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



**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 2020,  
THE PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR 2020,  
THE BUDGET FOR  
THE PROPRIETARY INVESTMENT OF THE COMPANY FOR 2021,  
THE ENGAGEMENT OF THE AUDITORS OF THE COMPANY FOR 2021,  
CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS OF  
THE COMPANY FOR 2021,  
THE PROVISION OF GUARANTEES BY  
CMS INTERNATIONAL AND ITS WHOLLY-OWNED SUBSIDIARIES,  
SHAREHOLDERS' RETURN PLAN (2021-2023) OF THE COMPANY,  
THE PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR,  
GRANT OF GENERAL MANDATE TO ISSUE ADDITIONAL H SHARES  
AND  
NOTICE OF 2020 ANNUAL GENERAL MEETING**

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

The AGM is to be held on Friday, June 4, 2021 at 10:00 a.m. at China Merchants Securities Building, 111 Fuhua Yi Road, Futian Street, Futian District, Shenzhen, the PRC. The notice of the AGM and the forms of proxy have been despatched on Friday, April 30, 2021. They have also been published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cmschina.com](http://www.cmschina.com)).

If you are not able to attend the AGM, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time stipulated for the holding of the AGM and deposit it together with the 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 form of proxy will not preclude you from attending and voting at the AGM should you so desire.

April 30, 2021

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## DEFINITIONS

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

“A Share(s)”	domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the SSE (stock code: 600999)
“AGM”	the annual general meeting of 2020 to be held by the Company at China Merchants Securities Building, 111 Fuhua Yi Road, Futian Street, Futian District, Shenzhen, the PRC on Friday, June 4, 2021 at 10:00 a.m.
“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
“Company”	China Merchants Securities Co., Ltd., a joint stock limited company incorporated in the PRC under the laws of the PRC in August 1993; the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 6099) and the A Shares of which are listed on the SSE (stock code: 600999)
“Company Law”	the Company Law of the PRC (《中華人民共和國公司法》)
“CSRC”	the China Securities Regulatory Commission
“CMS International”	China Merchants Securities International Company Limited, a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate proposed to be granted to the Board at the AGM to issue, allot and deal with additional H Shares, representing up to the limit of 20% of the respective amount of the H Shares in issue as at the date of passing the relevant resolution at the AGM

## DEFINITIONS

“H Share(s)”	overseas-listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange (stock code: 6099)
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK dollar(s)”	Hong Kong dollars, the lawful currency of Hong Kong
“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 27, 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, excluding for the purposes of this circular, Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Securities Law”	the Securities Law of the PRC (《中華人民共和國證券法》)
“Share(s)”	the ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholders(s)”	holder(s) of the Share(s)
“SSE”	the Shanghai Stock Exchange
“Supervisor(s)”	members of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent.

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

## LETTER FROM THE BOARD



**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:*

Mr. XIONG Xianliang

Ms. SU Min

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 Street

Futian District

Shenzhen

the PRC

*Principal Place of Business  
in Hong Kong:*

48/F, One Exchange Square

8 Connaught Place

Central

Hong Kong

April 30, 2021

*To the Shareholders*

Dear Sir or Madam,

**ANNUAL REPORT OF THE COMPANY FOR THE YEAR 2020,  
THE PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR 2020,  
THE BUDGET FOR  
THE PROPRIETARY INVESTMENT OF THE COMPANY FOR 2021,  
THE ENGAGEMENT OF THE AUDITORS OF THE COMPANY FOR 2021,  
CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS OF  
THE COMPANY FOR 2021,  
THE PROVISION OF GUARANTEES BY  
CMS INTERNATIONAL AND ITS WHOLLY-OWNED SUBSIDIARIES,  
SHAREHOLDERS' RETURN PLAN (2021-2023) OF THE COMPANY,  
THE PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR,  
GRANT OF GENERAL MANDATE TO ISSUE ADDITIONAL H SHARES,  
AND  
NOTICE OF 2020 ANNUAL GENERAL MEETING**

### INTRODUCTION

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

## LETTER FROM THE BOARD

At the AGM, ordinary resolutions will be proposed to consider and approve, (i) annual report of the Company for the year 2020; (ii) the profit distribution plan of the Company for 2020; (iii) the budget for the proprietary investment of the Company for 2021; (iv) the engagement of the auditors of the Company for 2021; (v) the contemplated ordinary related party transactions of the Company for 2021; (vi) the provision of guarantees by CMS International and its wholly-owned subsidiaries; (vii) the Shareholders' Return Plan (2021-2023) of the Company; (viii) the proposed appointment of non-executive Director; and (ix) other matters contained in the notice of the AGM. Special resolution will be proposed to consider and approve (x) the grant of the general mandate to the Board to issue additional H Shares.

### **1. ANNUAL REPORT OF THE COMPANY FOR 2020**

An ordinary resolution will be proposed at the AGM to approve the annual report of the Company for the year 2020, which has been despatched on Friday, April 30, 2021, and meanwhile has been published on the websites of the SSE ([www.sse.com.cn](http://www.sse.com.cn)), the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cmschina.com](http://www.cmschina.com)).

The annual report of the Company for the year 2020 has been considered and approved by the Board on March 26, 2021, and is hereby proposed at the AGM for its consideration.

### **2. THE PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR 2020**

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

In 2020, the Company recorded a net profit attributable to owners of the parent company of RMB9,491,638,796.98, and a net profit attributable to the parent company of RMB8,610,228,490.74. As of December 31, 2020, the profit available for distribution by the parent company was RMB18,468,112,876.65.

In accordance with relevant requirements stipulated in the Company Law of the PRC, the Securities Law of the PRC, Financial Rules for Financial Enterprises, and the Articles of Association, it is proposed that the Company does not accrue the statutory surplus reserve fund for the current year since it has exceeded 50% of the registered capital of the Company. The profit distribution by the Company (parent company) for 2020 will be undertaken after accruing 10% for the general risk reserve fund and 10% for the transactional risk reserve fund. After deducting the above two items accrued, which amounted to RMB1,722,045,698.16 in total, the remaining profit available for distribution of the parent company amounted to RMB16,746,067,178.49.

According to the rules issued by the CSRC, securities companies shall not utilize the gains arising from fair value changes included in distributable profits to distribute cash dividend to shareholders. After deducting the accumulated changed amount of RMB1,758,180,077.36 in fair value changes of the parent company, the remaining profit available for cash dividend to investors amounted to RMB14,987,887,101.13 by the end of 2020.

## LETTER FROM THE BOARD

In accordance with rules and regulations issued by the CSRC and SSE and the Articles of Association, taking into account the benefit of the shareholders and the development of the Company, the Company proposes the following profit distribution plan for 2020:

The Company will not accrue the statutory surplus reserve fund for 2020. Based on the total share capital registered as at the date of registration of equity for this profit distribution, a cash dividend of RMB4.37 (tax inclusive) for every 10 Shares will be distributed to all Shareholders. No bonus shares will be distributed and no capital reserves will be capitalised.

Based on the total share capital of 8,696,526,806 Shares of the Company as at December 31, 2020, the total profit distributed will be amounted to RMB3,800,382,214.22. If there are changes on the total share capital of the Company at the date of registration of equity for this profit distribution, the Company plans to adjust the amount of dividend for each Share with the total distribution amount remains unchanged.

Such cash dividend will be denominated and declared in RMB and paid to holders of A Shares in RMB and to holders of H Shares in Hong Kong dollar. The actual amount of dividend paid in Hong Kong dollar will be determined based on the average exchange rate of RMB and Hong Kong dollar published by the People's Bank of China for the five business days immediately before the date of the AGM of the Company on which this profit distribution plan is reviewed and considered.

In view of the procedure of the distribution of dividend of H Shares, it is hereby proposed at the AGM to agree that Computershare Hong Kong Trustees Limited was appointed as the trustee in respect of the distribution of dividend to holders of H Shares of the Company. Mr. WU Huifeng was authorized as the authorizer to exercise the rights on behalf of the Company to execute all instructions, guidelines, decisions, notices and approvals to nominees in relation to the nominee agreement, etc..

The above resolution was considered and approved by the Board on March 26, 2021 and is hereby proposed at the AGM for consideration and approval.

### **3. THE BUDGET FOR THE PROPRIETARY INVESTMENT OF THE COMPANY FOR 2021**

An ordinary resolution will be proposed at the AGM to approve the budget for proprietary investment of the Company for 2021, the full text of which is as below:

Article 6 of the Provisions on Strengthening the Supervision and Administration of Listed Securities Companies promulgated by CSRC stipulates that in case that the significant investment, including securities proprietary investment, by listed securities companies exceed certain amount and may require timely disclosure and resolution by shareholders' general meeting, listed securities companies may review and consider the total amount of proprietary investment by shareholders' general meeting and disclose such amount annually.

## LETTER FROM THE BOARD

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, it is hereby proposed to authorize the management of the Company to determine the total amount of proprietary investment of the Company for 2021 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 26, 2021, and is hereby proposed at the AGM for its consideration and approval.

#### 4. THE ENGAGEMENT OF THE AUDITORS OF THE COMPANY FOR 2021

An ordinary resolution will be proposed at the AGM to approve the engagement of the auditors of the Company for 2021, 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 (collectively "**Deloitte**") as the auditors of the Company for the financial report and internal control of 2021. The annual audit fees charged by Deloitte for 2021 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 26, 2021 and is hereby proposed at the AGM for its consideration and approval.



## LETTER FROM THE BOARD

### 5. THE CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS OF THE COMPANY FOR 2021

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, the Administrative System Concerning Related Party Transactions of the Company, the Provisions on the Administration of Equities of Securities Firms, the Circular on Matters Concerning Further Strengthening of Regulation of Related Party Transactions of Securities Firms of the Shenzhen office of the CSRC, the 2019-2021 “Securities and Financial Products, Transactions and Services Framework Agreement”, 2019-2021 “Property Leasing Framework Agreement”, 2019-2021 “Administrative Procurement Framework Agreement”, and the amended 2020-2021 “Administrative Procurement Framework Agreement” entered into between the Company and China Merchants Group Limited (“**China Merchants Group**”), and the 2021 “Securities and Financial Products, Transactions and Services Framework Agreement” entered into between the Company and China COSCO Shipping Corporation Limited (“**COSCO Shipping**”), ordinary resolutions will be proposed at the AGM to approve the contemplated ordinary related party transactions of the Company for 2021 as follows, the full text of which are set out in Appendix I of this circular.

- 5.01 Contemplated ordinary related party transactions with China Merchants Bank Co., Ltd. (“**China Merchants Bank**”) and its subsidiaries (excluding China Merchants Fund Management Co., Ltd. and its subsidiaries);
- 5.02 Contemplated ordinary related party transactions with China Merchants Group and its associates;
- 5.03 Contemplated ordinary related party transactions with other related parties of China Merchants Group (excluding China Merchants Bank and its subsidiaries, but including major upstream and downstream enterprises);
- 5.04 Contemplated ordinary related party transactions with COSCO Shipping and its associates;
- 5.05 Contemplated ordinary related party transactions with other related parties of COSCO Shipping;
- 5.06 Contemplated ordinary related party transactions with The People’s Insurance Company (Group) of China Limited and its related parties;
- 5.07 Contemplated ordinary related party transactions with the Directors, Supervisors and senior management of the Company;
- 5.08 Contemplated ordinary related party transactions with other related natural persons;
- 5.09 Ordinary related party transactions with other related parties.

The above resolutions have been considered and approved by the Board on March 26, 2021, and are hereby proposed at the AGM for its consideration and approval.

## LETTER FROM THE BOARD

### 6. THE PROVISION OF GUARANTEES BY CMS INTERNATIONAL AND ITS WHOLLY-OWNED SUBSIDIARIES

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

As business operation requires, CMS International or its wholly-owned subsidiaries, because of the assessment by correspondent banks or counter parties based on the entities to the transactions, need to act as guarantors when they obtain finance or enter into transactions, in order to enhance their capacity of external business operation or financing. Based on the business development plan and the needs of providing guarantees, the Company sets forth the below annual guarantee authorization plan in 2021 for CMS International and its wholly-owned subsidiaries:

1. CMS International and its wholly-owned subsidiaries providing guarantee for entities that are to obtain finance or enter into transactions, including financing guarantees (including but not limited to bank credit, syndicated loans, bond issuance or bills, etc.), transaction guarantees (including but not limited to International Swaps and Derivatives Association (ISDA), Master Clearing Agreement, The Bond Market Association (TBMA)/International Securities Market Association (ISMA) Global Master Repurchase Agreement (GMRA), Prime Brokerage Agreement, physical precious metals trading, etc.) and other types of guarantees (including but not limited to leasing guarantees etc.).
2. Guarantee limit: within the authorization period, the total amount of guarantees provided by CMS International and its wholly-owned subsidiaries to warrantees shall not exceed HKD57 billion or equivalent, among which the total amount of financing guarantee provided shall not exceed HKD14.5 billion or equivalent.
3. Guarantee types: types which are prescribed in relevant laws and regulations including guarantee, mortgage guarantee and hypothecation etc.
4. Guarantee entities: CMS International, China Merchants Securities (HK) Co., Limited (招商證券(香港)有限公司), China Merchants Futures (HK) Co., Limited (招商期貨(香港)有限公司), China Merchants Securities Investment and Management Co., Limited (招商證券投資管理(香港)有限公司), China Merchants Securities (UK) Limited, China Merchants Securities (HK) Financing Co., Limited (招商證券(香港)融資有限公司), China Merchants Securities Capital (HK) Co., Limited (招商資本(香港)有限公司), China Merchants Securities (HK) Fund Services Co., Limited (招商證券(香港)基金服務有限公司), China Merchants Securities (HK) Asset Management Co., Limited (招商證券資產管理(香港)有限公司), and special purpose vehicle (SPV) entities wholly-owned by CMS International which are used to issue debts.

## LETTER FROM THE BOARD

5. 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 2021 annual general meeting of the Company.
6. 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 amounts.

The above resolution was considered and approved by the Board on March 26, 2021 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.

### **7. THE SHAREHOLDERS' RETURN PLAN (2021-2023) OF THE COMPANY**

An ordinary resolution will be proposed at the AGM to approve the Shareholders' Return Plan (2021-2023) of the Company, the full text of which is set out in Appendix II of this circular.

The resolution has been considered and approved by the Board on March 26, 2021, and is hereby proposed at the AGM for its consideration and approval.

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

Reference is made to the announcement of the Company dated April 27, 2021 in relation to, among other things, the Board's proposed appointment of Mr. LIU Weiwu ("Mr. LIU") as a non-executive Director to fill the vacancy of a non-executive Director arising from the resignation of Mr. SU Jian.

## LETTER FROM THE BOARD

The biographical details of Mr. LIU are as follows:

Mr. LIU Weiwu, born in November 1964.

Mr. LIU has served as the Head of the Finance Department (Property Rights Department) of China Merchants Group Limited since December 2020, an independent non-executive director of AviChina Industry & Technology Company Limited (a company listed on the Hong Kong Stock Exchange, stock code: 02357) since June 2018, a director of China Merchants Chongqing Communications Technology Research & Design Institute Co., Ltd. and Liaoning Port Group Limited since March 2021, and the chairman of the supervisory committee of Nanjing Tanker Corporation (a company listed on the Shanghai Stock Exchange, stock code: 601975) and an executive director of China Merchants Sharing Services Co., Ltd. since April 2021. He served as a director of China Merchants Energy Shipping Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601872) from May 2012 to April 2019, the Deputy General Manager of China Merchants Energy Shipping Co., Ltd. from February 2016 to January 2021, a director of China LNG Shipping (Holdings) Limited from March 2009 to February 2021, and the Chairman of Sinotrans Shipping Limited from March to December 2019. He also served as the Head of Treasury Division of Financial Department of Guangzhou Ocean Shipping Company, the Manager of Financial Department of Hong Kong Ming Wah Shipping Company Limited, the Deputy General Manager of the Finance Department of China Merchants Group Limited, and the Chief Financial Officer of China Merchants Energy Shipping Co., Ltd.

Mr. LIU obtained a Bachelor's Degree in Transportation Financial Accounting from Xi'an Highway Institute and a Master Degree of Business Administration from Macau University of Science and Technology in July 1988 and January 2008, respectively. He also obtained the intermediate accountant qualification in May 2005.

According to the diversity policy and nomination policy of the Company, and the recommendation of the nomination committee of the Board, the Board proposed to appoint Mr. LIU as a non-executive Director of the Company after comprehensively taking into account of his education background, knowledge, skills, experience and the contributions he can make to the Board.

The Company will enter into a service contract with Mr. LIU upon the approval of the appointment of Mr. LIU. During the term of his office, Mr. LIU will not receive any emoluments from the Company.

As of the Latest Practicable Date, Mr. LIU has not been subject to any punishment from the CSRC or other relevant authorities or any penalty from stock exchanges in the past three years. Save as disclosed in this circular, Mr. LIU does not have other relationship with Directors, Supervisors, senior management, substantial Shareholders or controlling Shareholders of the Company; he does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); he does not and did not participate in any matters that shall be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Hong Kong Listing Rules; he did not hold any directorship of any other listed companies or any other major appointments and professional qualifications in the last three years, and there are no other matters that need to be brought to the attention of the Shareholders.

The above resolution has been considered and approved by the Board on April 27, 2021, and is hereby proposed at the AGM for its consideration and approval.

## LETTER FROM THE BOARD

### 9. 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 III of this circular.

The above resolution has been considered and approved by the Board on March 26, 2021, and is hereby proposed at the AGM for its consideration and approval.

### 10. 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 2020; (ii) working report of the Supervisory Committee of the Company for 2020; (iii) duty report of independent Directors of the Company for 2020; and (iv) final accounts report of the Company for 2020, the text of the above reports have substantially included in the annual report of the Company for 2020, which has been despatched on Friday, April 30, 2021, and meanwhile has been published on the websites of the SSE ([www.sse.com.cn](http://www.sse.com.cn)), the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cmschina.com](http://www.cmschina.com)).

### AGM

The AGM will be held at China Merchants Securities Building, 111 Fuhua Yi Road, Futian Street, Futian District, Shenzhen, the PRC on Friday, June 4, 2021 at 10:00 a.m.

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

<b>Last Registration Date</b>	:	4:30 p.m. on Friday, May 28, 2021
<b>Closure of Register of Members for H Shareholders</b>	:	Monday, May 31, 2021 to Friday, June 4, 2021 (both days inclusive)
<b>Submission of Proxy Form</b>	:	not less than 24 hours before the time appointed for the AGM (i.e. 10:00 a.m. on Thursday, June 3, 2021)

The register of members is closed from Monday, May 31, 2021 to Friday, June 4, 2021 (both days inclusive), during which period no transfer of H Shares will be effected. All transfer documents accompanied by the relevant share certificate, shall be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, May 28, 2021. Purchasers of shares who have submitted their transfer documents to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, and registered as Shareholders on the register of members of H Shares of the Company before 4:30 p.m. on Friday, May 28, 2021 are entitled to attend and vote in respect of all resolutions to be proposed at the AGM.

## LETTER FROM THE BOARD

The proxy form for the AGM has been despatched on Friday, April 30, 2021 and have also been published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

To be valid, for holders of H Shares, the form of proxy 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 proxy form will not preclude you from attending and voting at the AGM in person if you so wish.

### PROCEDURES FOR VOTING AT THE AGM

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a Shareholders' general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the AGM will demand a poll in relation to all the proposed resolutions at the AGM in accordance with Article 128 of the Articles of Association.

Pursuant to Rule 2.15 of the Listing Rules, where shareholders' approval is required with regard to a transaction, any shareholder that has a material interest in such transaction shall abstain from voting on the resolution(s) approving such transaction at the shareholders' general meeting. As such, the abovementioned ordinary resolution No.5 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. 5.01, No. 5.02 and No. 5.03. Shareholders controlled by China COSCO Shipping Corporation Limited are required to abstain from voting on the abovementioned ordinary resolution No. 5.04 and No. 5.05. PICC Life Insurance Company Limited is required to abstain from voting on the abovementioned ordinary resolution No. 5.06.

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

### RECOMMENDATION

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

Yours faithfully,  
By order of the Board  
**HUO Da**  
*Chairman*

Pursuant to the Provisions on the Administration of Equities of Securities Firms (《證券公司股權管理規定》), the Circular on Matters Concerning Further Strengthening of Regulation of Related Party Transactions of Securities Firms (《關於進一步加強證券公司關聯交易監管有關事項的通知》), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Guidelines on Related Party Transactions of Listed Companies of the Shanghai Stock Exchange (《上海證券交易所上市公司關聯交易實施指引》), the Articles of Association of China Merchants Securities Co., Ltd. and the Administrative System Concerning Related Party Transactions of China Merchants Securities Co., Ltd. as well as the resolutions of the shareholders' general meeting and board of directors of the Company on continuing related party transactions between the Company and China Merchants Group and COSCO Shipping, the Company has estimated the ordinary related party transactions that may occur in 2021. Details are as follows:

The transactions between the Company and its related parties are divided into four major categories, namely financial services, securities and financial products and transactions, equity /asset transactions, joint investment and others. The transactions that occur are not limited to the specific items listed below. For most transactions, it is rather difficult to estimate the exact amount. The Company will disclose the actual items and amount in its annual and interim reports.



## I. CONTEMPLATED ORDINARY RELATED PARTY TRANSACTIONS IN 2021

## 1. Contemplated ordinary related party transactions with China Merchants Group Limited and its related parties and the major upstream and downstream enterprises of China Merchants Group Limited and its holding subsidiaries

1.1 *Contemplated ordinary related party transactions with China Merchants Bank Co., Ltd. and its subsidiaries (excluding China Merchants Fund and its subsidiaries)*

Type of related party transaction	Item	Estimated amount for the year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	Interest income from deposit, income from provision of underwriting, distribution and asset management services, etc.		59,569.39	12.63%
	Expenses on wealth management products custody and agency sale, third-party depository and custody services, interest expenses for loans and placements from other financial institutions, expenses on investment bank business such as underwriting fees, bank service charge, settlement fees, etc.		23,447.39	20.32%
Securities and financial products and transactions	Total capital inflow from interbank market lending and borrowing, bond trading, bond repurchase, foreign exchange transactions, interest rate swaps, over-the-counter derivative transactions, mutual purchase or redemption of products managed or financing products issued by the other party, etc.	The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and amount	49,979,302.93	–
	Total capital outflow for interbank market lending and borrowing, bond trading, bond repurchase, foreign exchange transactions, interest rate swaps, over-the-counter derivatives transactions, mutual purchase or redemption of products managed or financing products issued by the other party, etc.		60,071,684.81	–
Other related party transactions	Lease expenses, property management fees, etc.		6,673.05	15.64%

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



**APPENDIX I**
**CONTEMPLATED ORDINARY RELATED PARTY  
TRANSACTIONS OF THE COMPANY FOR 2021**

*1.2 Contemplated ordinary related party transactions with China Merchants Group Limited and its associates (as defined under the Listing Rules, sic passim)*

Type of related party transaction	Item	Estimated amount for the year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	Interest income, income from provision of trading seats leasing, underwriting and sponsorship, financial advisory and financial products agency sale services, etc.	Not more than RMB232.39 million	11,742.74	2.92%
	Investment bank service charge and commission expenses, interest expenses, etc.	The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and amount	97.25	0.49%
Securities and financial products and transactions	Total capital inflow from equity swaps, over-the-counter derivative transactions, mutual purchase or redemption of products managed or financing products issued by the other party, etc.		825,349.68	–
	Total capital outflow for equity swaps, over-the-counter derivative transactions, mutual purchase or redemption of products managed or financing products issued by the other party, etc.	Not more than RMB11.11 billion of capital inflow, and not more than RMB14.94 billion of capital outflow	994,632.94	–
Equity/asset transactions and joint investment	Joint investment with and investment in the equity and assets of related parties	Not more than RMB8 billion	219,350.97	–
Other related party transactions	Lease expenses, property management fees	Not more than RMB23 million	1,566.48	3.67%
	Administrative procurement expenses	Not more than RMB71.5 million	4,328.32	13.20%
	IT services fees, insurance intermediary expenses, etc.	The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and amount	991.02	3.40%
	Income from IT services, etc.		157.50	2.04%

**APPENDIX I**
**CONTEMPLATED ORDINARY RELATED PARTY  
TRANSACTIONS OF THE COMPANY FOR 2021**

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

Type of related party transaction	Item	Estimated amount for the year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	Income from provision of trading seats leasing, financial products agency sale, underwriting and sponsorship and financial advisory services, etc.		13,841.17	3.47%
Securities and financial products and transactions	Total capital inflow from bond trading, bond repurchase, mutual purchase or redemption of products managed or financing products issued by the other party, market-making for gold ETFs and money funds of related parties, etc.	The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and amount	483,484.44	–
	Total capital outflow for bond trading, bond repurchase, mutual purchase or redemption of products managed or financing products issued by the other party, market-making for gold ETFs and money funds of related parties, etc.		835,154.68	–
Equity/asset transactions and joint investment	Joint investment with and investment in the equity and assets of related parties	Not more than RMB3 billion	54,510	–
Other related party transactions	Others	The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and amount	0	–

**2. Contemplated ordinary related party transactions with China COSCO Shipping Corporation Limited and its related parties**

*2.1 Contemplated ordinary related party transactions with China COSCO Shipping Corporation Limited and its associates (as defined under the Listing Rules)*

Type of related party transaction	Item	Estimated amount for the year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	Income from provision of underwriting and sponsorship and financial advisory services, etc.	Not more than RMB39 million	55.19	0.03%
Securities and financial products and transactions	Total capital inflow from bond trading, bond repurchase, equity and derivative transactions, mutual purchase or redemption of products managed or financing products issued by the other party, etc.	Not more than RMB1.28 billion of capital inflow, and	12,058.55	–
	Total capital outflow for bond trading, bond repurchase, equity and derivative transactions, mutual purchase or redemption of products managed or financing products issued by the other party, etc.	not more than RMB1.28 billion of capital outflow	21,500.00	–
Equity/asset transactions and joint investment	Joint investment with and investment in the equity and assets of related parties	Not more than RMB1 billion	0	–

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

Type of related party transaction	Item	Estimated amount for the year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	Income from provision of underwriting services, etc.		8.69	0.005%
	Interest expenses for lending and borrowing, etc.		111.74	1.13%
Securities and financial products and transactions	Total capital inflow from interbank market lending and borrowing, bond trading, bond repurchase, interest rate swaps, mutual purchase or redemption of products managed or financing products issued by the other party, etc.	The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and amount	13,611,706.06	–
	Total capital outflow for interbank market lending and borrowing, bond trading, bond repurchase, interest rate swaps, mutual purchase or redemption of products managed or financing products issued by the other party, etc.		14,237,905.25	–

**3. Contemplated ordinary related party transactions with The People's Insurance Company (Group) of China Limited and its related parties**

Pursuant to the Rules of the Shanghai Stock Exchange for Related Party Transactions, companies where Mr. Miao Jianmin (the chairman of China Merchants Group, the de facto controller of the Company) and Mr. Wang Wen (a director of the Company) served or serves as a director or senior management are related parties of the Company. Such companies include The People's Insurance Company (Group) of China Limited (a company listed on the Shanghai Stock Exchange (stock code: 601319) and the Hong Kong Stock Exchange (stock code: 1339)), PICC Property and Casualty Company Limited (a company listed on the Hong Kong Stock Exchange (stock code: 2328)), PICC Health Insurance Company Limited, PICC Pension Company Limited (中國人民養老保險有限責任公司), PICC Asset Management Company Limited, PICC Life Insurance Company Limited, etc.

Type of related party transaction	Item	Estimated amount for the year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	Income from provision of trading seats leasing services to related parties, etc.		320.06	0.37%
Securities and financial products and transactions	Total capital inflow from bond trading, bond repurchase, mutual purchase or redemption of financing products issued by the other party, etc.	The actual amount shall be disclosed due to the difficulty in the estimation of the actual transactions	173,321.33	-
	Total capital outflow for bond trading, bond repurchase, mutual purchase or redemption of financing products issued by the other party, etc.		17,440.48	-

#### 4. Contemplated ordinary related party transactions with related natural persons

##### 4.1 Contemplated ordinary related party transactions with the directors, supervisors and senior management of the Company

Type of related party transaction	Item	Estimated amount for the year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	Income from provision of securities agency trading, financial products agency sale and financial products sale services, etc.	The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and amount	24.90	0.003%
Securities and financial products and transactions	Total capital inflow from purchase or redemption of products managed by the Company by related natural persons, etc.		827.51	–
	Total capital outflow for purchase or redemption of products managed by the Company by related natural persons, etc.		705.78	–

*Note:* The directors, supervisors and senior management of the Company receive remuneration in accordance with the resolutions of the shareholders' general meeting or the relevant remuneration management system. For details, please refer to the annual report of the Company.

##### 4.2 Contemplated ordinary related party transactions with other related natural persons

Type of related party transaction	Item	Estimated amount for the year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	Income from provision of financial products agency sale and financial products sale services, etc.	The actual amount shall be disclosed due to the difficulty in the estimation of the actual items and amount	0.32	0.00024%
Securities and financial products and transactions	Total capital inflow from purchase or redemption of products managed by the Company by related natural persons, etc.		1,300.09	–
	Total capital outflow for purchase or redemption of products managed by the Company by related natural persons, etc.		1,240.69	–

## 5. Contemplated ordinary related party transactions with other related parties

Other related parties include legal persons or other organizations, other than the abovementioned related parties, that are directly or indirectly controlled by the related natural persons of the Company, or where the related natural persons serve as a director or senior management, including those that had or will have a related relationship in the past twelve months and the next twelve months.

Type of related party transaction	Item	Estimated amount for the year	Actual amount for the previous year (RMB10,000)	Percentage in the same type of business
Financial services	Income from provision of underwriting services to related parties, etc.		0	–
Securities and financial products and transactions	Total capital inflow from mutual purchase or redemption of products managed or financing products issued by the other party, etc.	The actual amount shall be disclosed due to the difficulty in the estimation of the actual transactions	573.20	–
	Total capital outflow for mutual purchase or redemption of products managed or financing products issued by the other party, etc.		28,000	–
Other related party transactions	Other income		0	–
	IT services fees, etc.		9.6	0.07%

*Note:* Other related parties involved in transactions in 2020 include COFCO Corporation (中糧集團有限公司), China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司), Overseas Chinese Town Enterprises Limited Company, E-Capital Transfer Co., Ltd., etc.

**II. MAJOR RELATED PARTIES AND THE RELATIONSHIP**

1. China Merchants Group Limited indirectly holds a total of 44.17% of shares of the Company (as of the Latest Practicable Date) and is the de facto controller of the Company. Among China Merchants Group and its related parties, the major related parties that have transactions with the Company include China Merchants Bank Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 600036) and the Hong Kong Stock Exchange (stock code: 3968)), China Merchants Shekou Industrial Zone Holdings Co., Ltd. (a company listed on the Shenzhen Stock Exchange (stock code: 001979)), China Merchants Fund Management Co., Ltd. and its subsidiaries, Bosera Asset Management Co., Limited and its subsidiaries, China Great Wall Securities Co., Ltd. (a company listed on the Shenzhen Stock exchange (stock code: 002939)), etc.
2. China COSCO Shipping Corporation Limited indirectly holds a total of 10.02% of shares of the Company (as of the Latest Practicable Date). Among COSCO Shipping and its related parties, the major related parties that have transactions with the Company include Shanghai Rural Commercial Bank, China Shipping Group Investment Co., Ltd., COSCO SHIPPING Leasing Co., Ltd., etc.
3. Related natural persons of the Company include: the directors, supervisors and senior management of legal persons or other organizations that directly or indirectly control the Company, the directors, supervisors and senior management of the Company and their spouses, children aged 18 or above and their spouses, parents and spouse's parents, siblings and their spouses, spouse's siblings, children's spouse's parents, and those who have the abovementioned relationship in the past twelve months and the next twelve months.



**III. PRICING PRINCIPLES FOR RELATED PARTY TRANSACTIONS**

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

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

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

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

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

China Merchants Securities Co., Ltd. (the “**Company**”) is committed to its own sustainable development while also attaches great importance to providing reasonable returns to shareholders. Pursuant to the requirements of the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Notice of the China Securities Regulatory Commission Regarding Further Implementation of Cash Dividends Distribution of Listed Companies, the Guideline No. 3 for the Supervision and Administration of Listed Companies – Cash Dividend for Listed Companies, the Guideline of the Shanghai Stock Exchange for Cash Dividends Distribution of Listed Companies and the Articles of Association of China Merchants Securities Co., Ltd. (the “**Articles of Association**”), the Company has formulated the shareholders’ return plan for the next three years (2021-2023) (the “**Plan**”). Details of the Plan are as follows:

## **I. PRINCIPLES FOR THE FORMULATION OF THE PLAN**

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

## **II. CONSIDERATIONS FOR THE PLAN**

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

## III. DETAILS OF THE SHAREHOLDERS' RETURN PLAN (2021-2023)

1. Form of profit distribution: The Company shall distribute dividends in form of cash, shares or a combination of cash and shares, and shall prioritize profit distribution in form of cash. The specific distribution ratio shall be determined by the board of directors (the “**Board**”) in accordance with the Company’s operating conditions and the relevant requirements of the China Securities Regulatory Commission, and shall be considered and approved at the shareholders’ general meeting. As long as the Company records profit and all risk control indicators meet the regulatory requirements, and taking into full consideration of the Company’s operations and long-term development needs, the Company shall take the initiative to distribute dividends in form of cash.
2. **Specific conditions for and ratio of cash dividends**
  - (1) Specific conditions for distributing cash dividends: The Company records profit for the year and the total undistributed profit in the consolidated financial statement is a positive value; the auditor issues a standard unqualified audit report on the Company’s financial report for the year; and upon the implementation of the cash dividend distribution plan, the Company’s risk control indicators such as net capital do not reach the early warning levels stipulated in the Measures for Managing the Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》).
  - (2) Ratio of cash dividends: In compliance with laws, regulations, regulatory requirements and provisions of the Articles of Association, the Company’s annual profits distributed in cash shall not be less than 10% of the distributable profits realized in that year, and in any three consecutive years, the Company’s total profits distributed in cash shall not be less than 30% of the average distributable profits realized for those three years.

- (3) Differentiated cash dividend policy: When the Company is at a mature development stage and has no major capital expenditure arrangement, the ratio of cash dividends shall be at least 80% in the profit distribution. When the Company is at a mature development stage and has a major capital expenditure arrangement, the ratio of cash dividends shall be at least 40% in the profit distribution. Where the Company is at a growing development stage and has a major capital expenditure arrangement, the ratio of cash dividends shall be at least 20% in the profit distribution. Where the Company's development stage cannot be clearly distinguished but there is a major capital expenditure arrangement, the above provision shall be complied with.
- 3. Conditions for distributing share dividends: The Company may distribute dividends in form of shares based on the annual profits and cash flow condition and subject to the satisfaction of the lowest ratio for cash dividends and the reasonableness of the Company's scale of share capital, after taking into full consideration of the Company's growth and the dilution of net assets per share and other real and reasonable factors. If the Company distributes dividends in form of cash or shares or a combination of the two, it shall determine the specific amount and ratio of profits distributed in form of shares, and shall ensure that the distribution plan will be in the interest of all shareholders as a whole as well as their long-term interest.
- 4. **Provisions on the increase in profit distributed**
  - (1) If the Company's net profit maintains a sustained and stable growth, the Company may increase the ratio of cash dividends or distribute dividends in form of shares, so as to increase the return to investors;
  - (2) The Board of the Company may propose the Company to make interim cash dividend distribution based on the Company's profitability and capital requirements and relevant conditions.
- 5. Intervals of profit distribution: Under the premise that there is profit available for distribution, the Company shall make profit distribution at least once a year; the Company can make interim profit distribution in form of cash according to the conditions of production and operation and capital requirements.

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

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

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

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

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

Pursuant to the requirements of Rule 19A.38 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, in order to grasp market opportunity and ensure flexibility in issuing new shares and in line with market practices of H share listed companies, it is proposed to the shareholders' general meeting to approve the grant of an unconditional general mandate to the board of directors (the "**Board**") by a special resolution to authorize the Board to decide to, subject to market conditions and the needs of the Company, issue, allot and deal with additional shares not exceeding 20% of the amount of overseas-listed foreign shares (H shares) in issue at the date of the passing of such resolutions and also authorize the Board to approve and execute necessary document(s), submit all necessary application procedures to relevant authorities and take other necessary steps to complete the aforesaid matters.

#### I. THE CONTENTS OF THE MANDATE

Details of the contents of the mandate include but 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 conditions and the needs of the Company, issue, allot and deal with additional shares of the share capital of H shares of the Company and make or grant offers, agreements, or options in relation to such shares during the Relevant Period (as defined below);
- (2) The aggregate nominal value of the H shares approved to be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to the exercise of options or otherwise) by the Board (or the director(s) authorized by the Board) shall not exceed 20% of the aggregate nominal value of the H shares in issue at the date of the passing of this resolution at the shareholders' general meeting;
- (3) The Board (or the director(s) authorized by the Board) be authorized to, upon the exercise of the aforementioned general mandate, formulate and implement detailed issuance plan, including but not limited to the class of new shares to be issued, pricing mechanism and/or issuance price (including price range), number of shares to be issued, allottees and use of proceeds, etc., and to determine the time of issuance, period of issuance and whether to allot shares to existing shareholders;

- (4) The Board be authorized to engage agents for share issuance related matters under the general mandate; to approve and execute all acts, deeds, documents and other matters necessary, appropriate, required or relevant for share issuance; and to consider, approve, amend, according to the requirements of domestic and overseas regulatory authorities, and execute, on behalf of the Company, agreements related to the issuance, including but not limited to placing underwriting agreement and engagement agreement of agent, etc.;
- (5) The Board be authorized to consider, approve, amend, according to the requirements of domestic and overseas regulatory authorities, and execute, on behalf of the Company, statutory documents in relation to the issuance to be submitted to regulatory authorities; to carry out approval procedures required by regulatory authorities and places in which the Company is listed; and to complete all necessary filings, registrations and records with the relevant governmental authorities of Hong Kong and/or any other regions and jurisdictions (if applicable);
- (6) The Board be authorized to increase the registered capital of the Company after the issuance of new shares, and to make corresponding amendments to the Articles of Association of China Merchants Securities Co., Ltd. (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 of Association, the Board be authorized to in turn authorize the management of the Company to deal with the authorizations under items (4) and (5) above according to relevant systems and work procedures.



**II. VALIDITY OF THE MANDATE**

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

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

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

Exercise of the power granted under the aforementioned mandate by the Board is subject to approvals of the competent authorities and in accordance with the Company Law, the 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.

The above resolution is submitted for consideration and approval.

## NOTICE OF 2020 ANNUAL GENERAL MEETING



**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)**

## NOTICE OF 2020 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2020 annual general meeting (the “AGM”) of China Merchants Securities Co., Ltd. (the “Company”) will be held at China Merchants Securities Building, 111 Fuhua Yi Road, Futian Street, Futian District, Shenzhen, the PRC on Friday, June 4, 2021 at 10:00 a.m. to consider the following resolutions:

### ORDINARY RESOLUTIONS

1. To consider and approve the working report of the Board of the Company for 2020.
2. To consider and approve the working report of the Supervisory Committee of the Company for 2020.
3. To consider and approve the duty report of independent Directors of the Company for 2020.
4. To consider and approve the annual report of the Company for 2020.
5. To consider and approve the final accounts report of the Company for 2020.
6. To consider and approve the profit distribution plan of the Company for 2020.
7. To consider and approve the budget for proprietary investment of the Company for 2021.
8. To consider and approve the engagement of the auditors of the Company for 2021.
9. To consider and approve the contemplated ordinary related party transactions of the Company for 2021.
  - 9.01 Contemplated ordinary related party transactions with China Merchants Bank Co., Ltd. and its subsidiaries (excluding China Merchants Fund Management Co., Ltd. and its subsidiaries);
  - 9.02 Contemplated ordinary related party transactions with China Merchants Group Limited and its associates;

## NOTICE OF 2020 ANNUAL GENERAL MEETING

- 9.03 Contemplated ordinary related party transactions with other related parties of China Merchants Group Limited (excluding China Merchants Bank and its subsidiaries, but including major upstream and downstream enterprises);
- 9.04 Contemplated ordinary related party transactions with China COSCO Shipping Corporation Limited and its associates;
- 9.05 Contemplated ordinary related party transactions with other related parties of China COSCO Shipping Corporation Limited;
- 9.06 Contemplated ordinary related party transactions with The People's Insurance Company (Group) of China Limited and its related parties;
- 9.07 Contemplated ordinary related party transactions with the Directors, Supervisors and senior management of the Company;
- 9.08 Contemplated ordinary related party transactions with other related natural persons; and
- 9.09 Contemplated ordinary related party transactions with other related parties.
- 10. To consider and approve the provision of guarantees by China Merchants Securities International Company Limited and its wholly-owned subsidiaries.
- 11. To consider and approve the Shareholders' Return Plan (2021-2023) of the Company.
- 12. To consider and approve the election of Mr. LIU Weiwu as a non-executive Director of the seventh session of the Board of the Company.

### SPECIAL RESOLUTION

- 13. To consider and approve the grant of General Mandate to the Board to issue additional H shares of the Company.

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

Shenzhen, the PRC  
Friday, April 30, 2021

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### Notes:

#### 1. Eligibility for attending the AGM and date of registration of members.

- (1) The register of members will be closed from Monday, May 31, 2021 to Friday, June 4, 2021 (both days inclusive), during which period no transfer of H Shares will be effected. All transfer documents accompanied by the relevant share certificate, shall be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, May 28, 2021. Holders of Shares who have submitted their transfer documents to the Company's H Share registrar and registered as Shareholders on the register of members of H Shares of the Company before 4:30 p.m. on Friday, May 28, 2021 are entitled to attend and vote in respect of all resolutions to be proposed at the AGM.
- (2) Further announcement will be made by the Company in the PRC regarding the record date and arrangements for holders of A Shares of the Company who are entitled to attend the AGM.

#### 2. Proxy

- (1) A Shareholder who is entitled to attend and vote at the AGM may appoint one or more proxy(ies) to attend and vote on his/her behalf. A proxy need not be a Shareholder of the Company. A proxy of a Shareholder who has appointed more than one proxy may only vote by poll.
- (2) If a Shareholder wishes to appoint his/her proxy(ies) to attend the AGM, the instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or duly authorized attorney. If the instrument is signed by an attorney of the appointor, the power of attorney authorizing the attorney to sign or other document of authorization shall be notarized.
- (3) In order to be valid, for holders of H Shares, the notarized power of attorney or other document of authorization and the form of proxy shall be delivered to Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the AGM.

#### 3. Registration procedures for attending the AGM

- (1) A Shareholder attending in person should present valid proof of identity or stock account card when attending the AGM. In the case of attendance by proxy, the proxy should present valid proof of identity and the proxy form(s) of the Shareholder.
- (2) If a Shareholder is a legal person, its legal representative should present his/her proof of identity and valid proof of its capacity as a legal representative. In the case of attendance by proxy of the legal representative, the proxy should present his/her proof of identity and a written letter of authorization duly issued by such legal representative when attending the AGM.

#### 4. Voting by poll

According to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of shareholders at a shareholders' general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the AGM will demand a poll in relation to all the proposed resolutions at the AGM in accordance with Article 128 of the Articles of Association of the Company.

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### 5. Miscellaneous

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

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

Computershare Hong Kong Investor Services Limited

Address: Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for lodging transfer documents)

17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong  
(for deposit of proxy form)

Telephone: (852) 2862 8555

Fax: (852) 2865 0990

The Company

Contact address: No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen, Guangdong Province, the PRC General office of China Merchants Securities Co., Ltd.

Contact person: SHANG Zhe, WANG Xiaodi and SUN Ya

Contact number: (86) 755-8308 1596, (86) 755-8308 1603 and (86) 755-8308 1580

Fax: (86) 755-8294 4669

- (3) For details of the resolutions to be submitted for consideration and approval at the AGM, please refer to the circular of the Company to be published in relation to the AGM on or before Friday, April 30, 2021.

*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 Mr. XIONG Xianliang, Ms. SU Min, 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.*