and other regulatory documents (including without limitation, the preliminary and final offering memoranda of the debt financing instruments, and all announcements and circulars, etc. in relation to the issuance of onshore debt financing instruments of the Company);
- (3) making a decision and undertaking all applications and filings as well as listing matters (if applicable) in connection with the issuance of onshore and/or offshore debt financing instruments, including without limitation, preparing, revising and submitting relevant application and filing materials relating to the issuance and listing of the debt financing instruments and application and filing materials in respect of credit enhancement agreements such as (counter) guarantee, letter of support or keepwell deed to be provided by the Company, the issuer and/or third party, and signing the relevant application and filing documents and other legal documents;
- (4) making corresponding adjustments to the matters related to the issuance of the corporate bonds in accordance with opinions of regulatory authorities or changes in policies or market conditions, or making a decision on whether to continue the whole or any part of the issuance of onshore and offshore debt financing instruments of the Company based on the practical situation, save for the matters that are subject to shareholders' re-voting at the shareholders' general meeting under relevant laws, regulations and the articles of association of the Company;

- (5) dealing with other relevant matters in connection with the issuance and listing of the onshore and offshore debt financing instruments of the Company.

The above authorizations shall remain valid and effective on and from the date when the shareholders at the general meeting have approved and passed the resolutions until the expiry of such resolutions or the date when matters authorized above have been completed (whichever is the later).

13. VALIDITY PERIOD OF THE RESOLUTION

The authorization shall be valid for a period from the date when the resolution is passed at the AGM until June 30, 2023. However, where the management so authorized have, during the term of the authorization, decided the issuance or partial issuance of onshore and offshore debt financing instruments of the Company, 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 the regulatory authorities regarding the issuance, the Company may, during the validity period of such approval, license, filing or registration, complete the issuance or relevant partial issuance of the onshore and offshore debt financing instruments. With respect to matters of the issuance or partial issuance, the above authorization shall remain valid until the date of completion of such issuance or partial issuance.

The Proposed Amendments to the Articles of Association

Details of the Proposed Amendments to the Articles of Association are set out as below:

Comparison Table of Amendments to the Articles of Association

Original Article	New Article	Grounds for Amendments
Nil	<p>Addition of Article 11 and corresponding amendment to the number of other articles:</p> <p><u>Article 11 The Company shall consistently implement the strategy of legal governance, enhance corporate legal construction and compliance management, implement laws and regulations and industry regulations as well as departmental rules such as state-owned asset management through a compliance officer system, implement the legal requirements on governing enterprises by the rule of law and operating under the rule of law, strive to be an enterprise with rule of law and safeguard the compliant operation and sustainable healthy development of the Company.</u></p>	Taking into account the practical situation of the Company, amendment has been made in accordance with the “requirement for the chief officer of a central enterprise to perform the duties as principal responsible officer for promoting legal governance and general legal construction”.
<p>Article 11 These Articles of Association shall be passed by the resolutions of a shareholders’ meeting <u>and approved by the securities supervision and administration authority of China, which shall come into effect from the date on which the overseas listed foreign shares (H-shares) issued by the Company are listed on SEHK.</u></p> <p>.....</p>	<p>Article 12 These Articles of Association shall <u>come into effect after passed by the resolutions of a shareholders’ meeting.</u></p> <p>.....</p>	Amendment has been made in accordance with the practical situation of the Company.

APPENDIX IV**COMPARISON CHART OF AMENDMENTS
TO THE ARTICLES OF ASSOCIATION**

Original Article	New Article	Grounds for Amendments
Article 12 “Other senior officer(s)” referred to in the Articles of Association include deputy general managers, the secretary to the Board of Directors, the Chief Financial Officer, the Compliance Officer, the Chief Risk Officer of the Company, and other personnel identified as senior officers by the resolutions of the Board of Directors.	Article 13 “Other senior officer(s)” referred to in the Articles of Association include deputy general managers, the secretary to the Board of Directors, the Chief Financial Officer, the Compliance Officer, the Chief Risk Officer, <u>the Chief Information Officer</u> of the Company, and other personnel identified as senior officers by the resolutions of the Board of Directors.	Article 10 of the “Measures for the Administration of Information Technology Management of Securities and Fund Management Companies”: A securities and fund management company shall designate a senior executive who is familiar with the securities and fund businesses, has professional background, employment experience and ability to perform duties in information technologies as the chief information officer to be responsible for information technology management.

Original Article	New Article	Grounds for Amendments
<p>CHAPTER IV SHAREHOLDERS AND THE GENERAL MEETING</p> <p>Section I Shareholders</p>	<p>CHAPTER IV SHAREHOLDERS AND THE GENERAL MEETING</p> <p>Section I Shareholders <u>and Shareholding Management</u></p>	<p>Relevant content in respect of equity ownership management has been added in the chapter and the corresponding change to the title has been made in accordance with the “Provisions for the Administration of Equity Ownership in Securities Companies”</p>
<p>Article 59 The holders of the Company’s ordinary shares shall enjoy the following rights:</p> <p>.....</p>	<p><u>Article 60</u> The holders of the Company’s ordinary shares shall enjoy the following rights:</p> <p>.....</p> <p>(Addition of the followings)</p> <p><u>A shareholder who should but has not obtained the approval from or has not made due filings with the appropriate regulatory authority, or has not completed mandatory rectification process, or who has made false statements, abused its rights as a shareholder, or infringed on the interests of the securities company, is forbidden to exercise such rights of requesting a general meeting, voting, nomination, making a proposal, disposing of its shareholding, etc..</u></p>	<p>Article 28 of the “Provisions for the Administration of Equity Ownership in Securities Companies”: A securities company shall incorporate the regulatory requirements on equity ownership management in its articles of association, including such requirements on the rights and obligations of shareholders, lock-up period, and responsible persons in charge of equity ownership management. The followings shall also be provided for in the articles of association:</p> <p>.....</p> <p>(2) A shareholder who should but has not obtained the approval from or has not made due filings with the appropriate regulatory authority, or has not completed mandatory rectification process, is forbidden to exercise such rights of requesting a general meeting, voting, nomination, making a proposal, disposing of its shareholding, etc.;</p> <p>(3) A shareholder who has made false statements, abused its rights as a shareholder, or infringed on the interests of the securities company, is forbidden to exercise such rights of requesting a general meeting, voting, nomination, making a proposal, and disposing of its shareholding, etc.;</p>

Original Article	New Article	Grounds for Amendments
Article 64 The holders of the Company's ordinary shares shall assume the following obligations:	<u>Article 65</u> The holders of the Company's ordinary shares shall assume the following obligations:	
(I) To comply with the Articles of Association of the Company;	(I) To comply with <u>the "Provisions for the Administration of Equity Ownership in Securities Companies" and the Articles of Association of the Company;</u>	The "Provisions for the Administration of Equity Ownership in Securities Companies" set out a series of requirements in relation to shareholders of a securities company
(II) To pay subscription funds based on the number of shares subscribed and the method of subscription;	(II) To pay subscription funds based on the number of shares subscribed and the method of subscription. <u>Shareholders of the Company shall fulfill their capital contribution obligations in strict accordance with laws, regulations, and the CSRC's rules and use their proprietary funds to acquire equity of the Company. The funds shall come from legal sources. Non-proprietary funds such as entrusted funds are prohibited for such equity acquisition unless otherwise prescribed by laws and regulations;</u>	Article 22 of the "Provisions for the Administration of Equity Ownership in Securities Companies": Shareholders of a securities company shall fulfill their capital contribution obligations in strict accordance with laws, regulations, and the CSRC's rules. Shareholders of a securities company shall use their proprietary funds to acquire equity of the securities company. The funds shall come from legal sources. Non-proprietary funds such as entrusted funds are prohibited for such equity acquisition unless otherwise prescribed by laws and regulations.
(III) Not to withdraw shares unless in the circumstances stipulated by laws and regulations;	(III) Not to withdraw shares unless in the circumstances stipulated by laws and regulations;	

Original Article	New Article	Grounds for Amendments
<p>(IV) Not to abuse shareholder's rights to prejudice the interests of the Company or other shareholders; not to abuse the status of the Company as an independent legal person or the limited liability of a shareholder to prejudice the interests of the creditors of the Company;</p> <p>Shareholders of the Company who abuse their shareholder's rights and thereby causing losses to the Company or other shareholders shall be liable for compensation by operation of law.</p> <p>Where shareholders of the Company abuse the status of the Company as an independent legal person or the limited liability of shareholders for the purpose of evading repayments of debts and materially impairs the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the liabilities of the Company.</p>	<p>(IV) Not to abuse shareholder's rights to prejudice the interests of the Company or other shareholders; nor to abuse the status of the Company as an independent legal person or the limited liability of a shareholder to prejudice the interests of the creditors of the Company;</p> <p>Shareholders of the Company who abuse their shareholder's rights and thereby causing losses to the Company or other shareholders shall be liable for compensation in accordance with the law.</p> <p>Where shareholders of the Company abuse the status of the Company as an independent legal person or the limited liability of shareholders for the purpose of evading repayments of debts and materially impairs the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the liabilities of the Company.</p>	
<p>(V) To fulfill other obligations imposed by laws, administrative regulations and these Articles of Association.</p> <p>Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed by the subscriber of the relevant shares on subscription.</p>	<p>(V) <u>The substantial shareholders and controlling shareholders (as defined in the Provisions for the Administration of Equity Ownership in Securities Companies) shall replenish the capital of the Company when necessary;</u></p> <p>(VI) To fulfill other obligations imposed by laws, administrative regulations and the Articles of Association.</p> <p>Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed by the subscriber of the relevant shares on subscription.</p>	<p>Article 28 of the "Provisions for the Administration of Equity Ownership in Securities Companies": A securities company shall incorporate the regulatory requirements on equity ownership management in its articles of association, including such requirements on the rights and obligations of shareholders, lock-up period, and responsible persons in charge of equity ownership management. The followings shall also be provided for in the articles of association:</p> <p>(1) The substantial shareholders and controlling shareholders shall replenish the capital of a securities company when necessary;</p>

Original Article	New Article	Grounds for Amendments
Nil	<p>Addition:</p> <p><u>Article 69 The Company shall conduct equity ownership management in accordance with the "Provisions for the Administration of Equity Ownership in Securities Companies" and other relevant laws, regulations, rules and normative documents.</u></p> <p><u>The chairman of the board of directors of the Company is the first responsible person for the Company's equity ownership management, while the secretary of the board of directors shall assist the chairman and bear direct responsibility in equity ownership management. The Company's office is the competent department of equity ownership management affairs and coordinates the implementation of relevant works of equity ownership management.</u></p>	<p>"Chapter III Requirements for Equity Ownership Management" of the "Provisions for the Administration of Equity Ownership in Securities Companies", including "Article 17: The board of directors office of a securities company is the competent department of equity ownership management affairs and coordinates the implementation of relevant works of equity ownership management.</p> <p>The chairman of the board of directors of a securities company is the first responsible person for its equity ownership management, while the secretary of the board of directors of a securities company shall assist the chairman and bear direct responsible person in equity ownership management."</p>
Nil	<p>Addition:</p> <p><u>Article 70 The shareholding period of shareholders of the Company shall be in compliance with laws, administrative regulations and the relevant CSRC rules.</u></p> <p><u>The de facto controller of a shareholder of the Company shall comply with the same lock-up period prescribed for the shareholder of the Company, unless otherwise recognised by the CSRC according to law.</u></p>	<p>Article 25 of the "Provisions for the Administration of Equity Ownership in Securities Companies": A securities company shall maintain a stable equity structure. The Shareholding period of a shareholder of a securities company shall be in compliance with laws, administrative regulations and the relevant CSRC rules.</p> <p>The de facto controller of a shareholder of a securities company shall comply with the same lock-up period prescribed for the shareholder of the securities company, unless otherwise recognised by the CSRC according to law.</p>

Original Article	New Article	Grounds for Amendments
Nil	<p>Addition:</p> <p><u>Article 71 Shareholders of the Company shall not pledge equities held in the Company during the lock-up period. Upon expiration of the lock-up period, a shareholder of the Company shall not pledge more than 50% of its own equities in the Company.</u></p> <p><u>When pledging its own equities in the Company, the shareholder shall not impair the interests of other shareholders or the Company, maliciously circumvent the requirements of the lock-up period of equities, make such agreements that would allow the pledgee or other third party to exercise voting rights and other shareholders' rights, or transfer in any disguised form the control power over the Company's equities.</u></p>	<p>Article 26 of the "Provisions for the Administration of Equity Ownership in Securities Companies": Shareholders of a securities company shall not pledge equities held in the securities company during the lock-up period. Upon expiration of the lock-up period, a shareholder of a securities company shall not pledge more than 50% of its own equities held in the securities company.</p> <p>When pledging its own equities in the securities company, the shareholder shall not impair the interests of other shareholders or the securities company, maliciously circumvent the requirements of the lock-up period of equities, make such agreements that would allow the pledgee or other third party to exercise voting rights and other shareholders' rights, or transfer in any disguised form the control power over the securities company's equities.</p>

Original Article	New Article	Grounds for Amendments
Nil	<p>Addition:</p> <p><u>Article 72 In the case of violations or misconduct related to equity ownership management, including violations of laws, administrative regulations or regulatory requirements, the relevant shareholders, the Company, responsible persons in charge of equity ownership management and other relevant personnel accountable should be responsible in accordance with the requirements of relevant laws, administrative regulations and regulatory requirements, the Company's internal policies, etc..</u></p>	<p>Article 28 of the "Provisions for the Administration of Equity Ownership in Securities Companies": A securities company shall incorporate the regulatory requirements on equity ownership management in its articles of association, including such requirements on the rights and obligations of shareholders, lock-up period, and responsible persons in charge of equity ownership management. The followings shall also be provided for in the articles of association:</p> <p>.....</p> <p>(4) Disciplinary measures that will be imposed on shareholders, the securities companies, responsible persons in charge of equity ownership management and other relevant personnel accountable in the case of violations or misconduct related to equity ownership management, including violations of laws, administrative regulations or regulatory requirements.</p>

Original Article	New Article	Grounds for Amendments
<p>Article 82 When the Company convenes a shareholders' general meeting, a 45-day prior written notice of the meeting shall be given to notify all the shareholders whose names appear on the register of shareholders of the matters to be considered and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver a written reply concerning the attendance of the meeting to the Company twenty (20) days before the date of the meeting.</p> <p>In determining the starting date, the Company shall not include the date on which the meeting is held.</p>	<p><u>Article 87 The Company shall inform each shareholder by announcement twenty (20) clear Hong Kong business days prior to the convening of an annual general meeting (including class meetings) and shall inform each shareholder by announcement ten (10) clear Hong Kong business days or fifteen (15) days prior to the convening of an extraordinary general meeting (including class meetings), whichever is earlier.</u></p> <p>In determining the starting date, the Company shall not include the date on which the meeting is held.</p>	<p>1. According to the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies, Articles 20 to 22 of the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies are no longer applicable, in which Article 20:</p> <p>When the Company convenes a shareholders' general meeting, a 45-day prior written notice of the meeting shall be given to notify all the shareholders whose names appear on the register of shareholders of the matters to be considered and the date and place of the meeting.</p> <p>Shareholders who intend to attend the general meeting shall deliver a written reply concerning the attendance of the meeting to the Company 20 days before the date of the meeting.</p> <p>The specific format of the written notice and written reply shall be specified in the articles of association of company.</p> <p>2. Article 54 of the Guidelines for the Articles of Association of Listed Companies: The convener shall notify all shareholders 20 days prior to the annual general meeting or 15 days prior to the extraordinary general meeting by public announcement.</p>

Original Article	New Article	Grounds for Amendments
		<p>3. Article 102 of the Company Law of the PRC: "A notice containing the time and venue of and matters to be considered at the meeting shall be given to all shareholders 20 days before a general meeting and 15 days before an extraordinary general meeting. Where a company has issued bearer share certificates, a public notice concerning the time, venue and matters to be considered at the meeting shall be made 30 days prior to the meeting.</p> <p>4. According to Rule 2.07C, 13.71 and 13.76 of the Main Board Listing Rules of the Hong Kong Stock Exchange, a listed company shall despatch the notice of annual general meeting 20 clear Hong Kong business days prior to the appointed time thereof, and despatch the notice of other general meeting 10 clear Hong Kong business days in advance.</p> <p>Based on the above, the notice of annual general meeting (including class meeting) shall be despatched 20 clear Hong Kong business days in advance, and the notice of extraordinary general meeting (including class meeting) shall be despatched 10 clear Hong Kong business days or 15 days (whichever earlier) in advance.</p>

Original Article	New Article	Grounds for Amendments
<p>Article 83 The Company shall, based on the written replies received from the shareholders twenty (20) days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reach one half or more of the Company's total voting shares, the Company may convene the shareholders' general meeting. If not, the Company shall, within five (5) days, notify the shareholders again by way of a public announcement, of matters to be considered, the date and the place of the meeting. The Company may then hold the shareholders' general meeting after publication of such announcement.</p> <p>An extraordinary general meeting shall not decide on the matters not stated in the notice for the meeting.</p>	Delete	<p>According to the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies, Articles 20 to 22 of the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies are no longer applicable, in which Article 22:</p> <p>A company shall, based on the written replies received from the shareholders twenty (20) days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reach one half of the company's total voting shares, the company may convene the shareholders' general meeting. If not, the company shall, within five (5) days, notify the shareholders again by way of a public announcement, of matters to be considered, the date and the place of the meeting. The company may then hold the shareholders' general meeting after publication of such announcement.</p>

Original Article	New Article	Grounds for Amendments
<p>Article 85 Unless otherwise specified in the Articles of Association, the notice of the shareholders' general meeting shall be delivered to the shareholders (regardless of whether they are entitled to vote at the general meeting), by personal delivery or by prepaid mail to their address as shown in the register of shareholders. For the holders of domestic shares, notice of the meeting may also be given by way of public announcement.</p> <p>The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities under the State Council within the period of forty-five (45) to fifty (50) days prior to the convening of the meeting. After the publication of such announcement, all holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.</p>	<p><u>Article 89</u> Unless otherwise specified in the Articles of Association, the notice of the shareholders' general meeting shall be delivered to the shareholders (regardless of whether they are entitled to vote at the general meeting), by personal delivery or by prepaid mail to their address as shown in the register of shareholders. For the holders of domestic shares, notice of the meeting may also be given by way of public announcement.</p> <p>The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities under the State Council <u>twenty (20) clear Hong Kong business days prior to the convening of an annual general meeting (including class meetings) and ten (10) clear Hong Kong business days or fifteen (15) days prior to the convening of an extraordinary general meeting (including class meetings), respectively, whichever is earlier.</u> After the publication of such announcement, all holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.</p>	Ditto

Original Article	New Article	Grounds for Amendments
<p>The notification, materials or written announcement of the shareholders' general meeting should be delivered to the shareholders of overseas-listed foreign shares in any of the following manners, <u>forty-five (45) days prior to the holding of said meeting:</u></p> <p>(I) Such notification, material or announcement should be delivered to every shareholder of overseas-listed foreign shares by person or by mail to the registered address of the shareholders;</p> <p>(II) Publish the announcement at the website of the Company or websites designated by the local stock exchange where securities of the Company are listed in accordance with applicable laws, regulations and relevant listing rules;</p> <p>(III) Other manners required by the local stock exchange where securities of the Company are listed and the listing rules.</p>	<p>The notification, materials or written announcement of the shareholders' general meeting should be delivered to the shareholders of overseas-listed foreign shares in any of the following manners, <u>within the time limit prescribed in the previous clause:</u></p> <p>(I) Such notification, material or announcement should be delivered to every shareholder of overseas-listed foreign shares by person or by mail to the registered address of the shareholders;</p> <p>(II) Publish the announcement at the website of the Company or websites designated by the local stock exchange where securities of the Company are listed in accordance with applicable laws, regulations and relevant listing rules;</p> <p>(III) Other manners required by the local stock exchange where securities of the Company are listed and the listing rules.</p>	

Original Article	New Article	Grounds for Amendments
<p>Article 115 The list of candidates for directors and supervisors shall be submitted to the shareholders' general meeting for voting by way of proposal. The nomination of directors and supervisors shall follow the process and procedures as below:</p> <p>(I) The Board of Directors and Board of Supervisors shall be entitled to recommend the candidate of director and provide the resume and basic information of the candidate to the Board of Directors, and present the same at the shareholders' general meeting for election.</p> <p>Shareholder(s) severally or jointly holding 3% or above shares of the Company for one hundred and eighty (180) consecutive days or more shall have the right to recommend a list of candidates for directors or for supervisors provided that the supervisor candidates are not employee's representatives, in which case such shareholder(s) shall provide the resume and basic information of each of such candidates, and present the same at the shareholders' general meeting for election.</p> <p>Existing supervisors shall have the right to recommend any supervisor candidate who is not employees' representative to the Board of Supervisors, in which case they shall provide the resume and basic information of the supervisor candidate, and present the same, after the qualification review approval by the Board of Supervisors, at the shareholder's general meeting.</p>	<p><u>Article 119</u> The list of candidates for directors and supervisors shall be submitted to the shareholders' general meeting for voting by way of proposal. The nomination of directors and supervisors shall follow the process and procedures as below:</p> <p>(I) The Board of Directors and Board of Supervisors shall be entitled to recommend the candidate of director and provide the resume and basic information of the candidate to the Board of Directors, and present the same at the shareholders' general meeting for election.</p> <p>Shareholder(s) severally or jointly holding 3% or above shares of the Company for one hundred and eighty (180) consecutive days or more shall have the right to recommend a list of candidates for directors or for supervisors provided that the supervisor candidates are not employee's representatives, in which case such shareholder(s) shall provide the resume and basic information of each of such candidates, and present the same at the shareholders' general meeting for election.</p> <p>Existing supervisors shall have the right to recommend any supervisor candidate who is not employees' representative to the Board of Supervisors, in which case they shall provide the resume and basic information of the supervisor candidate, and present the same, after the qualification review approval by the Board of Supervisors, at the shareholder's general meeting.</p>	

Original Article	New Article	Grounds for Amendments
<p>(II) The employees' representative included in the Board of Supervisors shall be democratically elected by employees.</p> <p>(III) The Board of Directors, Board of Supervisors or shareholder(s) severally or jointly holding 1% or above shares of the Company for one hundred and eighty (180) consecutive days or more may recommend a list of candidates for independent directors.</p> <p>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 requirement of these Articles of Association or the resolutions of the shareholder's general meeting.</p> <p>The election of directors or supervisors shall implement the cumulative voting system <u>when the largest shareholder holds 30% or above of the total shares of the Company or the related parties jointly hold 50% or above of the total shares of the Company.</u></p> <p>The "cumulative voting system" as referred to in the preceding paragraph means when a director or supervisor is elected at the shareholders' general meeting, each share shall carry the same number of voting rights 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 and the Board of Supervisors shall announce the resume and basic information of each of the candidates for directors and supervisors to shareholders.</p>	<p>(II) The employees' representative included in the Board of Supervisors shall be democratically elected by employees.</p> <p>(III) The Board of Directors, Board of Supervisors or shareholder(s) severally or jointly holding 1% or above shares of the Company for one hundred and eighty (180) consecutive days or more may recommend a list of candidates for independent directors.</p> <p>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 requirement of these Articles of Association or the resolutions of the shareholder's general meeting.</p> <p>The election of directors or supervisors shall implement the cumulative voting system <u>when a single shareholder of the Company and parties acting in concert with it interested in 30% or above of Shares.</u></p> <p>The "cumulative voting system" as referred to in the preceding paragraph means when a director or supervisor is elected at the shareholders' general meeting, each share shall carry the same number of voting rights 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 and the Board of Supervisors shall announce the resume and basic information of each of the candidates for directors and supervisors to shareholders.</p>	<p>Article 17 of Code of Corporate Governance for Listed Companies: the election of directors and supervisors should fully reflect the opinions of minority shareholders. A cumulative voting system should be pursued in the election of directors and supervisors at the general shareholder meetings. Where a single shareholder together with persons acting in concert holds more than 30% of a company's shares, the company must adopt the cumulative voting system. The listed company adopting the cumulative voting system should provide for detailed implementation rules in its articles of association.</p>

Original Article	New Article	Grounds for Amendments
<p>Article 139 When the Company is to hold a shareholders' class meeting, a forty-five (45) day prior written notice of the meeting shall be given to notify all the shareholders who are registered as holders of that class in the register of shareholders of the matters to be considered as well as the date and place of the meeting. Shareholders who intend to attend the meeting shall deliver their written replies of their attendance to the Company twenty (20) days before the date of the meeting.</p> <p>If the number of voting shares represented by the shareholders who intend to attend the meeting reach one half or more of the Company's total voting shares of that class, the Company may convene the shareholders' class meeting. If not, the Company shall, within five (5) days, notify the shareholders of the class by way of an announcement, of matters to be considered, as well as the date and the place of the meeting. After such notification by announcement, the Company may hold the shareholders' class meeting.</p>	Deleted	<p>According to the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies, Articles 20 to 22 of the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies are no longer applicable:</p> <p>Article 20 When the Company convenes a shareholders' general meeting, a 45-day prior written notice of the meeting shall be given to notify all the shareholders whose names appear on the register of shareholders of the matters to be considered and the date and place of the meeting.</p> <p>A shareholder who intends to attend the meeting shall deliver a written reply concerning the attendance of the meeting to the Company twenty (20) days before the date of the meeting.</p> <p>The specific format of the written notice and written reply shall be specified in the articles of association of company.</p> <p><u>Article 22:</u></p> <p>A company shall, based on the written replies received from the shareholders twenty (20) days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reach one half of the company's total voting shares, the company may convene the shareholders' general meeting. If not, the company shall, within five (5) days, notify the shareholders again by way of a public announcement, of matters to be considered, the date and the place of the meeting. The company may then hold the shareholders' general meeting after publication of such announcement.</p>

Original Article	New Article	Grounds for Amendments
<p>Article 143 Directors of the Company shall be elected or replaced at the shareholders' general meeting and serve a term of three (3) years each. At the expiration of term, directors may continue to serve as such if reelected. <u>The shareholders' general meeting cannot dismiss any executive director before the expiration of his/her service term without cause.</u> Without the consent by two thirds of voting shares held by shareholders present at the shareholders' general meeting, the number of replacement directors shall not be more than a third of the total members in the Board of Directors each year.</p>	<p><u>Article 146</u> Directors of the Company shall be elected or replaced at the shareholders' general meeting. <u>The shareholders' general meeting can dismiss any director before the expiration of his/her service term.</u> A director serves a term of three (3) years each and at the expiration of term, he/she may continue to serve as such if reelected. Without the consent by two thirds of voting shares held by shareholders present at the shareholders' general meeting, the number of replacement directors shall not be more than a third of the total members in the Board of Directors each year.</p>	<p>Article 96 of Guidelines for Articles of Association of Listed Companies: Directors shall be elected or replaced at a shareholders' general meeting and can be dismissed before the expiry of the tenure. Directors' tenure shall be the number of years, and upon expiry of the tenure, the director may be reelected.</p>
<p>Article 165 The Board of Directors is entitled to exercise the following functions and powers:</p> <p>(I) To convene shareholders' general meetings and report to general meetings;</p> <p>(II) To implement the resolution of the shareholders' general meeting;</p>	<p><u>Article 168</u> The Board of Directors is entitled to exercise the following functions and powers:</p> <p>(I) To convene shareholders' general meetings and report to general meetings;</p> <p>(II) To implement the resolution of the shareholders' general meeting;</p>	

Original Article	New Article	Grounds for Amendments
(III) To decide the business plans and investment schemes of the Company;	(III) To decide the business plans and investment schemes of the Company;	
(IV) To formulate the annual financial budget plan and final accounts plan of the Company;	(IV) To formulate the annual financial budget plan and final accounts plan of the Company;	
(V) To formulate the profit distribution plan and loss recovery plan of the Company;	(V) To formulate the profit distribution plan and loss recovery plan of the Company;	
(VI) To prepare plans for increase or reduction of registered capital of the Company, issuance of bonds and other securities and their listing;	(VI) To prepare plans for increase or reduction of registered capital of the Company, issuance of bonds and other securities and their listing;	
(VII) To formulate plans for significant acquisition of the Company, repurchase of the Company's shares or merger, division, dissolution and change in the corporate form of the Company;	(VII) To formulate plans for significant acquisition of the Company, repurchase of the Company's shares or merger, division, dissolution and change in the corporate form of the Company;	
(VIII) To decide on the acquisition of the Company of its own shares under circumstances set out in paragraphs (3), (5) and (6) of Article 30 of the Articles of Association;	(VIII) To decide on the acquisition of the Company of its own shares under circumstances set out in paragraphs (3), (5) and (6) of <u>Article 31</u> of the Articles of Association;	

Original Article	New Article	Grounds for Amendments
(IX) To decide on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, and other matters of the Company within the authority granted by the general meeting;	(IX) To decide on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, and other matters of the Company within the authority granted by the general meeting;	
(X) To decide on the establishment of the internal management structure of the Company;	(X) To decide on the establishment of the internal management structure of the Company;	
(XI) To appoint or dismiss the Company's general manager, secretary to the Board; to appoint or dismiss the Company's vice general manager, chief financial officer, Chief Compliance Officer, Chief Risk Officer and other senior officers as nominated by the general manager and determine their remunerations, rewards and penalties;	(XI) To appoint or dismiss the Company's general manager, secretary to the Board; to appoint or dismiss the Company's vice general manager, chief financial officer, Chief Compliance Officer, Chief Risk Officer, <u>the Chief Information Officer</u> and other senior officers as nominated by the general manager and determine their remunerations, rewards and penalties;	Article 10 of the Measures for the Administration of Information Technology Management of Securities and Fund Management Companies: A securities and fund management company shall designate a senior management who is familiar with the securities and fund businesses, has professional background, employment experience and ability to perform duties in information technologies as the chief information officer to be responsible for information technology management.

APPENDIX IV

COMPARISON CHART OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original Article	New Article	Grounds for Amendments
(XII) To set up the basic management system <u>including the compliance management of the Company</u> ;	(XII) To set up the basic management system;	Item 18 includes basic system in respect of compliance management, and “includes basic system in respect of compliance management” is removed here.
(XIII) To formulate the proposals for any amendment to the Articles of Association;	(XIII) To formulate the proposals for any amendment to the Articles of Association;	
(XIV) To manage the disclosure of information by the Company;	(XIV) To manage the disclosure of information by the Company;	
(XV) To propose to the shareholders’ general meeting the adjustment of the scale and personnel composition of the Board of Directors;	(XV) To propose to the shareholders’ general meeting the adjustment of the scale and personnel composition of the Board of Directors;	
(XVI) To propose to shareholders’ general meeting the appointment or change of the accounting firm acting as the auditors of the Company;	(XVI) To propose to shareholders’ general meeting the appointment or change of the accounting firm acting as the auditors of the Company;	
(XVII) To listen to the work report of the general manager of the Company and examine the general manager’s work;	(XVII) To listen to the work report of the general manager of the Company and examine the general manager’s work;	
(XVIII) To determine the Company’s goal of compliance management and be responsible for its effectiveness; to review and approve the basic system of compliance management; to review and approve the annual compliance report; to ensure the independence of the Chief Compliance Officer, establish a direct communication mechanism with the Chief Compliance Officer, and safeguard the smooth reporting between the Chief Compliance Officer and the regulatory authority; to assess the effectiveness of compliance management and procure solutions for the problems relating to compliance management;	(XVIII) To determine the Company’s goal of compliance management and be responsible for its effectiveness; to review and approve the basic system of compliance management; to review and approve the annual compliance report; to ensure the independence of the Chief Compliance Officer, establish a direct communication mechanism with the Chief Compliance Officer, and safeguard the smooth reporting between the Chief Compliance Officer and the regulatory authority; to assess the effectiveness of compliance management and procure solutions for the problems relating to compliance management;	

Original Article	New Article	Grounds for Amendments
<p>(XIX) To be ultimately responsible for the overall risk management, facilitate the risk management culture, review and approve the Company's basic overall risk management system, risk preference, risk tolerance and material risk limits, review the regular risk assessment reports of the Company, and establish a direct communication mechanism with the Chief Risk Officer, etc. The Board of Directors may authorize the relevant risk management committee to fulfil part of its risk management duties;</p> <p>(XX) To exercise other functions and powers as conferred by laws, administrative regulations, departmental rules or these Articles of Association.</p> <p>The resolution of the Board of Directors stated in the preceding paragraph shall be voted and agreed by more than half of the directors, while the item (VI), (XIII) and the "plan for merger, division and dissolution of the Company" of item (VII) must be voted and agreed by more than two thirds of the directors.</p>	<p>(XIX) To be ultimately responsible for the overall risk management, facilitate the risk management culture, review and approve the Company's basic overall risk management system, risk preference, risk tolerance and material risk limits, review the regular risk assessment reports of the Company, and establish a direct communication mechanism with the Chief Risk Officer, etc. The Board of Directors may authorize the relevant risk management committee to fulfil part of its risk management duties;</p> <p>(XX) <u>To be responsible for reviewing the Company's information technology management objectives, assume responsibility for the effectiveness of information technology management; to review information technology strategies to ensure their consistency with the Company's development strategies, risk management strategies and capital strength; to establish information technology human resource and fund guarantee programs; to assess the overall effects and efficiency of the annual information technology management work.</u></p>	<p>Article 7 of the Measures for the Administration of Information Technology Management of Securities and Fund Management Companies: The board of directors of a securities and fund management company shall be responsible for reviewing the Company's information technology management objectives, assume responsibility for the effectiveness of information technology management, and perform the following duties:</p> <ol style="list-style-type: none"> (1) Reviewing the information technology strategies to ensure their consistency with the company's development strategies, risk management strategies and capital strength; (2) Establishing information technology human resource and fund guarantee programs; (3) Assessing the overall effects and efficiency of the annual information technology management work; (4) Other information technology management functions as prescribed by the Articles of Association.

Original Article	New Article	Grounds for Amendments
<p>The matters beyond the authorization scope of the Board of Directors shall be submitted to the shareholders' general meeting for deliberation.</p> <p>The Board of Directors shall seek advice from the party committee of the Company before determining major issues.</p>	<p>(XXI) To exercise other functions and powers as conferred by laws, administrative regulations, departmental rules or these Articles of Association.</p> <p>The resolution of the Board of Directors stated in the preceding paragraph shall be voted and agreed by more than half of the directors, while the item (VI), (XIII) and the "plan for merger, division and dissolution of the Company" of item (VII) must be voted and agreed by more than two thirds of the directors.</p> <p>The matters beyond the authorization scope of the Board of Directors shall be submitted to the shareholders' general meeting for deliberation.</p> <p>The Board of Directors shall seek advice from the party committee of the Company before determining major issues.</p>	
<p>Article 187 The Board shall have a secretary, who is a member of the senior management of the Company and is accountable to the Board.</p>	<p><u>Article 190</u> The Board shall have a secretary, who is a member of the senior management of the Company and is accountable to the Board.</p> <p><u>The board secretary, as a member of senior executives of the listed company, has the right to participate in relevant meetings, to access relevant documents and to learn about the company's financial and operational conditions in order to perform duties. The board of directors and other senior executives should support the work of the board secretary. No institution nor individual should interfere with the board secretary's performance of duties.</u></p>	<p>Clause 2 of Article 28 of "Code of Corporate Governance for Listed Companies": The board secretary, as a member of senior executives of the listed company, has the right to participate in relevant meetings, to access relevant documents and to learn about the company's financial and operational conditions in order to perform duties. The board of directors and other senior executives should support the work of the board secretary. No institution nor individual should interfere with the board secretary's performance of duties.</p>

Original Article	New Article	Grounds for Amendments
<p>Article 191 The Company shall have one general manager, who shall be appointed or removed by the Board of Directors. The Company shall have deputy general managers, who shall be appointed or removed by the Board of Directors.</p> <p>The general manager, deputy general managers, secretary to the Board of Directors, person in charge of finance, person in charge of compliance, Chief Risk Officer and other persons confirmed by the resolution of the Board of Directors to be senior officers of the Company shall be senior officers of the Company. A director may be concurrently appointed as the senior officer.</p>	<p><u>Article 194</u> The Company shall have one general manager, who shall be appointed or removed by the Board of Directors. The Company shall have deputy general managers, who shall be appointed or removed by the Board of Directors.</p> <p>The general manager, deputy general managers, secretary to the Board of Directors, person in charge of finance, person in charge of compliance, Chief Risk Officer, <u>the Chief Information Officer</u> and other persons confirmed by the resolution of the Board of Directors to be senior officers of the Company shall be senior officers of the Company. A director may be concurrently appointed as a senior officer.</p>	<p>Article 10 of the “Measures for the Administration of Information Technology Management of Securities and Fund Management Companies”: A securities and fund management company shall designate a senior executive who is familiar with the securities and fund businesses, has professional background, employment experience and ability to perform duties in information technologies as the chief information officer to be responsible for information technology management.</p>
<p>Article 194 No person of the Company who assumes an <u>office</u> other than as a director in the operation of the controlling shareholder <u>or actual controller</u> of the Company shall undertake the role of a senior officer in the Company.</p>	<p><u>Article 197</u> No person of the Company who assumes <u>administrative duties</u> other than as a director <u>and supervisor</u> in the operation of the controlling shareholder of the Company shall undertake the role of a senior officer in the Company.</p>	<p>Article 126 of “Guidelines for Articles of Association of Listed Companies”: Persons who hold administrative positions other than director and supervisor in the company’s controlling shareholder shall not be appointed as the company’s senior management personnel.</p>
<p>Article 196 The general manager shall be responsible to the Board of Directors and have the authority to:</p> <p>.....</p> <p>(VI) submit a proposal to the Board of Directors for the appointment and removal of deputy general managers, person in charge finance, person in charge of compliance, Chief Risk Officer and other senior officers (other than the secretary of the Board of Directors) of the Company;</p>	<p><u>Article 199</u> The general manager shall be responsible to the Board of Directors and have the authority to:</p> <p>.....</p> <p>(VI) submit a proposal to the Board of Directors for the appointment and removal of deputy general managers, person in charge finance, person in charge of compliance, Chief Risk Officer, <u>the Chief Information Officer</u> and other senior officers (other than the secretary of the Board of Directors) of the Company;</p>	<p>Article 10 of the “Measures for the Administration of Information Technology Management of Securities and Fund Management Companies”: A securities and fund management company shall designate a senior executive who is familiar with the securities and fund businesses, has professional background, employment experience and ability to perform duties in information technologies as the chief information officer to be responsible for information technology management.</p>

Original Article	New Article	Grounds for Amendments
Nil	<p>Addition:</p> <p><u>Article 206 The management of the Company shall be responsible for implementing information technology management objectives, assume responsibilities for the information technology management work, and perform the following duties:</u></p> <p>(I) <u>Organizing the implementation of relevant resolutions of the board of directors.</u></p> <p>(II) <u>Establishing an information technology management organization structure with definite responsibilities and clear procedures, and specifying management duties, work procedures and coordination mechanisms.</u></p> <p>(III) <u>Improving the performance assessment and accountability mechanism.</u></p> <p>(IV) <u>Other information technology management duties prescribed by the Articles of Association or authorized by the board of directors.</u></p>	<p>Article 8 of the “Measures for the Administration of Information Technology Management of Securities and Fund Management Companies”: The management of a securities and fund management company shall be responsible for implementing information technology management objectives, assume responsibilities for the information technology management work, and perform the following duties:</p> <p>(1) Organizing the implementation of relevant resolutions of the board of directors.</p> <p>(2) Establishing an information technology management organization structure with definite responsibilities and clear procedures, and specifying management duties, work procedures and coordination mechanisms.</p> <p>(3) Improving the performance assessment and accountability mechanism.</p> <p>(4) Other information technology management duties prescribed by the Articles of Association or authorized by the board of directors.</p>

Original Article	New Article	Grounds for Amendments
<p>Article 209 The Chief Compliance Officer shall perform the following duties:</p> <p>.....</p> <p>(XII) when the Company convenes an important meeting such as Board meeting or business decision meeting and other meetings the Chief Compliance Officer requests to participate in or attend, the Chief Compliance Officer shall be informed in advance. The Chief Compliance Officer shall have the right to participate in or attend any relevant meeting and to access and copy relevant documents and materials necessary for the performance of duties;</p>	<p><u>Article 213 The Chief Compliance Officer shall perform the following duties:</u></p> <p>.....</p> <p>(XII) when the Company <u>convenes Board meeting and related Board committee meeting, supervisory committee meeting, Chief Executive Office meeting, meeting where matters relating to major decision making, appointment and removal of major personnel, arrangement of key project, and use of large amount of money, management committee meeting, operation and management meeting on specific matter, other meetings which may facilitate the Chief Compliance Officer's performance of his/her duties, or other meetings the Chief Compliance Officer requests to participate in or attend, the Chief Compliance Officer shall be informed in advance. The Chief Compliance Officer shall have the right to participate in or attend any relevant meeting and to access and copy relevant documents and materials necessary for the performance of duties; where the matters to be considered by the Board involve legal issues, the Chief Compliance Officer shall attend the meeting and provide legal opinions;</u></p>	<ol style="list-style-type: none"> 1. According to article 31 of "the Guidelines for the Compliance Management of Securities Companies": Securities Companies shall specify the scope of where Chief Compliance Officer is entitled to attend a meeting and timely notice Chief Compliance Officer to participate before holding the relevant meeting. Chief Compliance Officer is entitled to attend the following meetings: <ol style="list-style-type: none"> (1) meetings of the Board of Directors and related special committees; (2) supervisory committee meeting; (3) general manager office meeting; (4) meeting where matters relating to major decision making, appointment and removal of major personnel, arrangement of key project, and use of large amount of money; (5) management committee meeting; (6) operation and management meeting on specific matter; (7) other meetings which may facilitate the Chief Compliance Officer's performance of his/her duties. 2. Taking into account the practical situation of the Company, amendment has been made in accordance with the "requirement for the chief officer of a central enterprise to perform the duties as principal responsible officer for promoting legal governance and general legal education".

APPENDIX V COMPARISON CHART OF AMENDMENTS TO THE RULES OF PROCEDURE FOR SHAREHOLDERS' GENERAL MEETINGS
--

The Proposed Amendments to the Rules of Procedures for General Meetings

Details of the Proposed Amendments to the Rules of Procedures for General Meetings are set out below:

Comparison Table of the Rules of Procedures for General Meetings

Original Article	New Article	Grounds for Amendments
<p>Article 15 When the Company convenes a shareholders' general meeting, a 45-day prior written notice of the meeting shall be given to notify all the shareholders whose names appear on the register of shareholders of the matters to be considered and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver a written reply concerning the attendance of the meeting to the Company twenty (20) days before the date of the meeting.</p> <p>In determining the starting date, the Company shall not include the date on which the meeting is held.</p>	<p>Article 15 <u>The Company shall inform each shareholder by announcement twenty (20) clear Hong Kong business days prior to the convening of an annual general meeting (including class meetings) and shall inform each shareholder by announcement ten (10) clear Hong Kong business days or fifteen (15) days prior to the convening of an extraordinary general meeting (including class meetings), whichever is earlier.</u></p> <p>In determining the starting date, the Company shall not include the date on which the meeting is held.</p>	<p>1. According to the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies, Articles 20 to 22 of the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies are no longer applicable in which Article 20:</p> <p>In calling general meetings, a company shall give a 45- day prior written notice to notify all the shareholders whose names appear on the register of the shareholders of the matters to be considered and the date and place of the meeting.</p> <p>Shareholders who intend to attend the general meeting shall deliver a written reply concerning the attendance of the meeting to the Company 20 days before the date of the meeting.</p> <p>The specific format of the written notice and written reply shall be specified in the articles of association of companies.</p>

APPENDIX V	COMPARISON CHART OF AMENDMENTS TO THE RULES OF PROCEDURE FOR SHAREHOLDERS' GENERAL MEETINGS
------------	--

Original Article	New Article	Grounds for Amendments
		<p>2. Article 54 of the Guidelines for the Articles of Association of Listed Companies: The convener shall notify all shareholders 20 days prior to the annual general meeting or 15 days prior to the extraordinary general meeting by public announcement.</p> <p>3. Article 102 of the Company Law of the PRC: "A notice containing the time and venue of and matters to be considered at the meeting shall be given to all shareholders 20 days before a general meeting and 15 days before an extraordinary general meeting. Where a company has issued bearer share certificates, a public notice concerning the time, venue and matters to be considered at the meeting shall be made 30 days prior to the meeting.</p>

APPENDIX V	COMPARISON CHART OF AMENDMENTS TO THE RULES OF PROCEDURE FOR SHAREHOLDERS' GENERAL MEETINGS
------------	--

Original Article	New Article	Grounds for Amendments
		<p>4. According to Rule 2.07C, 13.71 and 13.76 of the Main Board Listing Rules of the Hong Kong Stock Exchange, a listed company shall despatch the notice of annual general meeting 20 clear Hong Kong business days prior to the appointed time thereof, and despatch the notice of other general meeting 10 clear Hong Kong business days in advance.</p> <p>Based on the above, the notice of annual general meeting (including class meeting) shall be despatched 20 clear Hong Kong business days in advance, and the notice of extraordinary general meeting (including class meeting) shall be despatched 10 clear Hong Kong business days or 15 days (whichever earlier) in advance.</p>

APPENDIX V	COMPARISON CHART OF AMENDMENTS TO THE RULES OF PROCEDURE FOR SHAREHOLDERS' GENERAL MEETINGS
-------------------	--

Original Article	New Article	Grounds for Amendments
<p>Article 16 The Company shall, based on the written replies received from the shareholders twenty (20) days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reach one half or more of the Company's total voting shares, the Company may convene the shareholders' general meeting. If not, the Company shall, within five (5) days, notify the shareholders again by way of a public announcement, of matters to be considered, the date and the place of the meeting. The Company may then hold the shareholders' general meeting after publication of such announcement.</p> <p>An extraordinary general meeting shall not decide on the matters not stated in the notice for the meeting.</p>	<p>Delete</p>	<p>According to the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies, Articles 20 to 22 of the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies are no longer applicable, in which Article 22:</p> <p>A company shall, based on the written replies received from the shareholders twenty (20) days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reach one half of the company's total voting shares, the company may convene the shareholders' general meeting. If not, the company shall, within five (5) days, notify the shareholders again by way of a public announcement, of matters to be considered, the date and the place of the meeting. The company may then hold the shareholders' general meeting after publication of such announcement.</p>

APPENDIX V	COMPARISON CHART OF AMENDMENTS TO THE RULES OF PROCEDURE FOR SHAREHOLDERS' GENERAL MEETINGS
-------------------	--

Original Article	New Article	Grounds for Amendments
<p>Article 18 Unless otherwise provided by the Articles of Association, the notice of the general meeting shall be served on all shareholders (whether or not such shareholder is entitled to vote at the general meeting) by personal delivery or by pre-paid mail. The address of the recipient shall be the registered address as shown in the register of members. For holders of domestic shares, the notice of shareholders' general meeting may be published by way of an announcement.</p> <p>The announcement mentioned in the preceding paragraph shall be published in one or more newspapers designated by the securities regulator under the State Council <u>between 45 days to 50 days prior to the meeting</u>. Once the announcement has made, all holders of domestic shares shall be deemed to have received the notice of the general meeting.</p>	<p><u>Article 17</u> Unless otherwise provided by the Articles of Association, the notice of the general meeting shall be served on all shareholders (whether or not such shareholder is entitled to vote at the general meeting) by personal delivery or by pre-paid mail. The address of the recipient shall be the registered address as shown in the register of members. For holders of domestic shares, the notice of shareholders' general meeting may be published by way of an announcement.</p> <p>The announcement mentioned in the preceding paragraph shall be published in one or more newspapers designated by the securities regulator under the State Council <u>20 clear Hong Kong business days prior to the convening of the annual general meetings (including class meetings), 10 clear Hong Kong business days or 15 days (whichever earlier) prior to the convening of the extraordinary general meetings (including class meetings)</u>. Once the announcement has made, all holders of domestic shares shall be deemed to have received the notice of the general meeting.</p>	<p>Ditto</p>

APPENDIX V COMPARISON CHART OF AMENDMENTS TO THE RULES OF PROCEDURE FOR SHAREHOLDERS' GENERAL MEETINGS
--

Original Article	New Article	Grounds for Amendments
<p>The notice, information or written statement shall be delivered to the holders of overseas listed foreign invested shares <u>45 days before the convening of the meeting</u> in any the following methods:</p> <p>(I) Sending to the registered address of each of the holder of the overseas listed foreign invested shares by personal delivery or mail. <u>The notification for shareholders of H Shares should be sent at Hong Kong;</u></p> <p>(II) Publishing on the designated website of the securities regulator or stock exchange of the place where the shares of the Company are listed in accordance with relevant laws, regulations and listing rules of the place where the shares of the Company are listed;</p> <p>(III) In accordance with requirements of the listing rules of other stock exchanges and the place where the shares of the Company are listed.</p>	<p>The notice, information or written statement shall be delivered to the holders of overseas listed foreign invested shares <u>within the time frame stipulated in the preceding clause</u> in any the following methods:</p> <p>(I) Sending to the registered address of each of the holder of the overseas listed foreign invested shares by personal delivery or mail;</p> <p>(II) Publishing on the designated website of the securities regulator or stock exchange of the place where the shares of the Company are listed in accordance with relevant laws, regulations and listing rules of the place where the shares of the Company are listed;</p> <p>(III) In accordance with requirements of the listing rules of other stock exchanges and the place where the shares of the Company are listed.</p> <p>(IV) Publishing on the website of the Company and the designated website of the stock exchange of the place where the shares of the Company are listed in accordance with relevant laws, regulations and relevant listing rules;</p> <p>(V) In accordance with requirements of the stock exchanges of other places where the shares of the Company are listed and the listing rules.</p>	

APPENDIX V	COMPARISON CHART OF AMENDMENTS TO THE RULES OF PROCEDURE FOR SHAREHOLDERS' GENERAL MEETINGS
-------------------	--

Original Article	New Article	Grounds for Amendments
<p>Article 64 When the Company is to convene a shareholders' class meeting, it shall issue a written notice 45 days prior to the date of such meeting informing all the shareholders who are registered as holders of that class in the register of shareholders of the matters to be considered at the meeting as well as the date and place of the meeting. Shareholders who intend to attend the meeting shall deliver their written replies to the Company of their attendance 20 days prior to the date of the meeting.</p> <p>In the event that the number of the voting shares represented by the shareholders intending to attend the meeting is one half or above of the total number of voting shares of that class, the Company may convene a shareholders' class meeting. Otherwise, the Company shall within five days notify the shareholders once again, by way of public announcement, of the matters to be considered at the meeting and the date and place of the meeting. Upon notification by public announcement, the Company may then proceed to convene the shareholders' class meeting.</p>	Deleted	Ditto
<p>Article 74 The Rules has been prepared by the board of directors of the Company and approved at a general meeting of the Company and shall become effective as of the date on which the overseas-listed foreign shares (H share) issued by the Company are listed on the Hong Kong Stock Exchange; the original Rules of Procedures for General Meetings of China Merchants Securities Co., Ltd. shall be invalidated automatically on the effective date of the Rules.</p>	<p><u>Article 72</u> The Rules shall be prepared by the board of directors of the Company and shall become effective as of the date on which was considered and approved at a general meeting of the Company.</p>	Amended as appropriate.

Proposed amendments to the Rules of Procedure for Board Meetings

The details related to the proposed amendments to the Rules of Procedure for Board Meetings are set out below:

Original Article	New Article	Grounds for Amendments
<p>Article 2 <u>Office of the Board of Directors</u></p> <p><u>The Board of Directors will establish a general office for handling the daily affairs of the board of directors. The secretary of the Board of Directors or the representative of securities affairs will concurrently act as the person-in-charge of the general office of the Board of Directors.</u></p>	<p>Article 2 <u>Daily Office of the Board of Directors</u></p> <p><u>Office of the Company</u> is responsible for handling daily operation of the Board of Directors.</p>	Amended according to the actual situation of the Company’s internal organisations
Article 2 All “Office of the Board of Directors” will be amended to “Office” in all the articles afterwards (unless otherwise amended below)		
<p>Article 8 Notices on the Meeting</p> <p>To hold a regular or temporary meeting of the Board of Directors, the <u>Office of the Board of Directors</u> shall, 14 or 3 days (or other time agreed in respect of temporary meeting) in advance respectively, submit a written notice on the meeting with the seal of the <u>Office of the Board of Directors</u> to all the directors, supervisors, general managers and the secretary of the Board of Directors by direct service, fax, e-mail or any other means, and shall make affirmation by phone calls and make the corresponding records.</p> <p>Where the circumstance is urgent and it is necessary to hold a temporary meeting of the Board of Directors, the notice on the meeting can be circulated at any time by phone or any other oral means, but the convener shall make explanations at the meeting.</p>	<p>Article 8 Notices on the Meeting</p> <p>To hold a regular or temporary meeting of the Board of Directors, the <u>Office</u> shall, 14 or 3 days (or other time agreed in respect of temporary meeting) in advance respectively, submit a written notice on the meeting with the seal of the <u>Company</u> to all the directors, supervisors, general managers, the secretary of the Board of Directors and <u>Chief Compliance Officer</u> by direct service, fax, e-mail or any other means, and shall make affirmation by phone calls and make the corresponding records.</p> <p>Where the circumstance is urgent and it is necessary to hold a temporary meeting of the Board of Directors, the notice on the meeting can be circulated at any time by phone or any other oral means, but the convener shall make explanations at the meeting.</p>	<p>According to article 31 of “the Guidelines for the Compliance Management of Securities Companies”: Securities Companies shall specify the scope of where Chief Compliance Officer is entitled to attend a meeting and timely notice Chief Compliance Officer to participate before holding the relevant meeting. Chief Compliance Officer is entitled to attend the following meetings:</p> <p>(1) meetings of the Board of Directors and related Special Committees:</p> <p>.....</p>

Original Article	New Article	Grounds for Amendments
<p>Article 11 Holding of the Meeting</p> <p>The supervisors can attend the meeting as non-voting delegates; if a general manager or the secretary of the board of directors is not a director, he shall attend the meeting as a non-voting delegate. The presider of the meeting may notify other relevant persons to attend the meeting as a non-voting delegate if he considers it necessary.</p>	<p>Article 11 Holding of the Meeting</p> <p>The supervisors can attend the meeting as non-voting delegates; if a general manager or the secretary of the board of directors is not a director, he shall attend the meeting as a non-voting delegate. <u>Chief Compliance Officer is entitled to attend the meeting. If a matter to be considered in the meeting involves legal issues, Chief Compliance Officer shall attend the meeting and provide legal advice.</u> The presider of the meeting may notify other relevant persons to attend the meeting as a non-voting delegate if he considers it necessary.</p>	<ol style="list-style-type: none"> 1. According to article 31 of “the Guidelines for the Compliance Management of Securities Companies”: Securities Companies shall specify the scope of where Chief Compliance Officer is entitled to attend a meeting and timely notice Chief Compliance Officer to participate before convening the relevant meeting. Chief Compliance Officer is entitled to attend the following meetings: <ol style="list-style-type: none"> (1) meetings of the Board of Directors and related Special Committees: 2. Taking into account the practical situation of the Company, amendment has been made in accordance with the “requirement for the chief officer of a central enterprise to perform the duties as principal responsible officer for promoting legal governance and general legal education”.
<p>Article 33 Supplementary article</p> <p>This article was considered and approved at the shareholders’ general meeting <u>and became effective since the date of overseas listed foreign shares issued by the Company (H shares) was listed on the Stock Exchange of Hong Kong Limited.</u> Since the effective date of this article, the Company original “the Rules of Procedure for Board Meetings of China Merchants Securities Co., Ltd.” automatically lapsed.</p>	<p>Article 33 Supplementary article</p> <p>This article <u>became effective since</u> the date it was considered and approved at the shareholders’ general meeting. Since the effective date of this article, the Company original “the Rules of Procedure for Board Meetings of China Merchants Securities Co., Ltd.” automatically lapsed.</p>	<p>Amended according to the actual situation.</p>

APPENDIX VII	COMPARISON CHART OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE
---------------------	---

Proposed amendments to the Rules of Procedure for the Supervisory Committee

The details related to the proposed amendments to the Rules of Procedure for the Supervisory Committee are set out below:

Original Article	New Article	Grounds for Amendments
<p>Article 2 <u>Office of the Supervisory Committee</u></p> <p><u>The Supervisory Committee could establish an office of the Supervisory Committee for handling the daily affairs of the Supervisory Committee.</u></p> <p>.....</p>	<p>Article 2 <u>Daily Office of the Supervisory Committee</u></p> <p><u>Office of the Company is the daily office of the Supervisory Committee which handles daily operation of the Supervisory Committee.</u></p> <p>.....</p>	<p>Amended according to the actual situation of the Company's internal organisations</p>
<p>Article 7 Notices on the Meeting</p> <p>To hold a regular or temporary meeting of the Supervisory Committee, Daily Office of the Supervisory Committee shall, 10 or 3 days in advance respectively, submit a written notice on the meeting to all the supervisors by direct service, fax, e-mail or any other means, and shall make affirmation by phone calls and make the corresponding records.</p> <p>.....</p>	<p>Article 7 Notices on the Meeting</p> <p>To hold a regular or temporary meeting of the Supervisory Committee, Daily Office of the Supervisory Committee shall, 10 or 3 days in advance respectively, submit a written notice on the meeting to all the supervisors by direct service, fax, e-mail or any other means, and shall make affirmation by phone calls and make the corresponding records.</p> <p><u>The Chief Compliance Officer of the Company is entitled to attend meetings of the Supervisory Committee and the Chief Compliance Officer shall be noticed timely before the holding of the meeting.</u></p> <p>.....</p>	<p>According to article 31 of "the Guidelines for the Compliance Management of Securities Companies": Securities Companies shall specify the scope of where Chief Compliance Officer is entitled to attend a meeting and timely notice Chief Compliance Officer to participate before convening the relevant meeting. Chief Compliance Officer is entitled to attend the following meetings:</p> <p>(1) meetings of the Board of Directors and related Special Committees;</p> <p>(2) meetings of the Supervisory Committee;</p> <p>.....</p>

APPENDIX VII	COMPARISON CHART OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE
--------------	---

Original Article	New Article	Grounds for Amendments
<p>Article 20 Supplementary article</p> <p>This article was formulated by the Supervisory Committee and was considered and approved at the shareholders' general meeting. <u>It became effective since the date of overseas listed foreign shares issued by the Company (H shares) was listed on the Stock Exchange of Hong Kong Limited.</u> Since the effective date of this article, the Company original "the Rules of Procedure for the Supervisory Committee of China Merchants Securities Co., Ltd." automatically lapsed.</p>	<p>Article 20 Supplementary article</p> <p>This article was formulated by the Supervisory Committee and was considered and approved at the shareholders' general meeting. <u>It became effective since the date it was approved at the shareholders' general meeting.</u> Since the effective date of this article, the Company original "the Rules of Procedure for the Supervisory Committee of China Merchants Securities Co., Ltd." automatically lapsed.</p>	<p>Amended according to the actual situation.</p>

**THE BOARD OF CHINA MERCHANTS SECURITIES CO., LTD.
REPORT ON THE USE OF PREVIOUS PROCEEDS**

I. BASIS FOR PREPARATION

The report on the use of the previous proceeds is prepared by China Merchants Securities Co., Ltd. (the “**Company**”) in accordance with the Regulations on the Report on the Use of Previous Proceeds of the CSRC (ZJFXZ [2007] No.500).

II. AMOUNT, DATE OF RECEIPT AND DEPOSIT SITUATIONS OF THE PREVIOUS PROCEEDS

Upon the consideration and approval at the second extraordinary general meeting in 2015 convened by the Company on 11 June 2015, and approval by the Reply on the Approval of Issuance of Overseas Listed Foreign Shares by China Merchants Securities Co., Ltd. (ZJXK [2016] No.1735) of the CSRC, the Company had completed the public issuance of overseas listed foreign shares (H Shares) as at October 7, 2016. A total of 891,273,800 shares were issued at the issue price of HK\$12.00 each with a nominal value of RMB1.00, and the gross proceeds amounted to HK\$10,695,285,600.00. Upon deduction of the issuing expenses with a total of RMB260,880,864.89, the net proceeds were equivalent to RMB8,947,439,178.14 after conversion, among which, the newly increased paid-in capital (share capital) was equivalent to RMB891,273,800.00 and the newly increase capital reserve was equivalent to RMB8,056,165,378.14. ShineWing Certified Public Accountants LLP verified the net proceeds from issuance of H Shares and issued the Capital Verification Report No. XYZH/2017BJA90300.

As at 31 December 2019, the interest income obtained by the Company on the basis of the net proceeds of H Shares was equivalent to RMB85,085,188.54 (including the interest income HK\$29,058,681.34 and RMB59,059,200.31, deducting the bank charges HK\$4,239.14 and RMB400.00).

As at 31 December 2019, the proceeds from the offering of H Shares accumulatively used by the Company were equivalent to RMB9,002,855,700.00 as per the actual settlement of exchange and use. As at 31 December 2019, the balance of the special bank account for the proceeds from the offering of H Shares was HK\$15,881,896.27 and RMB94,823,920.31 respectively. As per the middle exchange rate from HKD to RMB on the very day, the total balance of the aforesaid bank account of proceeds from the offering of H Shares was equivalent to RMB109,050,605.34, including the interest income of the aforesaid bank account of proceeds from the offering of H Shares which was equivalent to RMB85,085,188.54.

The proceeds from the offering of H Shares were deposited as follows as at 31 December 2019:

Bank of deposit	Bank account No.	Currency	Balance of original currency	RMB equivalent (Yuan)
Bank of China Shenzhen Shangbu Branch	773168048107	RMB	94,823,920.31	94,823,920.31
Bank of China Shenzhen Shangbu Branch	777068048485	HKD	15,837,620.10	14,187,023.33
Bank of China (Hong Kong) Co., Ltd.	012-875-0-051395-7	HKD	12,692.34	11,369.54
SCB (Hong Kong) Co., Ltd.	44719006506	HKD	31,583.83	28,292.16
Total				<u>109,050,605.34</u>

III. ACTUAL USE OF THE PREVIOUS PROCEEDS

The Company plans to use the proceeds from the global offering as follows according to the proportions stated under the use of proceeds from the global offering in the Prospectus of H Shares and the change in use of approximately 4.3% proceeds from “contributing additional capital to CMS International to support its business” to “contributing capital to the Company’s subsidiaries and associated companies, as well as establishing new subsidiaries” as set out in the resolution on change in use of part of the proceeds raised from H Shares approved at the 2019 first extraordinary shareholder meeting :

Approximately 25% will be used for developing the brokerage and wealth management business;

Approximately 25% will be used for expanding institutional client services, and investment and trading business;

Approximately 20.7% will be used for contributing additional capital to CMS International to support its business;

Approximately 24.3% will be used for contributing capital to the Company’s subsidiaries and associated companies, as well as establishing new subsidiaries;

Approximately 5% for working capital and general corporate purposes.

As at 31 December 2019, save for fluctuation of exchange rates in actual settlement and interest accrued during the time of deposit, the proceeds have fully been used in line with the undertakings of the Company. Please refer to Attachment I for the “Comparison Table of the Use of the Previous Proceeds”.

IV. THE BENEFITS REALIZED BY THE INVESTMENT PROJECTS OF THE PREVIOUS PROCEEDS

The previous proceeds were used for developing the brokerage and wealth management business, expanding institutional client services, and investment and trading business, contributing additional capital to CMS International to support its business, contributing capital to the Company's subsidiaries and associated companies, as well as establishing new subsidiaries, expanding the business scale, and enhancing the sustainable profit-making capability and market competitiveness. Since the benefits from the investment projects cannot be accurately calculated, the comparison table of the benefits realized is not applicable.

V. COMPARISON OF THE USE OF THE PREVIOUS PROCEEDS WITH THE INFORMATION DISCLOSED

The actual use of the previous proceeds of the Company was consistent with the regular reports disclosed by the Company and relevant contents disclosed in other information documents.

VI. UNUSED PROCEEDS

As at 31 December 2019, save for fluctuation of exchange rates in actual settlement and interest accrued during the time of deposit, the Company did not have any unused proceeds raised.

VII. CONCLUSION

The Company used the previous proceeds according to the utilization proposal of the proceeds disclosed in the Prospectus of H Shares and the resolution on change in use of part of the proceeds raised from H Shares approved by 2019 first extraordinary shareholder meeting, and disclosed the purpose and progress of the utilization of previous proceeds in a truthful manner.

All the Directors of the Company undertake that there are not any false records, misleading statements or significant omissions in this report, and bear the joint and several liabilities for its authenticity, accuracy and completeness.

Attachment I: Comparison Table of the Use of the Previous Proceeds

Attachment I: Comparison Table of the Use of the Previous Proceeds

Unit: RMB Yuan

Total amount of proceeds: 8,947,439,178.14

Total proceeds accumulatedly used: 9,002,855,700.00

Total proceeds with changed use: 384,739,864.39

Total proceeds used in each year:

2016: 5,840,000,000.00

2017: 595,000,000.00

2018: 1,888,628,000.00

2019: 679,227,700.00

The proportion of total proceeds with changed use: 4.3%

No.	Investment projects undertaken	Total investment with proceeds				Cumulative investment with proceeds as at 31 December 2019				Date when the project is ready for the intended use (Or the degree of completion as at the date of this report)
		Investment amount undertaken before fundraising	Investment amount undertaken after fundraising	Actual investment amount (Note 1)	Investment amount undertaken before fundraising	Investment amount undertaken after fundraising	Actual investment amount (Note 1)	The balance between investment undertaken and actual investment amount (Note 2)		
1	Developing brokerage and wealth management business	2,236,859,794.54	2,236,859,794.54	2,257,000,000.00	2,236,859,794.54	2,236,859,794.54	2,257,000,000.00	(20,140,205.46)	N/A	
2	Expanding institutional client services, and investment and trading business	2,236,859,794.54	2,236,859,794.54	2,257,000,000.00	2,236,859,794.54	2,236,859,794.54	2,257,000,000.00	(20,140,205.46)	N/A	
3	Contributing additional capital to CMS International to support its business	2,236,859,794.54	1,852,119,930.15	1,854,628,000.00	2,236,859,794.54	1,852,119,930.15	1,854,628,000.00	(2,508,069.85)	N/A	
4	Contributing capital to the Company's subsidiaries and associated companies, as well as establishing new subsidiaries	1,789,487,835.61	2,174,227,700.00	2,174,227,700.00	1,789,487,835.61	2,174,227,700.00	2,174,227,700.00	-	N/A	
5	Working capital and general corporate purposes	447,371,958.91	447,371,958.91	460,000,000.00	447,371,958.91	447,371,958.91	460,000,000.00	(12,628,041.09)	N/A	

Note 1: The actual investment amount is filled in as per the actual settlement for the conversion into RMB and use situations.

Note 2: The investment amount promised is filled in as per the RMB exchange rate on the day of verification of proceeds from the offering of H Shares. The actual investment amount as of the end of the period was larger than the investment amount promised in the fundraising due to the change in the exchange rate during the use of proceeds.

1. TYPES AND NOMINAL VALUE OF SHARES TO BE ISSUED

The types of Shares to be issued under the rights issue are A Shares and H Shares, with a nominal value of RMB1.00 each.

2. METHOD OF ISSUANCE

The issuance is made by allotting Shares to the original shareholders.

3. BASIS, RATIO AND NUMBER OF THE RIGHTS ISSUE

The A Share rights issue will be made to all A Shareholders (excluding the special account for repurchase of the Company) based on the total number of A Shares which is calculated by the total A Share capital after the trading hours as at the A Share Record Date deducting the A Shares in the special account for repurchase of the Company, on the basis of three (3) A Shares for every ten (10) existing A Shares. If the number of Shares to be allotted is less than one (1) Share, it shall be handled in accordance with the relevant regulations of the Shanghai Stock Exchange and the Shanghai branch of China Clear. The H Share rights issue will be made to all Qualified H Shareholders based on the total number of qualified H Shares determined on the H Share Record Date, on the basis of three (3) H Shares for every ten (10) existing H Shares. The ratio of A Shares and H Shares under the rights issue is the same, and the price of the rights issue for A Shares and H Shares is the same after exchange rate adjustment.

Based on the Company's total share capital of 6,699,409,329 as at September 30, 2019, the total number of shares available for the Rights Issue is 2,009,822,798, of which 1,715,702,444 are available A Shares and 294,120,354 are available H Shares. Prior to the implementation of the Rights Issue, if the total share capital of the Company changes due to the Company's bonus issue, capitalization of capital reserve and other reasons, the number of Shares available for the Rights Issue will be adjusted correspondingly in accordance with the changed total share capital.

4. PRICING PRINCIPLES AND PRICE OF THE RIGHTS ISSUE

(a) Pricing principles

1. The pricing shall take into account valuation indicators such as stock prices, P/E ratios and P/B ratios of the Company in the secondary market as well as our corporate development and shareholders' interests;
2. The fund requirements of projects to be invested in by using the proceeds shall be considered; and
3. The pricing shall be in compliance with principles determined through consultation between the Board of the Company and the sponsor(s) (underwriter(s)).

(b) Price of the Rights Issue

The price of the rights issue is determined using the market discount method based on the market transactions of A Shares and H Shares prior to the publication of the issuance announcement. The final price of the rights issue will be determined by the Board authorized by the Shareholders' general meeting with the sponsor (underwriter) upon negotiation according to market conditions before the issuance. The price of the rights issue for A Shares and H Shares is the same after exchange rate adjustment.

5. TARGET SUBSCRIBERS

The target subscribers of the A Share rights issue are all A Shareholders registered with Shanghai branch of China Clear after the trading hours on the A Share Rights Issue Record Date. The target subscribers of the H Share rights issue is all Qualified H Shareholders determined on the H Share Record Date. The Record Date for the rights issue will be determined upon the approval of the Rights Issue Plan by the CSRC.

China Merchants Finance Investment Holdings Co., Ltd., the controlling shareholder of the Company, and its concerted parties, Shenzhen Jisheng Investment Development Co., Ltd. and Best Winner Investment Limited, have undertaken to fully subscribe in cash for their Rights Shares entitlement under the Rights Issue Plan.

6. DISTRIBUTION PLAN FOR ACCUMULATED UNDISTRIBUTED PROFITS PRIOR TO THE RIGHTS ISSUE

The accumulated undistributed profits of the Company prior to the rights issue shall be distributed to all Shareholders on a pro-rata basis after the completion of the rights issue of A Shares and H Shares.

7. TIME OF ISSUANCE

Upon the approval by the CSRC, the rights issue will be made to all shareholders within a specified period when appropriate.

8. METHOD OF UNDERWRITING

The A Share rights issue will proceed on a best effort basis and the H Share rights issue will proceed on a full-underwritten basis.

9. USE OF PROCEEDS FROM THE RIGHTS ISSUE

The total amount of proceeds from the rights issue shall be not more than RMB15 billion (the specific amount shall depend on the market conditions at the time of issuance). The net proceeds after deducting issuance expenses are proposed to be used for the capital increase of the Company's subsidiaries and the pursuit of the Company's diversification strategy, the capital intermediary business, capital investment business and the replenishment of working capital, with details as follows:

No.	Use of proceeds	Specific amount
1	Capital increase of the Company's subsidiaries and the pursuit of the Company's diversification strategy	Not more than RMB10.5 billion
2	Capital intermediary business	Not more than RMB2.0 billion
3	Capital investment business	Not more than RMB2.0 billion
4	Replenishment of working capital	Not more than RMB0.5 billion
Total		Not more than RMB15 billion

If the amount of net proceeds is lower than the proceeds proposed to be used for the above purposes, the shortfall shall be covered by the Company's own funds. Without changing the use of proceeds, the Board may make appropriate adjustments to the order and amount of proceeds used for the above projects according to the actual needs of the projects. During the period from the approval at the meeting of the Board for the Rights Issue Plan until the proceeds are actually raised, the Company will first use its funds for the projects in accordance with its operating condition and development plan, and when the proceeds is available, such funds used will be replenished by the proceeds so raised in accordance with the procedures required by the relevant regulations.

10. VALIDITY PERIOD OF THE RESOLUTIONS IN RELATION TO THE RIGHTS ISSUE

Provided that the resolution on the extension of validity period has been approved in the AGM, the A Shareholders Class Meeting and H Shareholders Class Meeting, the resolutions in relation to the rights issue shall be effective for 24 months from the date on which the resolutions had been approved at the 2019 first extraordinary general meeting, A Shareholders class meeting and H Shareholders class meeting of the Company, i.e. until May 19, 2021.

11. LISTING AND TRADING OF THE RIGHTS SHARES

Upon the completion of the A Share rights issue, the A Rights Shares will be listed and traded on the Shanghai Stock Exchange in accordance with relevant regulations.

Upon the completion of the H Share rights issue, the H Rights Shares will be listed and traded on the Stock Exchange in accordance with relevant regulations.

This resolution shall be implemented only upon obtaining the approval from the CSRC and other necessary approvals involved in the transaction, and the plan approved by the CSRC shall prevail.

SUPPLEMENTAL NOTICE OF THE 2019 AGM



招商证券股份有限公司
China Merchants Securities Co., Ltd.

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

(Stock Code: 6099)

SUPPLEMENTAL NOTICE OF 2019 ANNUAL GENERAL MEETING

References are made to the notice (the “**First Notice**”) dated April 1, 2020 and the circular (the “**AGM Circular**”) dated April 29, 2020 of China Merchants Securities Co., Ltd. (the “**Company**”), which set out the time and venue for convening the 2019 annual general meeting (the “**AGM**”) of the Company, and the resolutions to be proposed at the AGM for consideration and approval by Shareholders.

Supplemental notice is hereby given that the AGM will be held at Marco Polo Shenzhen, 28 Fuhua 1st Road, Futian CBD, Shenzhen on Friday, May 19, 2020 at 10:00 a.m. as previously scheduled, for the purpose of considering and approving the following supplemental resolution, in addition to the resolutions set out in the First Notice:

SPECIAL RESOLUTION

19. To consider and approve the resolution on the use of previous proceeds.

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

Shenzhen, the PRC

April 29, 2020

Notes:

1. Save for the above additional resolutions, there are no other changes to the resolutions set out in the First Notice. For details of other resolutions to be considered and approved at the AGM, eligibility for attending the AGM, registration procedures, arrangements for closure of register of members and other relevant matters, please refer to the First Notice dated April 1, 2020 and the AGM Circular dated April 29, 2020.
2. Proxy

The proxy form (the “**First Proxy Form**”) despatched along with the AGM Notice did not contain the additional resolutions No. 19 as set out in this supplemental notice. As such, a second proxy form (the “**Second Proxy Form**”) has been prepared by the Company and is enclosed with this supplemental notice. Holders of H Shares shall deliver the Second Proxy Form to Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by a designated person or by post in any event not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof. Arrangements in relation to proxies of shareholders of A Shares of the Company will be determined and announced separately in the PRC by the Company.

SUPPLEMENTAL NOTICE OF THE 2019 AGM

To be valid, the Second Proxy Form shall be delivered in person or by post by the holders of H Shares of the Company to 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 less than 24 hours before the time for holding the AGM or any adjournment thereof or the time appointed for voting by poll. If the Second Proxy Form is signed by a person under a power of attorney or other authority, a notarial copy of that power of attorney or authority shall be deposited at the same time as mentioned in the Second Proxy Form. Completion and return of the Second Proxy Form will not preclude shareholders from attending and voting in person at the AGM or any adjournment thereof should they so wish.

Shareholders who had returned the First Proxy Form to the Company's H Share registrar should note that:

- (i) if a shareholder did not return the Second Proxy Form to the Company's H Share registrar, the First Proxy Form, if correctly completed, will be deemed as a valid proxy form lodged by him/her. The proxy appointed by the shareholder will be entitled to cast the vote at his/her discretion or to abstain from voting on any resolution properly put to the AGM (except for those resolutions to which the shareholders has indicated his/her voting direction in the First Proxy Form), including the additional resolutions No. 19 set out in this supplemental notice of the AGM.
- (ii) if a shareholder delivered the Second Proxy Form to the Company's H Share registrar not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof, the First Proxy Form previously lodged by him/her will be revoked and superseded by the Second Proxy Form. The Second Proxy Form, if correctly completed, will be deemed as a valid proxy form lodged by such shareholder.
- (iii) if a shareholder delivered the Second Proxy Form to the Company's H Share registrar later than 24 hours before the time appointed for holding the AGM or any adjournment thereof, the Second Proxy Form will be invalid and the First Proxy Form delivered by the shareholder will be revoked. The vote of proxy appointed by the shareholder, either by the First Proxy Form or the Second Proxy Form, by the invalid or revoked form of proxy will not be counted for the voting of the resolutions. Therefore, shareholders are recommended to deliver this Second Proxy Form no later than the closing time. Shareholder shall present in person if he/she intended to vote at the AGM.

As at the date of this notice, the executive directors of the Company are Mr. HUO Da and Mr. XIONG Jiantao; the non-executive directors of the Company are Ms. SU Min, Mr. SU Jian, Mr. XIONG Xianliang, Ms. PENG Lei, Mr. GAO Hong, Mr. HUANG Jian, Mr. WANG Daxiong and Mr. WANG Wen; and the independent non-executive directors of the Company are Mr. XIANG Hua, Mr. XIAO Houfa, Mr. XIONG Wei, Mr. HU Honggao and Mr. WONG Ti.