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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 securities broker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Central China Securities Co., Ltd., you should at once hand this circular together with the enclosed proxy form to the purchaser or the transferee or to the bank, securities broker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Central China Securities Co., Ltd.

(a joint stock company incorporated in 2002 in Henan Province, the People's Republic of China with limited liability under the Chinese corporate name "中原证券股份有限公司" and carrying on business in Hong Kong as "中州证券")

(Stock Code: 01375)

- (1) RE-APPOINTMENT OF THE AUDITING FIRM FOR THE YEAR OF 2026**
- (2) PROFIT DISTRIBUTION PLAN FOR THE YEAR OF 2025 AND INTERIM PROFIT DISTRIBUTION AUTHORIZATION FOR THE YEAR OF 2026**
- (3) SPECIAL STATEMENT ON EVALUATIONS AND REMUNERATION OF THE DIRECTORS FOR THE YEAR OF 2025**
- (4) SPECIAL STATEMENT ON EVALUATIONS AND REMUNERATION OF THE SUPERVISORS FOR THE YEAR OF 2025**
- (5) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (6) DETERMINING BUSINESS SCALE AND RISK LIMITS OF SECURITIES PROPRIETARY TRADING FOR THE YEAR OF 2026**
- (7) CONTINUING CONNECTED TRANSACTIONS WITH HENAN INVESTMENT GROUP**
- (8) DAILY RELATED TRANSACTION WITH ZHONGYUAN BANK**
- (9) PROPOSED APPOINTMENT OF A NON-EXECUTIVE DIRECTOR**
- (10) MEASURES FOR THE ADMINISTRATION OF TOTAL WAGES (REVISED)**
- AND**
- (11) NOTICE OF ANNUAL GENERAL MEETING**

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



Letter from the Board is set out on pages 6 to 41 of this circular.

A letter from the Independent Board Committee, containing its advice to the Independent Shareholders of the Company, is set out on pages 42 to 43 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders of the Company, is set out on pages 44 to 64 of this circular.

The AGM of the Company will be held at 9:00 a.m., on Tuesday, 30 June 2026 at Conference Room, 17th Floor, Zhongyuan Guangfa Finance Building, No. 10 Business Outer Ring Road, Zhengdong New District, Zhengzhou, Henan Province, China. The Notice of AGM is set out on pages 90 to 92 of this circular. The proxy form for use at the AGM has been published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.ccnew.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 appointed for the holding of the AGM and deposit it together with the notarized power of attorney or other documents of authorization with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares). Completion and return of the form of proxy will not preclude you from attending and voting at the AGM in person should you so desire.

9 June 2026

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DEFINITIONS

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

“A Share(s)”	domestic listed ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the Main Board of the Shanghai Stock Exchange
“A Shareholder(s)”	the holder(s) of A Shares
“AGM”	the annual general meeting for the year 2025 (or any adjournment thereof) of the Company to be convened and held at 9:00 a.m., on Tuesday, 30 June 2026 at Conference Room, 17th Floor, Zhongyuan Guangfa Finance Building, No. 10 Business Outer Ring Road, Zhengdong New District, Zhengzhou, Henan Province, China
“Announcement”	the announcement of the Company dated 9 June 2026 in relation to, among other things, the Revised Framework Agreement and the Proposed New Annual Caps for Securities and Financial Products Transactions
“Approval Matters”	the Revised Framework Agreement and the Proposed New Annual Caps for Securities and Financial Products Transactions, which are subject to approval by the Independent Shareholders under Chapter 14A of the Hong Kong Listing Rules
“Articles of Association”	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
“associate(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules
“Board”	the board of the Directors of the Company
“Central China Blue Ocean”	Central China Blue Ocean Investment Management Co., Ltd.

DEFINITIONS

“Central China Futures”	Central China Futures Co., Ltd.
“Central China International”	Central China International Financial Holdings Company Limited
“Company Law”	the Company Law of the People’s Republic of China
“connected person(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the Main Board of the Hong Kong Stock Exchange
“H Shareholder(s)”	the holder(s) of H Shares
“Henan Investment Group”	Henan Investment Group Co., Ltd.* (河南投資集團有限公司), a wholly state-owned limited liability company incorporated in the PRC which, as at the Latest Practicable Date, is a substantial shareholder of the Company, directly and indirectly holding 1,023,556,847 Shares, representing approximately 22.05% of the total share capital of the Company
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors who do not have a material interest in the Approval Matters, namely Mr. CHEN Zhiyong, Mr. WANG Hui, Mr. WANG Huixuan and Mr. DU Xiaotang, established to advise the Independent Shareholders in respect of the Approval Matters
“Independent Director(s)”	the independent non-executive director(s) of the Company
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited (新百利融資有限公司), a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Approval Matters
“Independent Shareholders”	Shareholders other than Henan Investment Group and its associates
“Latest Practicable Date”	8 June 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“New Third Board”	National Equities Exchange and Quotations for medium and small-sized enterprises
“PRC” or “China”	the People’s Republic of China
“Proposed New Annual Caps for Securities and Financial Products Transactions”	the proposed new annual caps for securities and financial products transactions under the Revised Framework Agreement for the two financial years ending 31 December 2026 and 31 December 2027

DEFINITIONS

“Revised Framework Agreement”	the daily related-party/continuing connected transactions framework agreement (2026 revision) to be entered into between Henan Investment Group and the Company, the principal terms of which are set out in this circular
“RMB”	the lawful currency of the PRC, Renminbi, the basic unit of which is “yuan”
“Securities and Financial Services Framework Agreement with Henan Investment Group”	the securities and financial services framework agreement entered into between Henan Investment Group and the Company on 30 December 2024 for a term commencing from 1 January 2025 and ending on 31 December 2027
“Securities Law”	the Securities Law of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
“Share(s)”	ordinary share(s) of RMB1.00 each in the share capital of the Company, comprising A Shares and H Shares
“Shareholder(s)”	the shareholder(s) of the Company
“SSE”	the Shanghai Stock Exchange
“Supervisor(s)”	the original supervisor(s) of the Company, and the supervisory committee of the Company was abolished on 30 June 2025
“Supervisory Committee”	the original supervisory committee of the Company, which was abolished by the Company on 30 June 2025

DEFINITIONS

“The Company”, “Company” or “Central China Securities”	Central China Securities Co., Ltd. (中原证券股份有限公司) (carrying on business in Hong Kong as “中州证券”), a joint stock company incorporated on 8 November 2002 in Henan Province, the PRC with limited liability, the H Shares and A Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 01375) and the Shanghai Stock Exchange (stock code: 601375), respectively
“ZDKY Venture Capital”	Zhongding Kaiyuan Venture Capital Management Co., Ltd.
“Zhongyuan Bank”	Zhongyuan Bank Co., Ltd., a joint stock company incorporated under the laws of the PRC, the shares of which are listed on the Stock Exchange (stock code: 01216), which principally engages in banking and related financial services in the PRC, including corporate banking, retail banking, treasury business and other businesses. As at the Latest Practicable Date, Henan Investment Group’s shareholding in Zhongyuan Bank was less than 30%
“%”	per cent

LETTER FROM THE BOARD



Central China Securities Co., Ltd.

(a joint stock company incorporated in 2002 in Henan Province, the People's Republic of China with limited liability under the Chinese corporate name “中原证券股份有限公司” and carrying on business in Hong Kong as “中州证券”)

(Stock Code: 01375)

Directors:

Ms. ZHANG Qiuyun (*Chairlady*)
Mr. LI Wenqiang
Mr. FENG Ruofan
Mr. TANG Jin
Mr. TIAN Shengchun
Ms. ZHU Junhong (*Employee Director*)

Independent Non-executive Directors:

Mr. CHEN Zhiyong
Mr. WANG Hui
Mr. WANG Huixuan
Mr. DU Xiaotang

Registered Address in the PRC:

No. 10 Business Outer Ring Road
Zhengdong New District
Zhengzhou, Henan Province
China

*Headquarters/Principal Place of
Business in the PRC:*

No. 10 Business Outer Ring Road
Zhengdong New District
Zhengzhou, Henan Province
China

Principal Place of Business in Hong Kong:

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

9 June 2026

To the Shareholders

Dear Sir or Madam,

- (1) RE-APPOINTMENT OF THE AUDITING FIRM FOR THE YEAR OF 2026**
- (2) PROFIT DISTRIBUTION PLAN FOR THE YEAR OF 2025 AND INTERIM PROFIT DISTRIBUTION AUTHORIZATION FOR THE YEAR OF 2026**
- (3) SPECIAL STATEMENT ON EVALUATIONS AND REMUNERATION OF THE DIRECTORS FOR THE YEAR OF 2025**
- (4) SPECIAL STATEMENT ON EVALUATIONS AND REMUNERATION OF THE SUPERVISORS FOR THE YEAR OF 2025**
- (5) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (6) DETERMINING BUSINESS SCALE AND RISK LIMITS OF SECURITIES PROPRIETARY TRADING FOR THE YEAR OF 2026**
- (7) CONTINUING CONNECTED TRANSACTIONS WITH HENAN INVESTMENT GROUP**
- (8) DAILY RELATED TRANSACTION WITH ZHONGYUAN BANK**
- (9) PROPOSED APPOINTMENT OF A NON-EXECUTIVE DIRECTOR**
- (10) MEASURES FOR THE ADMINISTRATION OF TOTAL WAGES (REVISED)**
- AND**
- (11) NOTICE OF ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

I. INTRODUCTION

At the AGM, the following resolutions, among other things, will be proposed to approve: (1) Re-appointment of the Auditing Firm for the Year of 2026; (2) Profit Distribution Plan for the Year of 2025 and Interim Profit Distribution Authorization for the Year of 2026; (3) Special Statement on Evaluations and Remuneration of the Directors for the Year of 2025; (4) Special Statement on Evaluations and Remuneration of the Supervisors for the Year of 2025; (5) Proposed Amendments to the Articles of Association; (6) Determining Business Scale and Risk Limits of Securities Proprietary Trading for the Year of 2026; (7) Continuing Connected Transactions with Henan Investment Group; (8) Daily Related Transaction with Zhongyuan Bank; (9) Proposed Appointment of a Non-executive Director; and (10) Measures for the Administration of Total Wages (Revised).

This circular aims to inform you of details of the aforementioned matters, and sets out the Notice of the AGM.

II. RE-APPOINTMENT OF THE AUDITING FIRM FOR THE YEAR OF 2026

In 2025, the Company engaged ShineWing Certified Public Accountants (Special General Partnership) (hereinafter referred to as “**ShineWing**”) as the auditor for financial reporting and internal control. During the audit process, ShineWing complied with the auditing standards and laws and regulations, abided by professional ethics, possessed professional competence, and completed the audit work independently and objectively.

In order to maintain the continuity of audit work, based on the industry practices and combined with professional standards and service experience of ShineWing, the Company proposes to re-appoint ShineWing as the auditor of the Company for 2026 for a term of one year to be responsible for the provision of domestic and overseas audit services in accordance with the China Accounting Standards for Business Enterprises. The audit and review fees of the Company for 2026 shall be RMB1,670,000 (including interim review fees of RMB250,000, and audit fees of RMB1,420,000 for annual financial and special regulatory reports), which are consistent with the fees for 2025. The audit fee was estimated based on complexity and business plan of the Group, the expected audit scope, audit timetable and auditor’s resources required. If the audit fees increase subsequently due to the additional audit work, it shall be proposed to the AGM to authorize the Board to determine the adjustment of the relevant audit fees.

The Re-appointment of the Auditing Firm for the Year of 2026 is subject to the consideration and approval of the Shareholders at the AGM by way of an ordinary resolution.

LETTER FROM THE BOARD

III. PROFIT DISTRIBUTION PLAN FOR THE YEAR OF 2025 AND INTERIM PROFIT DISTRIBUTION AUTHORIZATION FOR THE YEAR OF 2026

(I) Profit Distribution Plan for the Year of 2025

As audited by ShineWing, as of 31 December 2025, the parent company's distributable profit was RMB576,158,959.17 and the consolidated distributable profit was RMB704,588,798.17. The Profit Distribution Plan is as follows:

- (1) The Company proposes to distribute a cash dividend of RMB0.22 (tax inclusive) for every 10 Shares to all Shareholders (including Shareholders of A Shares and Shareholders of H Shares). As of 31 December 2025, the total share capital of the Company was 4,642,884,700 shares, based on which a total cash dividend of RMB102,143,463.40 (tax inclusive) is proposed to be distributed, plus the distributed cash dividend of RMB37,143,077.60 (tax inclusive) in the first half of the year. The total proposed distribution of cash dividends for the year 2025 amounted to RMB139,286,541.00 (tax inclusive), representing 30.56% of the net profit attributable to shareholders of the parent company in 2025.
- (2) In the event of a change in the total share capital of the Company after the date of the shareholders' meeting approving the Profit Distribution Plan for the Year of 2025 and before the record date for the implementation of dividend, the total distribution amount will be kept unchanged and the rate will be adjusted accordingly.
- (3) No capital reserves will be converted into share capital and no bonus shares will be distributed by the Company.

(II) Interim Profit Distribution Authorization for the Year of 2026

On the premise of complying with the relevant laws and regulations, and the Articles of Association, the Company will distribute cash dividends based on the Company's profitability, with the amount of dividends not exceeding the net profit attributable to shareholders of the parent company during the interim period in 2026.

It is proposed to the shareholders' meeting to authorize the Board of the Company to formulate a specific interim Profit Distribution Plan for the year of 2026 in accordance with the resolution of the shareholders' meeting, subject to the conditions of profit distribution. The Profit Distribution Plan for the year of 2025 and interim profit distribution authorization for the year of 2026 are subject to the consideration and approval of the Shareholders at the AGM by way of an

LETTER FROM THE BOARD

ordinary resolution. After the Profit Distribution Plan of the Company for the year of 2025 is considered and approved by the AGM, the Company will complete the profit distribution by 31 August 2026.

IV. SPECIAL STATEMENT ON EVALUATIONS AND REMUNERATION OF THE DIRECTORS FOR THE YEAR OF 2025

According to the provisions of the Company Law, the Governance Standards for Securities Companies (《證券公司治理準則》), the Governance Standards for Listed Companies (上市公司治理準則) and the Articles of Association, the Evaluations and Remuneration of the Directors of the Company for the Year of 2025 are set out below:

(I) Basic Information of the Board

The Company actively promoted the improvement of corporate governance structure and ensured the orderly development of the work of the Board. As of 31 December 2025, there were 10 members of the Board, namely Ms. ZHANG Qiuyun as Chairlady of the Board, Mr. LI Wenqiang, Mr. FENG Ruofan, Mr. TANG Jin, Mr. TIAN Shengchun, and Ms. ZHU Junhong (Employee Director) as non-executive directors, and Mr. CHEN Zhiyong, Mr. WANG Hui, Mr. WANG Huixuan, and Mr. DU Xiaotang as independent non-executive Directors.

(II) Performance by and Evaluation of Directors

In 2025, the Company convened 2 shareholders' meetings, 9 Board meetings, 4 meetings of the Strategy and Sustainability Committee under the Board, 6 meetings of the Risk Control Committee under the Board, 7 meetings of the Audit Committee under the Board and 7 meetings of the Remuneration and Nomination Committee under the Board. All the Directors of the Board attended Board meetings and meetings of special committees in accordance with requirements, carefully considered the proposals, and offered advice and suggestions in professional manners regarding, among others, the reform and innovation, significant matters, related party transactions, internal control, compliance management, risk control, system establishment and social responsibilities of the Company, which ensured that the decision-making of the Board was compliant, reasonable and standardized, guaranteed the truthfulness, accuracy and completeness of the information disclosed by the Company and duly protected the interests of the Shareholders of the Company. In 2025, all the Directors of the Board of the Company faithfully and diligently performed their statutory obligations in compliance with laws, and there have been no violations of any applicable laws or regulations. The annual assessment results of the Directors of the Company for the year of 2025 were all "competent".

LETTER FROM THE BOARD

(III) Remuneration of Directors

The remuneration of the Directors of the Company comprises allowances and other remunerations. The remuneration of the internal Directors of the Company is determined based on their specific positions in the Company with reference to the relevant remuneration and evaluation system of the Company. The allowances of the external Directors of the Company are paid on a monthly basis, and the external Directors are not entitled to remunerations other than the allowances from the Company. For details of payment of remunerations to the Directors by the Company in 2025, refer to the 2025 Annual Report of Central China Securities Co., Ltd. disclosed by the Company on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange and the relevant announcements disclosed by the Company.

The Evaluations and Remuneration of the Directors for the Year of 2025 are subject to the consideration and approval of the Shareholders at the AGM by way of an ordinary resolution.

V. SPECIAL STATEMENT ON EVALUATIONS AND REMUNERATION OF THE SUPERVISORS FOR THE YEAR OF 2025

According to the provisions of the Company Law, the Governance Standards for Securities Companies (《證券公司治理準則》), the Governance Standards for Listed Companies (上市公司治理準則) and the Articles of Association, the Evaluations and Remuneration of the Supervisors of the Company for the Year of 2025 are set out below:

(I) Basic Information of the Supervisory Committee

The Company actively promoted the improvement of corporate governance structure and ensured the orderly work of the Supervisory Committee. The Supervisory Committee has been dissolved by the Company since 30 June 2025. As of 30 June 2025, the Supervisory Committee consisted of nine members, namely Ms. ZHU Junhong as chairlady of the Supervisory Committee, Mr. WEI Zhihao, Mr. LI Zhifeng and Mr. ZHANG Bo as shareholder representative Supervisors, Ms. XIANG Siying and Mr. XIA Xiaoning as independent Supervisors, and Mr. BA Guanhua, Ms. XU Changyu and Ms. XIAO Yichen as employee representative Supervisors.

(II) Performance by and Evaluation of Supervisors

In 2025, the Supervisory Committee of the Company held 3 meetings, and attended 3 Board meetings as observers. The Supervisors carefully considered the proposals, supervised the legitimate operation, the significant decision-making, the major operations, the financial position and the lawfulness and compliance of performance of the Directors and senior management of the Company, supervised the convening, voting procedures and voting results of the Board meetings,

LETTER FROM THE BOARD

proactively protected the lawful interests of the Company and its Shareholders, and facilitated the lawful operation and standardized management of the Company. The Supervisors were diligent and responsible in the performance of their duties without the conduct prohibited by the Articles of Association. The annual assessment results of the Supervisors of the Company for the year of 2025 were all “competent”.

(III) Payment of Remuneration of Supervisors in 2025

The remuneration of the Supervisors of the Company comprises allowances and other remunerations. The remuneration of the internal Supervisors of the Company is determined based on their specific positions in the Company according to the relevant remuneration and evaluation system of the Company. The allowances of the external Supervisors of the Company are paid on a monthly basis, and the external Supervisors are not entitled to remunerations other than the allowances from the Company. For details of payment of remunerations to the Supervisors by the Company in 2025, refer to the 2025 Annual Report of Central China Securities Co., Ltd. disclosed by the Company on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

The Evaluations and Remuneration of the Supervisors for the Year of 2025 are subject to the consideration and approval of the Shareholders at the AGM by way of an ordinary resolution.

VI. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 27 March 2026 in relation to the proposed amendments to the Articles of Association.

In order to further improve the level of corporate governance, the Company intends to amend the Articles of Association in accordance with the Code of Governance for Listed Companies issued by the CSRC and other relevant regulations, and taking into account the actual situation of the Company.

The main amendments include: the expression of the company’s name, the construction of financial culture with Chinese characteristics, the cumulative voting mechanism, the powers of employee directors and ESG management responsibilities.

Please refer to Appendix I to this circular for details of the proposed amendments to the Articles of Association.

LETTER FROM THE BOARD

The English version of the Articles of Association is an unofficial translation of the Chinese version. In case of inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

The proposed amendments to the Articles of Association are subject to the consideration and approval of a special resolution by the Shareholders at the AGM, and the Board has also proposed to the shareholders' meeting to authorize the Operation Management of the Board to register the relevant industrial and commercial changes and report them to the Henan Regulatory Bureau of the CSRC for the record.

VII. DETERMINING BUSINESS SCALE AND RISK LIMITS OF SECURITIES PROPRIETARY TRADING FOR THE YEAR OF 2026

According to the Provisions on the Calculation Basis for Risk Control Indicators of Securities Companies (《證券公司風險控制指標計算標準規定》), the aggregate amount of proprietary equity securities and securities derivatives shall not exceed 100% of the net capital of a securities company, and the aggregate amount of proprietary non-equity securities and securities derivatives shall not exceed 500% of the net capital of a securities company and the warning level is 80% of the stipulated requirement. Considering the assets, liabilities, gains or losses and capital sufficiency and other conditions of the Company, it is proposed that the business scale and risk limits of the securities proprietary trading of the Company for the year of 2026 are as follows:

- I. The investment scale of the proprietary equity securities and their securities derivatives for 2026 shall not exceed 40% of the net capital (in real time). The total investment loss shall not exceed 15% of the total self-owned capital investments.

The investment scale of the proprietary equity securities and their securities derivatives is measured with reference to the regulatory standards. If there are any changes in the regulatory standards in a given year, the above shall be adjusted to comply with the latest regulatory standards.

- II. The investment scale of the proprietary non-equity securities and their derivatives for 2026 shall not exceed 380% of the net capital (in real time).

The total investment loss shall not exceed 5% of the total self-owned capital investments.

LETTER FROM THE BOARD

The investment scale of the proprietary non-equity securities and securities derivatives is measured with reference to the regulatory standards. If there are any changes in the regulatory standards in a given year, the above shall be adjusted to comply with the latest regulatory standards. The Operation Management of the Company is authorized to determine the specific scale of funds and risk limits to the extent of authorized limits according to market conditions when the relevant conditions of the CSRC for proprietary trading management and risk control are met.

The resolution on Determining Business Scale and Risk Limits of Securities Proprietary Trading for the Year of 2026 is subject to the consideration and approval of the Shareholders at the AGM by way of an ordinary resolution.

VIII. CONTINUING CONNECTED TRANSACTIONS WITH HENAN INVESTMENT GROUP

1. Background

References are made to the announcements of the Company dated 23 December 2024, 30 December 2024 and 9 June 2026 in relation to, among other things, the continuing connected transactions between the Company and Henan Investment Group.

As disclosed in the announcement of the Company dated 23 December 2024 and 30 December 2024, the Company and Henan Investment Group entered into the Securities and Financial Services Framework Agreement for a term commencing from 1 January 2025 and ending on 31 December 2027, and the Company set the annual caps for the continuing connected transactions contemplated thereunder for the three financial years ending 31 December 2027.

Due to the significant increase in the depth and breadth of cooperation between the Group and Henan Investment Group, the Company expects that the existing annual caps for certain continuing connected transactions between the Group and Henan Investment Group and its subsidiaries and/or associates for the two financial years ending 31 December 2026 and 31 December 2027 will not be sufficient to meet the business development needs of the Group.

On 9 June 2026, the Board resolved to enter into the Revised Framework Agreement with Henan Investment Group and to revise or propose the relevant annual caps for the continuing connected transactions contemplated thereunder for the two financial years ending 31 December 2026 and 31 December 2027.

LETTER FROM THE BOARD

2. The Revised Framework Agreement with Henan Investment Group

(1) Existing Framework Agreement

The Group has been, in the ordinary and usual course of its businesses, engaged in continuing transactions with Henan Investment Group and its associates. As Henan Investment Group and its associates are connected persons of the Company and transactions between the Group and Henan Investment Group and its associates are continuing connected transactions of the Group, the Company entered into the relevant framework agreement with Henan Investment Group to regulate such continuing connected transactions of the Company.

Under the Securities and Financial Services Framework Agreement with Henan Investment Group entered into on 30 December 2024, the Group and Henan Investment Group may provide securities and financial services to each other during daily operation on normal commercial terms for a term commencing from 1 January 2025 and ending on 31 December 2027. When the Securities and Financial Services Framework Agreement with Henan Investment Group was entered into in December 2024, the Group had not carried out securities and financial products transactions with Henan Investment Group and its associates in 2023 and 2024 and, based on the information then available, the Company expected at that time that there was a substantial likelihood that it would not enter into any securities and financial products transactions with Henan Investment Group for the three years ending 31 December 2027, the existing Securities and Financial Services Framework Agreement with Henan Investment Group did not include securities and financial products transactions, and no annual caps were set for such transactions as well.

Thereafter, the depth and breadth of cooperation between the Group and Henan Investment Group increased. Based on currently available information, the Company expects that the Group may carry out securities and financial products transactions with Henan Investment Group and its associates in 2026 and 2027. Such transactions may provide the Group with additional investment opportunities and investment returns, and the investment risks of the products currently proposed to be traded are expected to be controllable. Subject to compliance with the Group's pricing policies, risk control requirements and internal approval procedures, the Company may make such investments. Accordingly, the Company proposes to include securities and financial products transactions in the Revised Framework Agreement and set annual caps to ensure compliance with the continuing connected transaction requirements.

(2) Revised Framework Agreement

On 9 June 2026, the Board resolved to enter into the Revised Framework Agreement with Henan Investment Group to revise the existing arrangement with Henan Investment Group for the two financial years ending 31 December 2026 and 31 December 2027, so as to include securities and financial products transactions between the Group and Henan Investment Group and its subsidiaries and/or associates, and other services to be provided by Henan Investment Group and its subsidiaries and/or associates to the Group, and to revise or propose the annual caps for the transactions contemplated thereunder.

LETTER FROM THE BOARD

Principal terms of the Revised Framework Agreement are set out below:

Item	Principal terms
Parties	<p>(i) Henan Investment Group Co., Ltd.; and</p> <p>(ii) the Company</p>
Term	<p>Subject to regulatory requirements and applicable laws, regulations and rules, from the date on which the Revised Framework Agreement is approved at the shareholders' meeting of the Company to 31 December 2027. Upon expiry and subject to compliance with relevant laws, regulations and approval procedures required under the applicable listing rules, the Revised Framework Agreement may be renewed with the consent of both parties. From the date on which the Revised Framework Agreement takes effect, the Securities and Financial Services Framework Agreement shall cease to have legal effect.</p>
Scope of transactions and services	<p>In accordance with the Revised Framework Agreement, the Group and Henan Investment Group and its subsidiaries and/or associates may conduct the following transactions and services in their ordinary and usual course of business on normal commercial terms and in accordance with market practice:</p> <p>(a) Securities and financial products transactions between the Group and Henan Investment Group and its subsidiaries and/or associates</p> <p>— Fixed income securities products, including but not limited to bonds, funds, trusts, wealth management products, asset management plans, asset securitisation products, bond lending and borrowing, structured products, swaps, futures, forwards, options and other financial products transactions with fixed income features;</p>

LETTER FROM THE BOARD

- Equity-linked products, including but not limited to trading and/or subscription of equity interests (including market-making transactions on the New Third Board), funds, trusts, wealth management products, asset management products, private equity funds and equity derivatives (income swaps, futures, options, etc.); and
- Other related securities and financial products permitted by regulatory authorities, including but not limited to futures, foreign exchange and commodities trading.

The securities and financial products proposed to be traded under the Revised Framework Agreement will be issued by the Company or Henan Investment Group and its subsidiaries and/or associates.

Where the relevant products are subscribed for, redeemed or otherwise traded directly between the issuer and investors, such transactions may be conducted directly between the parties. Depending on the product type and market practice, certain transactions may also be conducted through underwriters or exchanges. In such circumstances, the transaction mechanism, counterparty identification and execution process will follow applicable market rules and regulatory requirements.

If the Group proposes in the future to trade any securities or financial products under the Revised Framework Agreement which are not issued by the Company or Henan Investment Group and its subsidiaries, the Company will, before conducting the relevant transaction, assess the role of the Company or Henan Investment Group in the relevant transaction, the applicable market practice and pricing mechanism, and determine whether further disclosure and/or compliance action is required under the Hong Kong Listing Rules.

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(b) Securities and financial services between the Group and Henan Investment Group and its subsidiaries and/or associates

- Underwriting and sponsorship services, including but not limited to sponsorship, underwriting and continuous supervision services for stocks, fixed income products, structured products and other derivative products;
- Other investment banking services, including but not limited to financial advisory services relating to corporate restructuring, reorganisation, mergers and acquisitions;
- Brokerage services, including but not limited to securities brokerage and related financial products services as well as futures brokerage services such as treasury bond futures;
- Financial products sales agency services, including but not limited to provision of sales agency services for financial products;
- Entrusted asset management services, including but not limited to asset management services for assets entrusted by customers; and
- Other financial and securities advisory, consulting services and commodities services.

In addition, the Group will provide margin loans business to Henan Investment Group and/or its associates according to Henan Investment Group's needs.

(c) Other services provided by Henan Investment Group and its subsidiaries and/or associates to the Group

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- Information system construction, including procurement, development, upgrade, operation and maintenance and leasing services for various systems;
- Consulting services, including human resources consulting, financial management consulting and strategic planning consulting; and
- Other services to be provided by Henan Investment Group and its subsidiaries and/or associates to the Group as may be separately agreed between the parties.

Pricing basis

- (a) Securities and financial products transactions between the Group and Henan Investment Group and its subsidiaries and/or associates

The securities and financial products transactions will be conducted at prevailing market prices in the ordinary course of the Group's business.

The Company confirms that, based on the transactions currently expected to be conducted under the Revised Framework Agreement, major securities and financial products transactions will generally have prevailing market prices or reliable market-based reference prices.

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If a product or transaction does not have a readily available or directly observable market price, the Group will not determine the price solely by negotiation with Henan Investment Group and its subsidiaries and/or associates. Under the Revised Framework Agreement, such circumstances may mainly involve subscriptions of funds, trust, wealth management products and asset management products (the “**Products**”). The pricing of such transactions is determined based on the unit net value of the relevant Products on the date of transaction. The unit net value of such Products is calculated by dividing the net asset value of the Products by the amount of the fund units. The net asset value of the Products is the sum of the values of various marketable securities and notes, principals and interests of bank deposits, fund subscription monies receivables and other assets invested by such Products, less the liabilities of such Products, the calculation of which shall be in compliance with the China Accounting Standards for Business Enterprises. The net value of such Products is provided and audited by a manager, and confirmed by an external audit firm on a regular basis. The calculation method of the unit net value of the Products equally applies to all investors of the Products. If the Company is unable to confirm that the proposed price is fair and reasonable and determined on normal commercial terms or better, the Group will not conduct the relevant transaction with Henan Investment Group and its subsidiaries and/or associates.

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In respect of the Group's subscription for financial products launched by Henan Investment Group and its subsidiaries and/or associates, the subscription price shall be the same as the subscription price applicable to other investors. Such subscription price shall be determined by the financial institution launching the relevant financial product after considering the underlying assets/business of the investment. In addition, for transactions of fixed income products conducted through interbank market and exchanges, if the transactions are conducted in the secondary market, transactions are carried out through independent intermediary currency brokerage firms, and the buyer and seller do not know the identity of the counterparty before the transaction is concluded, or the transaction is concluded through market inquiry. The transaction interest rate and price shall be determined by integrating market information with factors such as market conditions and transaction prices. Such transactions are executed through the trading systems of the China Foreign Exchange Trade System & National Interbank Funding Center ("CFETS") and stock exchanges. If the transactions are conducted in the primary market, the price of these fixed income product transactions is determined through bidding, bookbuilding and filing. All transactions conducted in China's interbank and exchange markets are subject to the supervision of institutions including the CFETS and stock exchanges.

The Group shall comply with the relevant PRC administrative provisions, regulations and measures governing the issuance (including pricing) of financial products. Relevant rules and measures generally require the preparation and disclosure of information and documents, which will require the conduct or preparation of due diligence, valuations, financial information reviews, ratings, etc. for the issuance. In addition, the issue price may need to be determined in accordance with the methods prescribed by the relevant rules and regulations, and all subscribers of the same financial product will subscribe at the same issue price.

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- (b) Securities and financial services between the Group and Henan Investment Group and its subsidiaries and/or associates

For securities and financial services between the Group and Henan Investment Group and its subsidiaries and/or associates, the general pricing principles for service fees, commission or brokerage fees charged shall be based on negotiations between the parties with reference to prevailing market rates and in accordance with the requirements of applicable PRC laws and regulations. More specifically:

- Underwriting and sponsorship services: service fees shall be determined by negotiations between the parties with reference to, among other things, prevailing market rates, the proposed total amount of proceeds and fee rates charged by the Group for the provision of similar services to independent third parties;
- Other investment banking services: service fees shall be determined taking into account factors including the nature and size of transactions, the then market conditions, average fee levels applicable to independent third parties for similar transactions and on the basis of arm's length negotiations between the parties;
- Brokerage services: commissions shall be determined by mutual negotiation with reference to, among other things, commission rates applicable to independent third parties and the estimated scale of brokerage transactions;
- Financial products sales agency services: service fees shall be determined by mutual negotiation based on the quantity of products sold or the estimated size of assets with reference to service fee rates applicable to independent third parties;

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- Entrusted asset management services: service fees shall be determined by mutual negotiation based on the quantity of products sold or the estimated size of assets with reference to service fee rates applicable to independent third parties; and
- Other securities and financial services: such fees and commissions shall be determined by mutual negotiation based on the nature of the transactions with reference to prevailing market rates in accordance with applicable laws and regulations.

In addition, for securities and financial service projects required to perform bidding procedures according to regulations, suppliers shall be determined by bidding according to applicable laws and regulations and bidding management system. These procedures generally require not less than three qualified bidders/quoters to participate, and the winning bidder/closing party is determined according to the highest comprehensive score after comprehensive evaluation of qualifications, experience, past performance, quotation, service terms and other factors.

For margin financing or margin loans provided by the Group to Henan Investment Group and its subsidiaries and/or associates, the relevant interest rates and fees shall be determined with reference to the rates and fees applicable to comparable transactions with independent third-party customers, taking into account factors such as collateral or guarantees, credit standing, loan size, term and prevailing market conditions and shall be subject to the Group's internal approval procedures.

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- (c) Other services provided by Henan Investment Group and its subsidiaries and/or associates to the Group

The pricing for other services to be provided by Henan Investment Group and its subsidiaries and/or associates to the Group shall be determined in accordance with market-oriented principles through tender procurement or non-tender procurement methods such as negotiated procurement, inquiry procurement and bidding procurement. For non-tender procurement, service fees shall be determined after arm's length negotiations with reference to factors including the nature and scale of the transactions, the prevailing market conditions, quotations from independent third parties and average fee levels applicable to similar transactions. In considering the service fees for services provided by Henan Investment Group and its subsidiaries and/or associates, the Group will generally obtain and refer to quotations from at least two independent third parties (if any) by telephone, e-mail or website, or through inquiry procurement and bidding procurement.

For procurement by tender, the Group will identify suppliers by means of tender in accordance with applicable laws and regulations and the tender management system. These procedures generally require not less than three qualified bidders/quoters to participate, and the winning bidder/closing party is determined according to the highest comprehensive score after comprehensive evaluation of qualifications, experience, past performance, quotation, service terms and other factors.

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The Company hereby clarifies that the above two arrangements apply to different procurement methods. For non-tender procurement, the Group will generally obtain and refer to quotations from at least two independent third parties where practicable, so as to assess, by reference to an independent market benchmark, whether the service fees proposed by Henan Investment Group and its subsidiaries and/or associates are fair and reasonable and determined on normal commercial terms. For tender procurement, the general requirement that not less than three qualified bidders/quoters participate refers to the total number of qualified participants in the tender process. Such qualified bidders/quoters may include Henan Investment Group or its subsidiaries and/or associates, provided that they satisfy the tender qualification requirements and participate in the same tender process as other bidders. Accordingly, a tender process with three qualified bidders/quoters may include one connected person and at least two independent third-party bidders/quoters. Any quotation submitted by Henan Investment Group and its subsidiaries and/or associates must be evaluated under the same selection and approval procedures applicable to independent third parties.

The Company confirms that the transaction and service terms applicable to each pricing basis under the Revised Framework Agreement will be no less favourable than those available to the Group from independent third parties or offered by the Group to independent third parties for comparable transactions or services.

Implementation agreements

The relevant parties may enter into individual implementation agreements from time to time and as necessary, provided that such implementation agreements shall comply with the principles and terms of the Revised Framework Agreement.

Payment

The relevant prices, service fees and other fees payable under the Revised Framework Agreement shall be paid in accordance with the terms of the specific transaction contracts or implementation agreements entered into by the relevant parties.

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Termination	Subject to the Revised Framework Agreement, either party to a specific service contract may issue written notice of not less than three months to the other party to terminate the provision of a specific transaction, unless a shorter notice period is adopted according to market practice for the relevant transaction.
Effectiveness	The Revised Framework Agreement shall become effective upon approval by the Board and the shareholders' meeting of the Company (as applicable), execution by the legal representatives or authorised representatives of both parties and affixation of the company chops of both parties.

3. Proposed New Annual Caps, Revised Annual Caps and Basis of Determination

As mentioned above, on 9 June 2026, the Board resolved to revise or propose the relevant annual caps for the continuing connected transactions contemplated thereunder for the two financial years ending 31 December 2026 and 31 December 2027, the details of which are set out below.

(1) Proposed New Annual Caps for Securities and Financial Products Transactions between the Group and Henan Investment Group and its subsidiaries and/or associates

Securities and financial products transactions	The proposed new annual caps for the year ending	
	31 December	
	2026	2027
	(RMB million)	(RMB million)
Total net cash inflow to the Group	305.0	515.0
Total net cash outflow from the Group	330.0	510.0

For the year ended 31 December 2025 and the three months ended 31 March 2026, the Group and Henan Investment Group and its subsidiaries and/or associates did not incur any securities and financial products transactions.

In estimating the proposed new annual caps for the total net cash inflow to the Group, the Company has taken into account (i) the expected redemption of financial products issued by Henan Investment Group and its subsidiaries and/or associates of RMB5.0 million and RMB15.0 million in 2026 and 2027, respectively; and (ii) the expected redemption or sale of bonds issued by Henan Investment Group and its controlled subsidiaries of RMB300.0 million and RMB500.0 million in 2026 and 2027, respectively.

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In estimating the proposed new annual caps for the total net cash outflow from the Group, the Company has taken into account (i) the expected subscription for financial products issued by subsidiaries and/or associates of Henan Investment Group of RMB30.0 million and RMB10.0 million in 2026 and 2027, respectively, based on the business strategy and the underlying investment directions of the relevant products; and (ii) the expected subscription for or purchase of bonds issued by Henan Investment Group and its controlled subsidiaries of RMB300.0 million and RMB500.0 million in 2026 and 2027, respectively.

Given the nature of securities and financial products transactions conducted by securities companies in their ordinary and usual course of business, the Company considers that, compared with setting a cap on the total transaction amount or separate annual caps for each category of products or transactions, setting separate annual caps for the total cash inflow to the Group and the total cash outflow from the Group is more practicable. Such transactions are typically market-driven and may be affected by prevailing market prices, bidding prices, execution timing, market liquidity and product availability. Certain transactions may also be conducted through exchanges, the interbank market, trading systems or other market mechanisms, and the Group may not be able to fully control in advance the exact counterparty, timing or transaction volume of each specific transaction. There is generally no material time gap between the timing at which the transaction amounts under the relevant continuing connected transactions are recorded and the timing at which the corresponding cash inflows and/or cash outflows are recorded by the Group. The Company will comply with all applicable regulatory requirements in relation to settlement.

As actual transaction volume may fluctuate from time to time and product types may change with market developments and the Group's business needs, setting a cap on the total transaction amount or caps by category may be difficult to estimate accurately and may cause unnecessary delays to the Group's ordinary securities business. Accordingly, the Company considers that setting separate caps for total cash inflow and total cash outflow provides a more practical monitoring mechanism and better reflects the expected cash receipts and payments under such transactions.

In respect of these proposed annual caps, the expected subscription or purchase amount of bonds is estimated by reference to the Group's current investment plan and the expected availability of the financial products and bonds issued by Henan Investment Group or its subsidiaries and/or associates. As of 31 December 2025, the amount of credit bonds purchased/subscribed by the Group in its proprietary business was approximately RMB100.0 billion, and the Group therefore proposes to allocate no more than 0.5% of the purchase amount for each year (0.3% for the second half of 2026) to purchase the bonds issued by Henan Investment Group and its subsidiaries and/or associates, and set relevant annual caps accordingly. The expected redemption or sale amount is estimated by reference to the expected subscription or purchase amount for the relevant year, on the assumption that most of the relevant bonds subscribed for or purchased by the Group during the relevant year may be redeemed or sold within the same year.

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(2) *New annual caps for other services provided by Henan Investment Group and its subsidiaries and/or associates to the Group*

	The new annual caps for the year ending 31 December	
	2026	2027
	<i>(RMB million)</i>	<i>(RMB million)</i>
Service fees payable by the Group for other services provided by Henan Investment Group and its subsidiaries and/or associates to the Group	12.8939	11.3779

For the year ended 31 December 2025, service fees paid by the Group for other services provided by Henan Investment Group and its subsidiaries and/or associates amounted to RMB2.4571 million. For the three months ended 31 March 2026, service fees paid by the Group for other services provided by Henan Investment Group and its subsidiaries and/or associates amounted to RMB0.151 million.

In estimating the new annual caps for other services, the Company has taken into account (i) the expected fees payable by the Group to Henan Investment Group and its subsidiaries and/or associates for system procurement, operation and maintenance, upgrade and leasing services of RMB10.5939 million and RMB8.8779 million in 2026 and 2027, respectively; (ii) expected additional consulting service fees of RMB0.3 million and RMB0.5 million in 2026 and 2027, respectively; and (iii) estimated amounts of RMB2.0 million for each of 2026 and 2027 for other printing and documentation fees and conference venue rental fees.

In particular, the expected fees payable for system procurement, operation and maintenance, upgrade and leasing services are approximately RMB8.0 million for each year, and determined with reference to the Group's expected needs for digital transformation and system construction in 2026 and 2027. The Group expects that its investment in system construction and related services for digital transformation will increase in the future, and Henan Investment Group and its subsidiaries and/or associates have the capability to provide the relevant services. Accordingly, the relevant annual caps are estimated based on the Group's expected procurement needs for digital system construction and related services in 2026 and 2027.

The expected amount of consulting service fees is determined with reference to the Group's potential consulting service needs and related budgets (namely no more than RMB0.3 million for 2026 and RMB0.5 million for 2027) in respect of strategy, organisational structure and related management matters in the next two years, and the expected engagement from time to time of professional subsidiaries within Henan Investment Group and its subsidiaries and/or associates that provide such services.

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The relatively low historical transaction amount was mainly because the Group did not previously have the same scale of digital transformation and system construction needs. The proposed annual caps for 2026 and 2027 are higher mainly because the Group expects increased needs for digital transformation and system construction. The Company considers the proposed annual caps to be fair and reasonable because they are determined based on specific expected business needs, and the pricing of the relevant services will be subject to quotations from independent third parties under tender procurement or non-tender procurement procedures and the Group's internal approval procedures. The Group will conduct the relevant transactions only if the relevant terms are fair and reasonable and no less favourable than those available to the Group from independent third parties for comparable services.

(3) Revision of existing annual caps for revenue from provision of securities and financial services to Henan Investment Group and its subsidiaries and/or associates

(a) The existing annual caps for the two financial years ending 31 December 2027

	The existing annual caps for the year ending 31 December	
	2026	2027
	<i>(RMB million)</i>	<i>(RMB million)</i>
Revenue from provision of securities and financial services to Henan Investment Group and its subsidiaries and/or associates	25.1012	25.5612

(b) The actual transaction amount of revenue from provision of securities and financial services to Henan Investment Group and its subsidiaries and/or associates

The actual transaction amount of revenue from provision of securities and financial services by the Group to Henan Investment Group and its subsidiaries and/or associates for 2025 was RMB1.1135 million. The actual transaction amount of revenue from provision of securities and financial services by the Group to Henan Investment Group and its subsidiaries and/or associates for the three months ended 31 March 2026 was RMB0.4394 million. The Company confirms that, as at the Latest Practicable Date, the actual transaction amount of revenue from provision of securities and financial services to Henan Investment Group and its subsidiaries and/or associates did not exceed the relevant existing annual cap. The historical utilisation rate of the revenue from provision of securities and financial services to Henan Investment Group and its subsidiaries and/or associates was relatively low, mainly due to the impact of market competition and the fact that the scale of services provided by the Group to Henan Investment Group and its subsidiaries and/or associates was lower than expected.

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Although the utilisation rate of the annual cap for 2025 was relatively low, the Company intends to further deepen its business focus on serving the real economy and expand the scale of its provision of securities and financial services to Henan Investment Group and its subsidiaries and/or associates. Accordingly, the Company proposes to increase the annual caps for 2026 and 2027 in respect of the revenue from provision of securities and financial services.

(c) Revised annual caps and basis of determination

	The revised annual caps for the year ending 31 December	
	2026	2027
	<i>(RMB million)</i>	<i>(RMB million)</i>
Revenue from provision of securities and financial services to Henan Investment Group and its subsidiaries and/or associates	39.9262	46.3362

In estimating the revised annual caps for revenue from provision of securities and financial services to Henan Investment Group and its subsidiaries and/or associates, the Company has taken into account (i) the additional expected revenue from sponsorship and underwriting services of RMB14.775 million and RMB20.725 million in 2026 and 2027, respectively; and (ii) the additional expected revenue from securities and futures brokerage services of RMB0.05 million for each of 2026 and 2027.

Among the proposed revised annual caps above, the expected revenue from sponsorship and underwriting services is estimated with reference to the potential issuance scale of Henan Investment Group and its subsidiaries and/or associates and the rates generally charged for comparable sponsorship and underwriting services. The expected additional revenue from securities and futures brokerage services is estimated with reference to the expected investment amount and shareholding scale of Henan Investment Group and its subsidiaries and/or associates in the investment accounts opened by the Group, and the commission rates generally applicable to comparable securities and futures brokerage transactions.

(4) Unchanged annual caps

For the avoidance of doubt, the annual caps for fees payable by the Group for securities and financial services provided by Henan Investment Group and its subsidiaries and/or associates to the Group and margin loans provided by the Group to Henan Investment Group and its subsidiaries and/or associates for the two financial years ending 31 December 2027 remain unchanged at RMB57.0000 million for each of the two years ending 31 December 2027 as disclosed in the announcement of the Company dated 23 December 2024.

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Margin loans provided by the Group to Henan Investment Group and its subsidiaries and/or associates are not included in the scope of the Proposed New Annual Caps for Securities and Financial Products Transactions or the revised annual caps for revenue from provision of securities and financial services, but are covered by the above unchanged existing annual caps. The Company considers this treatment appropriate because the relevant caps remain sufficient to cover the expected transaction amounts for 2026 and 2027.

4. Reasons for and benefits of entering into the Revised Framework Agreement and the revised annual caps and the proposed new annual caps

In order to thoroughly implement and fully leverage the Group's core function as the "strategic carrier of the capital market" in Henan Province, and to effectively integrate financial services into the overall development of the real economy in the province, the Group has formulated a clear strategic plan. The Group intends to closely focus on the layout of key industrial clusters in Henan Province, rely on the Group's own resource endowment in investment research capabilities, professional talents and other aspects, focus on core sectors, concentrate advantageous resources, and continuously deepen and strengthen the "investment banking + investment + investment research" three-investment linkage mechanism, with the aim of comprehensively enhancing the value creation capability and overall efficiency of financial services.

Under this strategic framework, business synergy with Henan Investment Group is particularly important. As a comprehensive investment and financing entity with a broad business footprint and diversified industrial layout in Henan Province, Henan Investment Group's scope of business covers a number of key fields such as infrastructure, energy and transportation, finance, advanced manufacturing and modern services, and is highly aligned with the industrial development plan of Henan Province. It is precisely because of the breadth of Henan Investment Group's business and its important position in the regional economy that, in the process of performing the function as the "strategic carrier of the capital market" and serving the real economy in Henan in an all-round manner, the Group will inevitably have multi-level and multi-field business overlaps and cooperation needs with Henan Investment Group and its associated enterprises as important market participants. Such business dealings are not incidental, but are the inherent requirement and inevitable choice for the Group to base itself on its functional positioning, deepen its presence in the regional market and serve the real economy.

Specifically, the securities and financial products transactions and services between the Group and Henan Investment Group can effectively integrate the advantageous resources of both parties and generate significant "1+1>2" business synergy effects. Such synergy effects arise from the complementarity of the resources and business positioning of both parties. On the one hand, this will help the Group connect with and serve major projects and key enterprises in Henan Province more efficiently; on the other hand, subscribing for quality securities and financial products issued by Henan Investment Group and its associates will also open up diversified and high-quality investment channels for the Group, which is conducive to optimizing asset allocation. Therefore, such connected transactions are an important lever for realizing the Group's strategic objectives

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and giving play to its functional role. From the perspective of practical effects, Henan Investment Group and its subsidiaries and/or associates may obtain financing support or capital market services through the Group, while the Group may rely on Henan Investment Group's industrial resources and project reserves to access quality investment targets and business opportunities.

In recent years, the Group's proprietary investment business has consistently adhered to the philosophy of prudent operation, actively explored the application of advanced investment strategies including risk parity theory, and coordinated the layout of various businesses. In the complex and ever-changing market environment, it has not only achieved the smooth operation of business, but also promoted a significant enhancement of core capabilities. As of 31 December 2025, the balance of bond positions held was RMB15.9 billion. Central China Blue Ocean, a wholly-owned subsidiary of the Company, focuses on its main responsibilities and principal business, continuously strengthens post-investment management and disposal of existing assets, recoups funds through project exits, secondary market disposals and other means, and continuously optimizes its asset structure and reduces the scale of outstanding investment. As at the end of 2025, the Group's alternative investments involved 40 projects under investment, with an overall investment volume of RMB1.873 billion. The Group's overall existing investment business scale is clear and steady in volume, and it is expected that the cap amount for daily related transactions will account for a relatively small proportion of the Company's overall scale and remain within a reasonable and controllable range.

Looking ahead, with the acceleration of the Group's "secondary entrepreneurship" and increased support for key industries in Henan Province, the Group's business scale and depth will further expand. This will inevitably increase the frequency and volume of cooperation between the Group and Henan Investment Group in multiple business lines such as underwriting and sponsorship, asset management, product sales agency and financial advisory. In view of this, after prudent assessment, the Group considers that the existing annual caps for the continuing connected transactions between the Group and Henan Investment Group and its subsidiaries and/or associates for the two financial years ending 31 December 2026 and 31 December 2027 will be difficult to satisfy the actual needs of the Group's rapid business development and deepening of its function of serving the real economy. To ensure the smooth development of the Group's various businesses and safeguard the effective implementation of its strategic planning, it is particularly necessary and urgent to adjust and set new annual transaction caps in a timely manner.

5. Directors' Opinions

Mr. Li Wenqiang and Mr. Feng Ruofan have abstained from voting on the relevant Board resolution(s) on approving the Revised Framework Agreement, the Proposed New Annual Caps for Securities and Financial Products Transactions, the revision of existing annual caps for revenue from provision of securities and financial services to Henan Investment Group and its subsidiaries and/or associates and the new annual caps for other services. Save as disclosed above, none of the Directors has a material interest in the Revised Framework Agreement and the annual caps thereunder or is required to abstain from voting on the relevant Board resolution(s).

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The Directors (excluding Mr. Li Wenqiang and Mr. Feng Ruofan but including the independent non-executive Directors) are of the view that the transactions contemplated under the Revised Framework Agreement will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms or better, and that the Revised Framework Agreement and the terms and conditions therein as well as the Proposed New Annual Caps for Securities and Financial Products Transactions, the new annual caps for other services and the revision of existing annual caps for revenue from provision of securities and financial services to Henan Investment Group and its subsidiaries and/or associates disclosed in this circular are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. Internal control measures

The Group has adopted a series of internal approval and supervision procedures to regulate the transactions and services under the Revised Framework Agreement and to ensure that the terms of the transactions are on normal commercial terms or on terms no less favourable than terms applicable to independent third parties.

The Group has established internal guidelines and policies for conduct of different types of securities and financial products transactions, securities and financial services and other services, as well as internal procedures and systems for approval and supervision of such transactions and services. Such policies and guidelines set out the requirements for approval authority and procedures, record keeping, supervision and review procedures for different types of transactions and businesses. In addition, trainings will be provided by the Group to traders/dealers and relevant staff on the requirements relating to connected transactions, and all connected transactions, once identified and conducted, will be recorded by the relevant department. The relevant business departments, in accordance with regulatory requirements, are responsible for reviewing whether the transaction pricing complies with the pricing policy. The business department of the Company is responsible for reviewing whether the actual transaction amounts would exceed the annual caps and alert relevant business lines if close to the annual caps (i.e. where the utilisation rate of the annual caps reaches or exceeds 80%). The Office (Office of the Board), the Planning and Finance Headquarter and other specific operational and administrative departments will also collect data from all business lines and review the actual amounts of different types of transactions and services on a regular or irregular basis to ensure that the annual caps would not be exceeded and remind the business departments on the control of such continuing connected transactions. As regards the frequency of the relevant control procedures, the relevant business departments will submit the proposed transaction amount before each transaction, and the Company will regularly review the actual transaction amounts on a semi-annual basis. The legal and compliance departments will review each framework agreement (if any) entered into for transactions under the Revised Framework Agreement; if there is no framework agreement, they will review each specific agreement before it is signed.

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For securities and financial products transactions between the Group and Henan Investment Group and its subsidiaries and/or associates, the Group will determine the pricing terms by reference to market prices, market inquiry results, comparable product prices and applicable regulatory requirements.

For securities and financial services between the Group and Henan Investment Group and its subsidiaries and/or associates, the Group will apply the pricing, approval and supervision procedures under its internal guidelines and the Revised Framework Agreement. Where the Group provides securities and financial services, the Company will offer pricing terms to Henan Investment Group and its subsidiaries and/or associates comparable to those offered to independent third parties and will not provide preferential terms to connected persons. Where Henan Investment Group and its subsidiaries and/or associates provide securities and financial services to the Group, the relevant business departments will consider available market information, compare fee levels and service quality, obtain quotations from at least two independent third parties (if any) where applicable, and go through the corresponding internal decision-making and approval process. Prior to entering into a securities and financial service transaction, whether the pricing is in compliance with the Group's policies and procedures and whether the price is fair and reasonable will be determined.

For services provided by Henan Investment Group and its subsidiaries and/or associates to the Group, including other services, the relevant business departments will consider available market information, evaluate and compare the level of fees/prices and the quality of services, obtain quotations from at least two independent third parties (if any) where applicable, and go through the corresponding internal decision-making and approval process based on factors such as the content of the services and the relevant prices.

The conduct of the continuing connected transactions is also subject to annual review by all independent non-executive Directors and auditors of the Company in accordance with Chapter 14A of the Hong Kong Listing Rules.

7. Hong Kong Listing Rules implications

Hong Kong Listing Rules Implications

As at the Latest Practicable Date, Henan Investment Group is a substantial shareholder of the Company and, directly and indirectly, holds approximately 22.05% of the total share capital of the Company. Accordingly, Henan Investment Group is a connected person of the Company, and the transactions proposed to be conducted between the Group and Henan Investment Group and its associates under the Revised Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

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Pursuant to Rule 14A.54 of the Hong Kong Listing Rules, the Company is required to comply with the applicable requirements under Chapter 14A of the Hong Kong Listing Rules before revising the existing annual caps. As the highest applicable percentage ratio in respect of the Proposed New Annual Caps for the Securities and Financial Products Transactions exceeds 5%, the Revised Framework Agreement and such proposed new annual caps are subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio in respect of each of (i) the revised annual caps for revenue from provision of securities and financial services to Henan Investment Group and its subsidiaries and/or associates; and (ii) the new annual caps for other services provided by Henan Investment Group and its subsidiaries and/or associates is more than 0.1% but less than 5%, the transactions contemplated thereunder are therefore subject to the reporting, announcement and annual review requirements, but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Proposed New Annual Caps for the Securities and Financial Products Transactions are established for the purposes of Chapter 14A of the Hong Kong Listing Rules. The Company shall assess the implications under Chapter 14 of the Hong Kong Listing Rules based on the actual transaction value and applicable percentage ratio upon entering into each specific transaction.

Based on the currently available information and the anticipated transaction value, the Company expects that the applicable percentage ratio calculated under Chapter 14 of the Hong Kong Listing Rules in respect of each specific transaction will be less than 5%. In the event that any actual transaction or series of transactions is expected to trigger any requirements for disclosable transactions under Chapter 14 of the Hong Kong Listing Rules, the Company shall comply with the applicable disclosure and approval requirements under Chapter 14 of the Hong Kong Listing Rules as appropriate.

Shanghai Listing Rules Implications

Under the Shanghai Listing Rules, the Revised Framework Agreement and the transactions contemplated thereunder and the relevant annual caps are subject to approval by the independent shareholders.

8. Independent Board Committee and Independent Financial Adviser

The Independent Board Committee comprising all independent non-executive Directors who do not have a material interest in the Approval Matters, namely Mr. CHEN Zhiyong, Mr. WANG Hui, Mr. WANG Huixuan and Mr. DU Xiaotang, has been established to advise the Independent Shareholders as to whether the terms of the Approval Matters are fair and reasonable, whether the transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group, whether they are in the interests of the Company and the Shareholders as a whole, and how to vote on the relevant resolution(s).

LETTER FROM THE BOARD

The Company has appointed Somerley Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Approval Matters. The letter from the Independent Board Committee is set out on pages 42 to 43 of this circular, and the letter from the Independent Financial Adviser is set out on pages 44 to 64 of this circular.

9. Information on the Company and Henan Investment Group

The Company

The Company is a securities company in Henan Province with a strategic presence in the PRC, which principally engages in, among others, the brokerage, investment banking, investment management and proprietary trading businesses.

Henan Investment Group

Henan Investment Group is a wholly state-owned enterprise, which is the first state-owned capital operation company in Henan Province. Since its establishment for more than 30 years, it has always closely followed the theme of the times and the provincial strategy. In recent years, according to the positioning of state-owned capital operation companies, with equity investment operation as the main business, direct investment + fund as the tool, and capital operation and financial services as the support, a development pattern of two-wheel drive of finance and industry, mutual promotion of basic industries and emerging industries, and complementary advantages of strong cycle industries and weak cycle industries has been formed. Henan Investment Group is a substantial shareholder and a connected person of the Company. Its de facto controller is the Department of Finance of Henan Province.

IX. DAILY RELATED TRANSACTION WITH ZHONGYUAN BANK

As the depth and breadth of cooperation between the Company and Zhongyuan Bank have increased significantly, on 9 June 2026, the 46th meeting of the seventh session of the Board of the Company considered and approved the addition of the cap amount for daily related transactions with Zhongyuan Bank.

Mr. Li Wenqiang and Mr. Feng Ruofan, Directors of the Company, concurrently serve as directors of Zhongyuan Bank. Under the Shanghai Listing Rules, Zhongyuan Bank is a related party of the Company. The daily related transactions with Zhongyuan Bank are required to be submitted to the shareholders' meeting of the Company for consideration.

For the avoidance of doubt, Zhongyuan Bank is not a connected person of the Company under the Hong Kong Listing Rules, and such daily related transactions do not constitute connected transactions of the Company under the Hong Kong Listing Rules.

LETTER FROM THE BOARD

1. The amount of daily related transactions between the Company and Zhongyuan Bank in 2026 is disclosed as follows:

Currency: RMB Unit: Ten thousand

Nature of transactions	Classification of transactions	2025 Actual amount incurred	2026 Estimated amount caps
Securities and financial products transactions	Total net cash inflow to the Group	0	Because the specific transaction time and amount cannot be accurately estimated, the amount is calculated based on the actual amount incurred
	Total net cash outflow from the Group	0	Because the specific transaction time and amount cannot be accurately estimated, the amount is calculated based on the actual amount incurred
Securities and financial products services	Revenue from provision of securities and financial services to Zhongyuan Bank	10.10	Because the specific transaction time and amount cannot be accurately estimated, the amount is calculated based on the actual amount incurred
	Expenses for securities and financial services provided by Zhongyuan Bank to the Group	137.70	Because the specific transaction time and amount cannot be accurately estimated, the amount is calculated based on the actual amount incurred

LETTER FROM THE BOARD

2. Major contents and pricing policies of the related transactions

A. Securities and financial products transactions

(1) Scope of transactions

- (a) Securities products with fixed income features, including, but not limited to, bonds, funds, trusts, wealth management products, asset management plans, assets securitized products, bond lending and borrowing, structured products, swaps, futures, forwards, options and other financial products with fixed income features, etc.;
- (b) Equity-linked products, including, but not limited to, equity (including market-making activities on the New Third Board), funds, trusts, wealth management products, asset management products, private equity funds and equity derivatives such as equity return swap, futures and options, etc.;
- (c) Other related securities and financial products permitted by the regulatory authorities, including, but not limited to, futures, foreign exchange and commodities trading, etc.

(2) Pricing principles

The prices of such transactions shall be determined using the market prices or market rates then applicable to the independent parties of that type.

B. Securities and financial services

(1) Scope of transactions

- (a) Underwriting and sponsorship services, including, but not limited to, sponsorship, underwriting, and continuous supervision and guidance services for equity securities, fixed income products, structured products and other derivative products;
- (b) Other investment banking services, including, but not limited to, financial advisory services relating to corporate restructuring, reorganization, mergers and acquisitions;
- (c) Brokerage services, including, but not limited to, securities brokerage and related financial products services as well as futures brokerage services such as government bond futures;
- (d) Entrusted asset management services, including, but not limited to, asset management services for assets entrusted by customers;
- (e) Deposit services, including but not limited to opening bank accounts and earning interest on deposits;

LETTER FROM THE BOARD

- (f) Other financial and securities services, including bond distribution, fees and advisory services, etc.

(2) *Pricing principles*

The price shall be determined by negotiation between the parties in accordance with the requirements of applicable relevant laws and regulations and with reference to the prevailing market rate.

Mr. Li Wenqiang and Mr. Feng Ruofan abstained from voting on the relevant Board resolution(s). Save as disclosed above, none of the Directors has a material interest in the relevant resolution(s) or is required to abstain from voting on the relevant Board resolution(s).

X. PROPOSED APPOINTMENT OF A NON-EXECUTIVE DIRECTOR

Reference is made to the announcement of the Company dated 9 June 2026, in relation to, among other things, the proposed appointment of Mr. Jiang Dejie as a non-executive Director.

The Company convened the 46th meeting of the seventh session of the Board on 9 June 2026, at which Mr. Jiang Dejie was nominated as a non-executive Director of the seventh session of the Board of the Company, and will also act as a member of Strategy and Sustainable Development Committee under the Board upon being elected as a Director, with a term of office commencing from the date of approval by the Shareholders at the AGM until the expiry of the term of the seventh session of the Board. The proposed appointment of Mr. Jiang Dejie as a non-executive Director is subject to the consideration and approval at the AGM by way of an ordinary resolution.

The biographical details of Mr. Jiang Dejie are set out below:

Mr. Jiang Dejie, born in May 1977, holds a master's degree in Accounting from Nanjing University, and is a senior accountant. Mr. Jiang is currently the general auditor of Jiangsu SOHO Holdings Group Co., Ltd. (江蘇省蘇豪控股集團有限公司). He has successively served as the assistant to the general manager, deputy general manager, and general manager of the Asset and Finance Department of Jiangsu Overseas Group Co., Ltd. (江蘇省海外企業集團有限公司), as well as the secretary of the General Party Branch, chairman, and general manager of JOC Great Wall Corp. (江蘇蘇豪長城股份有限公司), and the general manager of the Asset and Finance Department (Financial Shared Center) of Jiangsu SOHO Holdings Group Co., Ltd.

Save as disclosed above, as at the Latest Practicable Date, Mr. Jiang Dejie confirmed that (i) he has not held any position of the Company or its subsidiaries nor any directorship in other listed companies for the past three years; (ii) he does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company; and (iii) he does not have any interests in the Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

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Save as disclosed above, there is no information in relation to the proposed appointment of Mr. Jiang Dejie as a non-executive Director which is required to be disclosed pursuant to the provisions of Rules 13.51(2)(h) to 13.51(2)(v) of the Hong Kong Listing Rules, and there is no other matter in relation to his appointment that needs to be brought to the attention of the Shareholders.

If the proposed appointment of Mr. Jiang Dejie as a non-executive Director of the Company is approved at the AGM, the Company will enter into a service contract with Mr. Jiang Dejie. Mr. Jiang Dejie will not receive any remuneration from the Company.

XI. MEASURES FOR THE ADMINISTRATION OF TOTAL WAGES (REVISED)

The Company proposes to formulate the Measures for the Administration of Total Wages (Revised) and submit it to the AGM for consideration and approval.

Details of the Measures for the Administration of Total Wages (Revised) are set out in Appendix III to this circular. The English version of the Measures for the Administration of Total Wages (Revised) is an unofficial translation of the Chinese version. In the event of any inconsistency, the Chinese version shall prevail.

XII. AGM

The AGM of the Company will be held at 9 a.m. on Tuesday, 30 June 2026 at Conference Room, 17th Floor, Zhongyuan Guangfa Finance Building, No. 10 Business Outer Ring Road, Zhengdong New District, Zhengzhou city, Henan Province, China.

Henan Investment Group and its associates (namely, its wholly-owned subsidiary, Dahe Paper (Hong Kong) Co., Limited), which directly and indirectly hold 1,023,556,847 Shares, representing approximately 22.05% of the total share capital of the Company as at the Latest Practicable Date, shall abstain from voting on the resolutions in relation to the Approval Matters and the daily related transactions with Zhongyuan Bank at the AGM.

Save as disclosed above, no Shareholder is required to abstain from voting on the resolutions submitted for approval at the AGM.

The proxy form for the AGM has been published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.ccnew.com). To be valid, for holders of H Shares, the proxy form and notarized power of attorney or other documents of authorization must be delivered to Computershare Hong Kong Investor Services Limited at 17M

LETTER FROM THE BOARD

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 in person at the AGM or any adjournment thereof if you so desire.

XIII. VOTING

According to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of Shareholders at a shareholders' meeting must be taken by poll. Therefore, the resolutions as set out in the notice of the AGM will be taken by way of a poll under the Articles of Association.

During the poll, every Shareholder present in person or by proxy (or in case of a corporation, its duly authorized representative) at the AGM shall have one vote for each Share registered in his/her name in the register of members. A Shareholder entitled to more than one vote is not required to use all his/her votes or cast all the votes he/she uses in the same manner.

XIV. RECOMMENDATION

The Board considered that all resolutions to be proposed at the AGM are in the interests of the Company and its Shareholders as a whole. Therefore, the Board recommends the Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

XV. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

XVI. GENERAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Central China Securities Co., Ltd.
ZHANG Qiuyun
Chairlady



Central China Securities Co., Ltd.

(a joint stock company incorporated in 2002 in Henan Province, the People's Republic of China with limited liability under the Chinese corporate name “中原证券股份有限公司” and carrying on business in Hong Kong as “中州证券”)

(Stock Code: 01375)

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS WITH HENAN INVESTMENT GROUP

We refer to the circular of the Company dated 9 June 2026 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Approval Matters are fair and reasonable, whether the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group, whether they are in the interests of the Company and the Shareholders as a whole, and how to vote on the relevant resolution(s) at the AGM.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving such advice, are set out in the letter from the Independent Financial Adviser on pages 44 to 64 of the Circular.

Having considered the terms of the Approval Matters, the information set out in the letter from the Board, and the advice of the Independent Financial Adviser, we are of the view that the terms of the Approval Matters are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the Approval Matters are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the AGM to approve the Approval Matters.

Yours faithfully,
Independent Board Committee

Mr. CHEN Zhiyong

Mr. WANG Hui

Mr. WANG Huixuan

Mr. DU Xiaotang

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor

China Building

29 Queen's Road Central

Hong Kong

9 June 2026

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS WITH HENAN INVESTMENT GROUP

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection to the Revised Framework Agreement entered into between the Company and Henan Investment Group and the Proposed New Annual Caps for the Securities and Financial Products Transactions, details of which are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 9 June 2026 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless the context requires otherwise.

As at the Latest Practicable Date, Henan Investment Group is a substantial shareholder of the Company and, directly and indirectly, holds approximately 22.05% of the total share capital of the Company. Accordingly, Henan Investment Group is a connected person of the Company, and the transactions contemplated under the Revised Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Pursuant to Rule 14A.54 of the Hong Kong Listing Rules, the Company is required to comply with the applicable requirements under Chapter 14A of the Hong Kong Listing Rules for the Proposed New Annual Caps for the Securities and Financial Products Transactions. As the highest applicable percentage ratio in respect of the Proposed New Annual Caps for the Securities and Financial

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Products Transactions exceeds 5%, the Revised Framework Agreement and such proposed new annual caps are subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors who do not have a material interest in the Revised Framework Agreement and the Proposed New Annual Caps for the Securities and Financial Products Transactions has been established to advise the Independent Shareholders in respect of the Revised Framework Agreement and the Proposed New Annual Caps for the Securities and Financial Products Transactions. We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, Henan Investment Group, or their respective substantial shareholders or associates and accordingly we are considered eligible to give independent advice on the terms of the Revised Framework Agreement and the Proposed New Annual Caps for the Securities and Financial Products Transactions. Apart from the normal fees payable to us in connection with this, no arrangements exist whereby we will receive any fees or benefits from the Company, Henan Investment Group or their respective substantial shareholders or associates.

In formulating our opinion, we have reviewed, among others, the Revised Framework Agreement, the annual reports of the Company (the "**Annual Report(s)**") for the years ended 31 December 2021 ("**FY2021**"), 2022 ("**FY2022**"), 2023 ("**FY2023**"), 2024 ("**FY2024**") and 2025 ("**FY2025**") and the information contained in the Circular. We have also discussed with and reviewed information provided by the management of the Group regarding the businesses of the Group, the prospects of conducting the Revised Framework Agreement and the transactions contemplated thereunder.

We have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group and have assumed that they are true, accurate and complete in all material aspects and will remain so up to the time of the AGM. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter. We have no reason to believe that any material information has been omitted or withheld from us, nor to doubt the truth, accuracy or completeness of the information provided. We have not, however, conducted any independent investigation into the businesses and affairs of the Group, Henan Investment Group or their respective associates, nor have we carried out any independent verification of the information supplied.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

1. Information on the Company

The Company is a joint-stock company incorporated in Henan Province, the PRC, with its H shares listed on the Main Board of the Hong Kong Stock Exchange (Stock code: 01375) and A shares listed on the Shanghai Stock Exchange (stock code: 601375). The Company is a securities company in Henan Province with a strategic presence in the PRC, which principally engages in, among others, the brokerage, investment banking, investment management and proprietary trading businesses.

2. Information on Henan Investment Group

Henan Investment Group is a wholly state-owned enterprise, which is the first stated capital operation company in Henan Province. Since its establishment for more than 30 years, it has always closely followed the theme of the times and the provincial strategy. In recent years, according to the positioning of state-owned capital operation companies, with equity investment operation as the main business, direct investment + fund as the tool, and capital operation and financial services as the support, a development pattern of two-wheel drive of finance and industry, mutual promotion of basic industries and emerging industries, and complementary advantages of strong cycle industries and weak cycle industries has been formed. Henan Investment Group is a substantial shareholder and a connected person of the Company. Its de facto controller is the Department of Finance of Henan Province.

3. Reasons for and benefits of entering into the Revised Framework Agreement

As stated in the letter from the Board, in order to thoroughly implement and fully leverage the Group's core function as the "strategic carrier of the capital market" in Henan Province, and to effectively integrate financial services into the overall development of the real economy in the province, the Group has formulated a clear strategic plan. The Group intends to closely focus on the layout of key industrial clusters in Henan Province, rely on the Group's own resource endowment in investment research capabilities, professional talents and other aspects, focus on core sectors, concentrate advantageous resources, and continuously deepen and strengthen the "investment banking + investment + investment research" three-investment linkage mechanism, with the aim of comprehensively enhancing the value creation capability and overall efficiency of financial services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Under this strategic framework, business synergy with Henan Investment Group is particularly important. As a comprehensive investment and financing entity with a broad business footprint and diversified industrial layout in Henan Province, Henan Investment Group's scope of business covers a number of key fields such as infrastructure, energy and transportation, finance, advanced manufacturing and modern services, and is highly aligned with the industrial development plan of Henan Province. It is precisely because of the breadth of Henan Investment Group's business and its important position in the regional economy that, in the process of performing the function as the "strategic carrier of the capital market" and serving the real economy in Henan in an all-round manner, the Group will inevitably have multi-level and multi-field business overlaps and cooperation needs with Henan Investment Group and its associated enterprises as important market participants. Such business dealings are not incidental, but are the inherent requirement and inevitable choice for the Group to base itself on its functional positioning, deepen its presence in the regional market and serve the real economy.

Specifically, the securities and financial products transactions and services between the Group and Henan Investment Group can effectively integrate the advantageous resources of both parties and generate significant "1+1>2" business synergy effects. Such synergy effects arise from the complementarity of the resources and business positioning of both parties. On the one hand, this will help the Group connect with and serve major projects and key enterprises in Henan Province more efficiently; on the other hand, subscribing for quality securities and financial products issued by Henan Investment Group and its associates will also open up diversified and high-quality investment channels for the Group, which is conducive to optimizing asset allocation. Therefore, such connected transactions are an important lever for realizing the Group's strategic objectives and giving play to its functional role. From the perspective of practical effects, Henan Investment Group and its subsidiaries and/or associates may obtain financing support or capital market services through the Group, while the Group may rely on Henan Investment Group's industrial resources and project reserves to access quality investment targets and business opportunities.

In recent years, the Group's proprietary investment business has consistently adhered to the philosophy of prudent operation, actively explored the application of advanced investment strategies including risk parity theory, and coordinated the layout of various businesses. In the complex and ever-changing market environment, it has not only achieved the smooth operation of business, but also promoted a significant enhancement of core capabilities. As at 31 December 2025, the balance of bond positions held was RMB15.9 billion. Central China Blue Ocean, a wholly-owned subsidiary of the Company, focuses on its main responsibilities and principal business, continuously strengthens post-investment management and disposal of existing assets, recoups funds through project exits, secondary market disposals and other means, and continuously optimizes its asset structure and reduces the scale of outstanding investment. As at the end of 2025, the Group's alternative investments involved 40 projects under investment, with an overall investment volume of RMB1.873 billion. The Group's overall existing investment business scale is

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

clear and steady in volume, and it is expected that the cap amount for daily related transactions will account for a relatively small proportion of the Company's overall scale and remain within a reasonable and controllable range.

Based on the above and given that the entering into of the Revised Framework Agreement helps (i) secure a long-term collaborative relationship with Henan Investment Group and its subsidiaries and/or associates which is a leading company with strong presence in Henan Province; and (ii) generating satisfactory return from investing in securities and financial products transactions issued by Henan Investment Group under the Revised Framework Agreement, we concur with the Directors' view that the entering into of the Revised Framework Agreement, which has expanded the scope of transactions to include the securities and financial products transactions, is in the interests of the Company and the Shareholders as a whole.

4. Existing Framework Agreement

Under the Securities and Financial Services Framework Agreement with Henan Investment Group entered into on 30 December 2024 (the "**Existing Framework Agreement**"), the Group and Henan Investment Group may provide securities and financial services to each other during daily operation on normal commercial terms for a term commencing from 1 January 2025 and ending on 31 December 2027. As the Company expected at that time that there was a substantial likelihood that it would not enter into any securities and financial products transactions with Henan Investment Group for the three years ending 31 December 2027, the existing Securities and Financial Services Framework Agreement with Henan Investment Group did not include securities and financial products transactions, and no annual caps were set for such transactions, either.

As discussed in section 3 above, the depth and breadth of cooperation between the Group and Henan Investment Group increased. Based on currently available information, the Company expects that the Group may carry out securities and financial products transactions with Henan Investment Group and its associates in 2026 and 2027. Such transactions may provide the Group with additional investment opportunities and investment returns, and the investment risks of the products currently proposed to be traded are expected to be controllable. Subject to compliance with the Group's pricing policies, risk control requirements and internal approval procedures, the Company may make such investments. Accordingly, the Company proposes to include securities and financial products transactions in the Revised Framework Agreement and set annual caps to ensure compliance with the continuing connected transaction requirements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Principal terms of the Revised Framework Agreement

The Company proposes to revise the existing arrangement with Henan Investment Group for the two financial years ending 31 December 2026 and 31 December 2027, so as to include amongst others, securities and financial products transactions between the Group and Henan Investment Group and its subsidiaries and/or associates, and to propose the new annual caps for, amongst others, the securities and financial products transactions under the Revised Framework Agreement.

Principal terms of the Revised Framework Agreement and pricing basis of the securities and financial products transactions contemplated thereunder as extracted from the letter from the Board are as follows:

Item	Principal terms
Parties	(i) Henan Investment Group Co., Ltd.; and (ii) the Company
Term	Subject to regulatory requirements and applicable laws, regulations and rules, from the date on which the Revised Framework Agreement is approved at the shareholders' meeting of the Company to 31 December 2027. Upon expiry and subject to compliance with relevant laws, regulations and approval procedures required under the applicable listing rules, the Revised Framework Agreement may be renewed with the consent of both parties. From the date on which the Revised Framework Agreement takes effect, the Securities and Financial Services Framework Agreement ceases to be legally effective.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Item	Principal terms
Scope of transactions and services	<p>In accordance with the Revised Framework Agreement, the Group and Henan Investment Group and its subsidiaries and/or associates may conduct the following transactions and services in their ordinary and usual course of business on normal commercial terms and in accordance with market practice:</p> <p>(A) securities and financial products transactions between the Group and Henan Investment Group and its subsidiaries and/or associates;</p> <p>(B) securities and financial services between the Group and Henan Investment Group and its subsidiaries and/or associates; and</p> <p>(C) other services provided by Henan Investment Group and its subsidiaries and/or associates to the Group.</p> <p>The securities and financial products proposed to be traded under the Revised Framework Agreement will be issued by the Company or Henan Investment Group and its subsidiaries and/or associates.</p>
Implementation agreements	<p>The relevant parties may enter into individual implementation agreements from time to time and as necessary, provided that such implementation agreements shall comply with the principles and terms of the Revised Framework Agreement.</p>
Payment	<p>The relevant prices, service fees and other fees payable under the Revised Framework Agreement shall be paid in accordance with the terms of the specific transaction contracts or implementation agreements entered into by the relevant parties.</p>
Termination	<p>Subject to the Revised Framework Agreement, either party to a specific service contract may issue written notice of not less than three months to the other party to terminate the provision of a specific transaction, unless a shorter notice period is adopted according to market practice for the relevant transaction.</p>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Item	Principal terms
Effectiveness	The Revised Framework Agreement shall become effective upon approval by the Board and the shareholders' meeting of the Company (as applicable), execution by the legal representatives or authorised representatives of both parties and affixation of the company chops of both parties.

We have reviewed both the Existing Framework Agreement and the Revised Framework Agreement and noted that additional scope of services have been incorporated into the Revised Framework Agreement, which are items (A) and (C) above with the remaining contents largely the same.

The highest applicable percentage ratio in respect of each of the revised annual caps for revenue from item (B) and the new annual caps for item (C) is more than 0.1% but less than 5%, the transactions contemplated thereunder are therefore subject to the reporting, announcement and annual review requirements, but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. Details of items (B) and (C) are set out in the letter from the Board.

Our discussion regarding the scope of transactions, pricing basis and annual caps of item (A), which is securities and financial products transactions between the Group and Henan Investment Group and its subsidiaries and/or associates, are set out in the following sections.

6. Securities and financial products and their pricing basis

As set out in the letter of the Board, the securities and financial products transactions will be conducted at prevailing market prices in the ordinary and usual course of the Group's business. We have discussed with the management of the Group on the product types and pricing policies of (i) the purchase and subscription by the Group of the securities and financial products issued by Henan Investment Group; and (ii) the sale or redemption by the Group of the securities and financial products issued by Henan Investment Group as stipulated under the Revised Framework Agreement and a summary of which is set out below.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Transaction type	Details
(a) Fixed income securities products	It includes, but not limited to, bonds, funds, trusts, wealth management products, asset management plans, asset securitisation products, bond lending and borrowing, structured products, swaps, futures, forwards, options and other financial products transactions with fixed income features.
(b) Equity-linked products	It includes, but not limited to, trading and/or subscription of equity interests (including market-making transactions on the New Third Board), funds, trusts, wealth management products, asset management products, private equity funds and equity derivatives (income swaps, futures, options, etc.).
(c) Other related securities and financial products permitted by regulatory authorities	It includes, but not limited to, futures, foreign exchange and commodities trading.

As stated in the letter from the Board, the securities and financial products transactions will be conducted at prevailing market prices in the ordinary and usual course of the Group's business. Where the relevant products are subscribed for, redeemed or otherwise traded directly between the issuer and investors, such transactions may be conducted directly between the parties. Depending on the product type and market practice, certain transactions may also be conducted through underwriters or exchanges. In such circumstances, the transaction mechanism, counterparty identification and execution process will follow applicable market rules and regulatory requirements.

We have discussed with the management of the Group on the pricing mechanism of the transactions contemplated under the Revised Framework Agreement, details of which have been set out below. No transactions with respect to securities and financial products took place between the Group and Henan Investment Group in the past three years.

Trading through interbank market and exchanges in the PRC

Transactions may be concluded through market inquiry. The transaction interest rate and price shall be determined by referring to market conditions, transaction prices and other factors based on market information. As advised by the management of the Group, majority of the PRC fixed income product transactions contemplated under the Revised Framework Agreement take place

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through primary or secondary markets of the interbank and exchange markets. In the secondary market, the transactions are conducted through independent intermediary money brokerage companies where the buyers and the sellers do not have knowledge of the identities of the counterparties before arriving at the transactions or transactions may be concluded through market inquiry. The interest rates or prices are determined with reference to prevailing market conditions, interest rates or prices of the past transactions and other factors based on market information. Those transactions are executed through the trading systems of China Foreign Exchange Trading System & National Interbank Funding Centre (“NIFC”) and the exchanges. In the primary markets, pricing of the PRC fixed income product transactions is determined through bidding or bookbuilding processes. All transactions taking place on the PRC interbank and exchange markets are regulated by the relevant authorities of NIFC and the exchanges, etc.

Tender procedures

As advised by the management of the Group, the prices of some financial products are determined through tender procedures. The acquisition of equity pledged financing products or trust products by the Group from Henan Investment Group or its subsidiaries and/or its associates on equity exchanges would go through auctions and the prices would be regulated by the equity exchanges.

Standard pricing

In terms of subscriptions by the Group of the financial products issued by the financial institutions of Henan Investment Group or its subsidiaries and/or associates or subscription by Henan Investment Group or its subsidiaries and/or associates of financial products issued by the Group, the same subscription price is offered to all investors. Such subscription price is determined in compliance with the relevant PRC/Hong Kong laws and regulations. The relevant rules and regulations would normally require due diligence, valuation, auditing of financial information, rating etc. to be conducted for the issuance of product brochures. This kind of financial products include some products with fixed income features, some equity-linked products and some other related securities and financial products permitted by the regulatory authority including, but not limited to, futures, foreign exchange and commodities trading.

Request for comparable quotes

As advised by the management of the Group, when the Group purchases products with fixed income features, equity-linked products, other related securities and financial products permitted by the regulatory authorities, it may invite quotes for the securities and financial products, compare and analyse the quotes received and select the securities and financial products with most competitive terms and prices.

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The Group shall comply with the relevant PRC administrative provisions, regulations and measures governing the issuance (including pricing) of financial products. Relevant rules and measures generally require the preparation and disclosure of information documents, which will require the conduct or preparation of due diligence, valuations, financial information reviews, ratings, etc. for the issuance. In addition, the issue price may need to be determined in accordance with the methods prescribed by the relevant rules and regulations, and all subscribers of the same financial product will subscribe at the same issue price.

As stated in the letter from the Board, the Company confirms that, based on the transactions currently expected to be conducted under the Revised Framework Agreement, major securities and financial products transactions will generally have prevailing market prices or reliable market-based reference prices. If a product or transaction does not have a readily available or directly observable market price, the Group will not determine the price solely by negotiation with Henan Investment Group and its subsidiaries and/or associates. Under the Revised Framework Agreement, such circumstances may mainly involve subscriptions of funds, trust, wealth management products and asset management products (the “**Products**”). The pricing of such transactions is determined based on the unit net value of the relevant Products on the date of transaction. The unit net value of such Products is calculated by dividing the net asset value of the Products by the amount of the fund units. The net asset value of the Products is the sum of the values of various marketable securities and notes, principals and interests of bank deposits, fund subscription monies receivables and other assets invested by such Products, less the liabilities of such Products, the calculation of which shall be in compliance with the China Accounting Standards for Business Enterprises. The net value of such Products is provided and audited by a manager, and confirmed by an external audit firm on a regular basis. The calculation method of the unit net value of the Products equally applies to all investors of the Products. If the Company is unable to confirm that the proposed price is fair and reasonable and determined on normal commercial terms or better, the Group will not conduct the relevant transaction with Henan Investment Group and its subsidiaries and/or associates.

Our view

Given that (i) the above pricing mechanisms are common and accepted in the financial market and are in compliance with the local laws and regulations; and (ii) we have reviewed the pricing basis of the Group’s peers as set out in their continuing connected transactions circulars and noted that the Group adopts similar pricing mechanisms for securities and financial products as those of its peers, we are of the view that the transactions contemplated under the Revised Framework Agreement shall be conducted on normal commercial terms and thus the prices and terms are fair and reasonable.

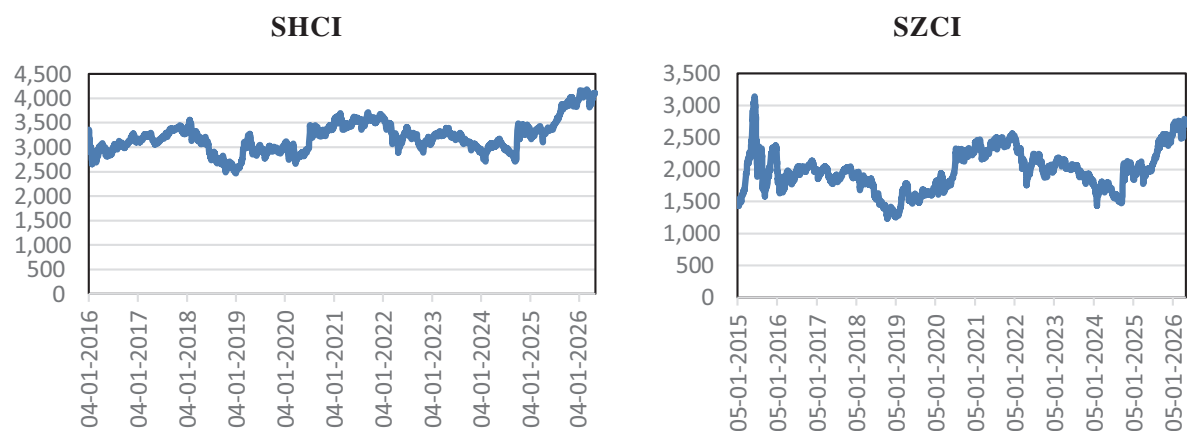
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7. The Proposed New Annual Caps for the Securities and Financial Products Transactions

7.1 Overview of the PRC financial markets

We have discussed with the management of the Group and were advised that the Group’s business performance is highly correlated with the PRC financial markets. Set out below are (i) Shanghai Composite Index (“SHCI”) and Shenzhen Composite Index (“SZCI”) and the average daily trading volume; and (ii) the transaction volume of the PRC bond markets over the past ten years:

Graph 1: PRC stock markets



	For the year ended 31 December										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	1Q2026
SHCI											
— Highest closing index	3,362	3,448	3,559	3,271	3,473	3,715	3,632	3,395	3,490	4,030	4,183
— Lowest closing index	2,656	3,053	2,483	2,464	2,660	3,358	2,886	2,899	2,702	3,097	3,813
Average daily trading volume (RMB billion)	18	18	15	22	27	33	31	29	41	52	67
SZCI											
— Highest closing index	2,138	2,047	1,961	1,783	2,333	2,562	2,528	2,191	2,134	2,550	2,764
— Lowest closing index	1,629	1,774	1,232	1,246	1,609	2,161	1,752	1,767	1,433	1,777	2,481
Average daily trading volume (RMB billion)	20	18	18	30	41	41	43	40	55	70	80

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Source: *Bloomberg*

Table 1: PRC Bond Market

	Bond issue volume ⁽¹⁾ (RMB trillion)	Year-on-year change	Bond spot settlement volume ⁽²⁾ (RMB trillion)	Year-on-year change	Repurchase settlement volume ⁽²⁾ (RMB trillion)	Year-on-year change
2016	14.14	39.72%	79.53	31.36%	500.13	23.51%
2017	13.58	-3.96%	52.22	-34.42%	514.28	2.83%
2018	13.67	0.66%	77.93	49.24%	585.69	13.89%
2019	15.31	11.20%	139.40	78.86%	670.21	14.43%
2020	21.87	42.91%	153.16	9.87%	782.96	16.82%
2021	22.84	4.41%	141.47	-7.63%	892.20	13.94%
2022	25.01	9.50%	179.44	26.84%	1,146.57	28.51%
2023	26.99	7.92%	202.86	12.95%	1,409.46	22.93%
2024	27.82	3.07%	249.23	22.94%	1,381.53	-1.98%
2025	33.23	19.47%	257.08	3.15%	1,358.66	1.66%

Source: *chinabond.com.cn* (a website managed by CCDC)

Notes:

1. Referred to bond issue registered at CCDC.
2. Referred to bond/repurchase settlement through CCDC.

From 2016 to 1Q2026, both SHCI and SZCI exhibited an overall long-term upward trend, albeit with notable volatility. SHCI troughed at 2,464 in early 2019 before recovering to 3,715 in 2021. After a moderate pullback in 2023–2024, it staged a robust rally to reach a high of 4,183 in 1Q 2026. SZCI followed a comparable pattern, bottoming at 1,232 in 2018, rebounding to 2,528 in 2022, and, following a similar consolidation phase in 2023–2024, advanced to a high of 2,764 in 1Q 2026. Trading volumes also trended upwards while remaining highly volatile. For SHCI, average daily turnover declined to RMB15 billion in 2018, before rising to RMB22–33 billion during 2019–2023, surging further to RMB41 billion in 2024 and reaching about RMB67 billion in the 1Q 2026. For SZCI, average daily turnover was RMB20 billion in 2016, eased to RMB18 billion in 2017–2018, then increased to RMB30–55 billion between 2019 and 2024, before jumping sharply to approximately RMB80 billion in 1Q2026. Overall, the PRC equity markets have displayed a broadly upward trend over the past 10 years, with particularly robust performance in 2025 and early 2026, reflecting growing investor confidence.

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From 2016 to 2025, the PRC bond market experienced notable volatility as well, with bond issuance volumes grew by 39.72% year-on-year in 2016 before contracting by 3.96% in 2017, then resumed its robust double-digit growth of 42.91% in 2020, before stabilizing at modest single-digit gains from 2021 to 2024. Growth re-accelerated to 19.47% in 2025, bringing total issuance to RMB33.23 trillion. Bond spot settlement volumes reflected similar fluctuations, with year-on-year growth of 31.36% in 2016 to RMB79.53 trillion, dipping 34.42% in 2017, and soaring 49.24% in 2018 and 78.86% in 2019, followed by a 7.63% contraction in 2021 and a rebound of 12.95% to 26.84% positive growth in 2022 to 2024. This was followed by a moderate growth of 3.15% in 2025, with volumes at RMB257.08 trillion. Repurchase settlements increased more steadily overall, rising from RMB500.13 trillion in 2016 to RMB1,358.66 trillion in 2025, yet exhibited volatility with a 1.98% decline in 2024 after years of robust expansions.

7.2 Securities and Financial Products Transactions

7.2.1 Historical transaction amount with Henan Investment Group

In the past three years, no securities and financial products transactions were entered into between the Group and Henan Investment Group and its subsidiaries and/or associates.

7.2.2 The Group's investment and financing activities in the past five years

We have discussed with the management of the Group on the securities and financial products and are advised that the Group has been conducting securities and financial products transactions with independent third parties for its proprietary trading business. As stated in the Company's annual report for FY2025, the investment scope of the Group's proprietary trading business includes publicly offered stocks, bonds, funds, derivatives and other financial products approved by the CSRC. The key financial data of the Group's securities and financial products transactions as extracted from the annual reports of the Company are set out below:

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Table 2: The Group's income derived from securities and financial products transactions in FY2021–FY2025

<i>(RMB million)</i>	FY2021	FY2022	FY2023	FY2024	FY2025
Total operating income (A)	2,911.8	1,794.4	1,670.3	1,392.4	1,962.9
Net interest income	138.3	131.5	126.1	244.7	411.9
Investment income ⁽¹⁾	622.3	1,035.3	865.1	507.9	678.2
Gain/(loss) in fair value	489.5	(441.2)	(96.7)	(198.8)	(123.5)
Sub-total (B)	1,250.1	725.6	894.5	553.8	966.6
(B)/(A)	42.9%	40.4%	53.6%	39.8%	49.2%

Notes:

- (1) *The investment income for FY2021, FY2022 and FY2023 were provided by the management of the Group as the total operating income for the corresponding periods were restated and disclosed in the annual report of the Company for FY2025.*
- (2) *Save as disclosed in note 1 above, all other figures are basically extracted from the annual reports for the relevant year unless they are subsequently restated.*

As shown in the above table, the Group's total operating income fell from RMB2,911.8 million in FY2021 to RMB1,794.4 million in FY2022 and then had been in the region of RMB1,300 million to RMB2,000 million in FY2023 to FY2025. Net interest income, investment income and gain/(loss) in fair value, which are derived from the securities and financial products transactions entered into with independent third parties, accounted for 39.8% to 53.6% of the total operating income in FY2021 to FY2025.

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Table 3: The Group’s financial assets in FY2021–FY2025

<i>(RMB million)</i>	As at 31 December				
	2021	2022	2023	2024	2025
Derivative financial assets	0.1	0.0	27.9	16.1	–
Financial assets under resale agreements	972.9	1,141.4	1,010.2	1,445.0	709.0
Financial assets held for trading/financial assets at fair value through profit or loss	24,507.9	21,614.1	24,271.2	17,629.2	17,118.0
Other debt investments/financial assets at fair value through other comprehensive income	970.4	2,288.3	410.9	114.3	3,145.9
<i>Sub-total</i>	26,451.3	25,043.8	25,720.2	19,204.7	20,972.9

In the above table, the assets items representing the securities and financial products purchased by the Group were RMB19.2 billion – RMB26.5 billion during FY2021-2025.

7.2.3 Proposed annual caps

Despite the Revised Framework Agreement governs the transactions with respect to securities and financial products may be issued by the Company or Henan Investment Group and its subsidiaries and/or associates, the management of the Group estimates the Proposed New Annual Caps based on the transactions with respect to the securities and financial products to be issued by Henan Investment Group and its subsidiaries and/or associates only.

The Company estimates that the total net inflow/outflow in respect of the securities and financial products transactions between the Group and Henan Investment Group and its subsidiaries and/or associates for each of the two financial years ending 31 December 2026 and 2027 as follows:

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Securities and financial products transactions	Proposed annual caps for the year ending 31 December	
	2026	2027
	<i>(RMB million)</i>	<i>(RMB million)</i>
Total net cash inflow to the Group	305.0	515.0
Total net cash outflow from the Group	330.0	510.0

We have discussed with the management of the Group and are advised that the securities and financial products transactions between the Group on one hand and Henan Investment Group and its subsidiaries and/or associates on the other hand could not only facilitate the use of advantageous resources between the parties and create synergies but also enrich the Group's proprietary trading portfolio.

In estimating the proposed new annual caps for the total net cash inflow to the Group, the Company has taken into account (i) the expected redemption of financial products issued by Henan Investment Group and its subsidiaries and/or associates of RMB5.0 million and RMB15.0 million in 2026 and 2027, respectively; and (ii) the expected redemption or sale of bonds issued by Henan Investment Group and its controlled subsidiaries of RMB300.0 million and RMB500.0 million in 2026 and 2027, respectively.

In estimating the proposed new annual caps for the total net cash outflow from the Group, the Company has taken into account (i) the expected subscription for financial products issued by subsidiaries and/or associates of Henan Investment Group of RMB30.0 million and RMB10.0 million in 2026 and 2027, respectively, based on the business strategy and the underlying investment directions of the relevant products; and (ii) the expected subscription for or purchase of bonds issued by Henan Investment Group and its controlled subsidiaries of RMB300.0 million and RMB500.0 million in 2026 and 2027, respectively.

As stated in the letter from the Board, in respect of these proposed annual caps, the expected subscription or purchase amount of bonds is estimated by reference to the Group's current investment plan and the expected availability of the financial products and bonds issued by Henan Investment Group or its subsidiaries and/or associates. For the year ended 31 December 2025, the amount of credit bonds purchased/subscribed by the Group in its proprietary business was approximately RMB100 billion and the Group therefore proposes to allocate no more than 0.3% and 0.5% of the purchase amount in 2025 for the second half of 2026 and full year of 2027, respectively, to purchase the bonds issued by Henan Investment Group or its subsidiaries and/or associates, and set relevant annual caps accordingly. The expected redemption or sale amount is

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estimated by reference to the expected subscription or purchase amount for the relevant year, on the assumption that most of the relevant bonds subscribed for or purchased by the Group during the relevant year may be redeemed or sold within the same year.

We have been provided with and reviewed (i) the existing list of securities and financial products issued by Henan Investment Group and its subsidiaries and/or associates; and (ii) the list of the Group's purchase or subscription of securities and financial products issued by third party issuers in 2025. It is noted that (i) Henan Investment Group and its five subsidiaries and/or associates issued 179 securities and financial products amounting to a total of about RMB139.5 billion, with the issue size ranging from RMB0.2 billion to RMB2.0 billion each; (ii) for the year ended 31 December 2025, the Group purchased or subscribed for about 1,200 credit bonds issued by third party issuers, amounting to a total of about RMB100 billion; (iii) the Group purchased over 20 securities and financial products mainly issued by financial institutions in an amount of more than RMB0.5 billion in 2025; and (iv) the redemption or sale of credit bonds by the Group amounted to about RMB97.4 billion for the year ended 31 December 2025.

Our view

Having considered:

- *Investment size of the Group.* As set out in Table 3, the Group's total financial assets amounted to about RMB21.0 billion as at 31 December 2025 and based on the information provided by the Group, the total purchase or subscription amount of the credit bonds by the Group for the year ended 31 December 2025 was about RMB100 billion. The proposed annual caps for net cash outflow in respect of securities and financial products transactions are RMB330 million for 2026 and RMB510 million for 2027, representing about 1.6% and 2.4% of the Group's total financial assets, as at 31 December 2025 or about 0.3% and 0.5% of the total purchase or subscription amounts of the credit bonds by the Group for the year ended 31 December 2025, respectively. The proposed annual caps for net cash inflow in respect of securities and financial products transactions of RMB305 million for 2026 and RMB515 million for 2027, which are to facilitate the sale and redemption of the securities and financial products issued by Henan Investment Group and its subsidiaries and/or associates, are close to the net cash outflow during the relevant year, representing about 0.3% and 0.5% of the Group's total redemption or sale of the credit bonds for year ended 31 December 2025. The proposed transactions, which account for only a relatively small portion of the Group's investment portfolio, would enable the Group to diversify its investments portfolio enhancing its return and mitigate counterparty risk.

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- *Henan Investment Group's credit rating.* Pursuant to the report issued by China Lianhe Credit Rating Co., Ltd, Henan Investment Group is appraised with AAA credit rating (i.e. stable outlook) for public issuance of bonds to professional investors in 2026. Some subsidiaries of Henan Investment Group had been rated at stable outlook in the past three years. The affirmation by the rating companies reflect the Henan government's continued support of Henan Investment Group and its strong linkage with the government, given its important role in managing and operating key state-owned assets and capital, and upholding financial system stability.
- *The Group maintains a sufficient cash position.* As at 31 December 2023, 2024 and 2025, the Group's cash and bank balances amounted to RMB10.0 billion, RMB14.4 billion and RMB19.3 billion, respectively, representing year-on-year increases of 44.3% in 2024 and 33.9% in 2025 and cash and bank balances (other than client's capital deposits) amounted to RMB1.8 billion, RMB2.4 billion and RMB1.6 billion, respectively, representing year-on-year increase of 31.7% in 2024 and decrease of 34.9% in 2025. Despite a drop in cash and bank balances (other than client's capital deposits) in 2025 mainly due to repayment of USD bond issued by a subsidiary of the Company upon maturity in the same year, the Group's cash position remained strong with adequate cash resources. The proposed annual caps in respect of net cash outflow for securities and financial products transactions will facilitate the efficient deployment of idle cash and maximise the return on the Group's existing capital.
- *Recent improvements of the PRC financial markets as discussed in session 7.1 above.* The PRC financial markets have staged a notable recovery and exhibited robust growth and prosperity starting from 2025, as also set out in Section 7.1 above.

we are of the view that, although there were no historical transactions with Henan Investment Group and its subsidiaries and/or associates, the securities and financial products transactions annual caps for the years ending 31 December 2026 and 2027, which enable the Group to seize business opportunities in the fast-changing and booming financial markets, are fair and reasonable.

8. Internal control procedures for the transactions contemplated under the Revised Framework Agreement

As set out in the letter from the Board, the Group has adopted a series of internal approval and supervision procedures to regulate the transactions and services under the Revised Framework Agreement and to ensure that the terms of the transactions are on normal commercial terms or on terms no less favourable to the Group than terms applicable to independent third parties.

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The Group has established internal guidelines and policies for conduct of different types of securities and financial products transactions, securities and financial services and other services, as well as internal procedures and systems for approval and supervision of such transactions and services. Such policies and guidelines set out the requirements for approval authority and procedures, record keeping, supervision and review procedures for different types of transactions and businesses. In addition, trainings will be provided to traders/dealers and relevant staff on the requirements relating to connected transactions, and all connected transactions, once identified and conducted, will be recorded by the relevant department. The relevant business departments, in accordance with regulatory requirements, are responsible for reviewing whether the transaction pricing complies with the pricing policy. The relevant business department of the Company is responsible for reviewing whether the actual transaction amounts would exceed the annual caps and alert relevant business lines if close to the annual caps (i.e. where the utilisation rate of the annual caps reaches or exceeds 80%). The Office (Office of the Board), the Planning and Finance Headquarter and other specific operational and administrative departments will also collect data from all business lines and review the actual amounts of different types of transactions and services on a regular or irregular basis to ensure that the annual caps would not be exceeded and remind the business departments on the control of such continuing connected transactions. As regards the frequency of the relevant control procedures, the relevant business departments will submit the proposed transaction amount before each transaction, and the Company will regularly review the actual transaction amounts on a semi-annual basis. The legal and compliance departments will review each framework agreement (if any) entered into for transactions under the Revised Framework Agreement and if there is no framework agreement, they will review each specific agreement before it is signed.

For securities and financial products transactions between the Group and Henan Investment Group and its subsidiaries and/or associates, the Group will determine the pricing terms by reference to market prices, market inquiry results, comparable product prices and applicable regulatory requirements.

For securities and financial services between the Group and Henan Investment Group and its subsidiaries and/or associates and other services provided by Henan Investment Group and its subsidiaries and/or associates, Shareholders are advised to refer to the letter from the Board for details.

The conduct of the continuing connected transactions is also subject to annual review by all independent non-executive Directors and auditors of the Company in accordance with Chapter 14A of the Hong Kong Listing Rules.

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Our view

Given that (i) the Group has established internal guidelines and policies to monitor the securities and financial products transactions contemplated under the Revised Framework Agreement; (ii) the designated persons or departments or committees of the Group would review the transactions contemplated under the Revised Framework Agreement; (iii) the independent non-executive Directors will, pursuant to Rule 14A.55 of the Hong Kong Listing Rules, review, among other things, whether the transactions contemplated under the Framework Agreement are conducted on normal commercial terms; and (iv) the auditors of the Company will, for the purpose of Rule 14A.56 of the Hong Kong Listing Rules, review, among other things, whether the transactions contemplated under the Framework Agreement are conducted in accordance with its terms, we are of the view that the Company has adequate internal control measures in place to ensure the securities and financial products transactions contemplated under the Revised Framework Agreement are conducted in accordance with the pricing policies under the Revised Framework Agreement and on normal commercial terms.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into of the Revised Framework Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole; and (ii) the terms of the Revised Framework Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves also recommend, the Independent Shareholders, to vote in favor of the relevant ordinary resolution to be proposed at the AGM so as to approve the Revised Framework Agreement and the proposed annual caps for the securities and financial products transactions.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Jenny Leung
Director

Ms. Jenny Leung is a licensed person and responsible officer of Somerley Capital Limited registered with the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

Details of the proposed amendments to the Articles of Association are set out in the table below:

No.	Before amendments	After amendments
1	Article 2... Registered Name of the Company Chinese Name:中原证券股份有限公司。 English Name: CENTRAL—CHINA SECURITIES CO.,LTD. ...	Article 2... Registered Name of the Company Chinese Name:中原证券股份有限公司 English Name: <u>Central China Securities Co., Ltd. (Registered with Hong Kong Companies Registry)</u> ...
2	New Article	<p>Article 19 <u>The Company’s culture construction is guided by cultivating financial culture with Chinese characteristics, and actively implements the requirements of “five requirements and five prohibitions”, namely, “honesty and trustworthiness, not exceeding the bottom line; profit based on righteousness, not profit-seeking; be steady and prudent, not eager for quick success; be upright and innovative, not deviate from reality to virtuality; comply with laws and regulations, and do not act recklessly”.</u></p> <p><u>The objective of the Company’s cultural construction is to vigorously promote the excellent traditional Chinese culture in accordance with the requirements of the development of the securities industry; in line with industry standards and its own circumstances, the Company promotes the integration of core elements of the Company’s culture into all aspects of the Company’s development strategy and business operations.</u></p>

No.	Before amendments	After amendments
3	<p>Article 121...</p> <p>If two or more independent Directors are elected at the shareholders’ meeting, the cumulative voting system shall be implemented.</p> <p>...</p>	<p>Article 122...</p> <p><u>If two or more non-independent Directors are elected at the shareholders’ meeting when the proportion of the shares in which a single shareholder of the Company and parties acting in concert with it are interested is 30% or more, or</u></p> <p>If two or more independent Directors are elected at the shareholders’ meeting, the cumulative voting system shall be implemented.</p> <p>...</p>
4	<p>New Article</p>	<p>Article 163 <u>An Employee Director shall enjoy the same rights as other Directors in accordance with the law, assume corresponding obligations, and perform special responsibilities of representing employees’ interests, reflecting employees’ reasonable demands, and safeguarding the legitimate rights and interests of employees and the Company in accordance with laws and regulations.</u></p>
5	<p>Article 186</p> <p>The Board shall be responsible to the General Meeting and exercise the following powers:</p> <p>...</p> <p>(23) To study the Company’s ESG-related plans, objectives, systems and significant matters, pay attention to significant ESG-related risks, and review ESG-related reports;</p> <p>...</p>	<p>Article 188</p> <p>The Board shall be responsible to the General Meeting and exercise the following powers:</p> <p>...</p> <p>(23) To <u>deliberate and approve</u> the Company’s ESG-related plans, objectives, significant matters <u>and ESG-related reports, etc.,</u> pay attention to significant ESG-related risks, <u>and comprehensively supervise ESG matters;</u></p> <p>...</p>

No.	Before amendments	After amendments
6	<p>Article 209</p> <p>...</p> <p>The main responsibilities of the Strategy and Sustainable Development Committee of the Company:</p> <p>...</p> <p>(3) To study the Company's ESG-related plans, objectives, systems and significant matters, pay attention to significant ESG-related risks, review ESG-related reports, and provide recommendations to the Board;</p> <p>...</p>	<p>Article 211</p> <p>...</p> <p>The main responsibilities of the Strategy and Sustainable Development Committee of the Company:</p> <p>...</p> <p>(3) To study the Company's ESG-related plans, objectives, significant matters <u>and ESG-related reports, etc., supervise ESG-related work, identify significant related risks,</u> and provide recommendations to the Board.</p> <p>...</p>
7	<p>Article 219</p> <p>The Executive Committee of the Company shall mainly exercise the following powers:</p> <p>...</p> <p>(17) To decide on significant matters involving the Company's safe operation, social responsibility, ecological environmental protection, compliance and risk control, etc.;</p> <p>.....</p>	<p>Article 221</p> <p>The Executive Committee of the Company shall mainly exercise the following powers:</p> <p>...</p> <p>(17) To <u>deliberate</u> significant matters involving the Company's safe operation, social responsibility, ecological environmental protection, compliance and risk control, etc.; <u>and coordinate and promote the implementation of ESG management work.</u></p> <p>...</p>

Where the serial numbers of Articles change due to the addition, deletion or adjustment of sequence of Articles in this amendment, the serial numbers of the amended Articles shall be sequentially extended or reduced, and the serial numbers of Articles cross-referenced in the contents of the Articles of Association shall be adjusted accordingly.

1. Responsibility statement

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. Disclosure of interests

As at the Latest Practicable Date, based on the information acquired by the Company and to the knowledge of the Directors, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

As at the Latest Practicable Date, to the knowledge of the Directors after making reasonable inquiries, the following persons (other than the Directors or the chief executive of the Company) had the following interests or short positions in the shares or underlying shares required to be disclosed to the Company in accordance with Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be maintained by the Company under Section 336 of the SFO:

Type	Name	Nature of interest	No. of Shares	% of total	% of total	Position
				issued Shares	issued A/H Shares	
A Shares	Henan Investment Group	Beneficial owner	822,983,847	17.726	23.872	Long position
H Shares	Henan Investment Group	Beneficial owner/interests in corporations controlled by substantial shareholders	200,573,000	4.320	16.779	Long position

Type	Name	Nature of interest	No. of Shares	% of total	% of total	Position
				issued Shares	issued A/ H Shares	
H Shares	E Fund Management Co., Ltd.	Investment manager	117,129,000	2.522	9.80	Long position

Note: To the best knowledge of the Company, as at the Latest Practicable Date, in addition to the 822,983,847 A Shares of the Company directly held by it, Henan Investment Group Co., Ltd. also held 46,733,000 H Shares of the Company through its wholly-owned subsidiary, Dahe Paper (Hong Kong) Co., Limited, and held 153,840,000 H Shares of the Company through Southbound Trading of Stock Connect, totaling 1,023,556,847 shares of the Company, accounting for 22.05% of the total issued Shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Company was not aware of any other persons (excluding the Directors and the chief executive of the Company) having interests or short positions in the shares or underlying shares required to be recorded in the register under Section 336 of the SFO.

3. Directors' service contracts

Pursuant to the service contracts entered into between the Company and the Directors, if the Company terminates such contracts with Directors in advance due to justified reasons (namely removal of Directors by resolution of the shareholders' meeting), the Company shall pay compensation equal to the remuneration payable for the remaining term of office, subject to a maximum limit of one year's remuneration. Where the contract is terminated due to any violation of laws, regulations or disciplines by a Director, such Director shall not be entitled to claim any compensation whatsoever.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into any service contract with any member of the Group which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

4. Directors' interests in assets and contracts

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2025, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

5. Competing interests

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. Material adverse change

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited accounts of the Company were made up.

7. Expert and consent

The following is the qualification of the expert who has given an opinion or advice contained in this circular:

Name	Qualification
Somerley Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Somerley has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, Somerley did not have any shareholding in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Somerley did not have any direct or indirect interest in any assets which had been, since 31 December 2025, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

8. Documents on display

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ccnew.com) for a period of not less than 14 days from the date of this circular:

- (a) the Revised Framework Agreement (to be entered into by the Company and Henan Investment Group); and
- (b) this circular.

Central China Securities Co., Ltd.**Measures for the Administration of Total Wages (Revised)****Chapter I General Provisions**

Article 1 The Measures are formulated in accordance with the Measures for the Administration of Total Wages of Local State-owned Financial Enterprises in Henan Province (《河南省地方國有金融企業工資總額管理辦法》), the Guidelines for Securities Companies to Establish Sound Remuneration Systems (《證券公司建立穩健薪酬制度指引》), the Guidelines for Internal Remuneration Distribution of State-owned Enterprises (《國有企業內部薪酬分配指引》), the Guidelines for the Budget Compilation and Administration of Total Wages of State-owned Enterprises in Henan Province (《河南省國有企業工資總額預算編制管理指引》), the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), and relevant national policies and provisions, with a view to establishing a sound corporate remuneration system, giving play to the role of market mechanisms, improving the wage determination mechanism, enhancing the distribution order management, boosting operational vitality and competitiveness, and promoting the high-quality development of the Company.

Article 2 The Measures shall apply to Central China Securities Co., Ltd. (hereinafter referred to as the “**Company**”), all business departments, branches and subsidiaries.

Article 3 The term “total wages” herein refers to the aggregate labor remuneration directly paid by the Company to all its employees with established labor relations within a fiscal year, including wages, bonuses, allowances, subsidies, overtime pay and wages paid under special circumstances.

Article 4 The administration of the Company’s total wages shall adhere to the following principles:

- (i) **Benefit-oriented principle.** The Company establishes a linkage mechanism between total wages and net profit growth rate, and links the total wages of each business unit with its performance appraisal results, economic benefits and labor productivity in a consistent manner. Remuneration shall rise alongside improved performance and decline in tandem with weaker performance.
- (ii) **Strategy-oriented principle.** Aligned with economic development strategies and corporate social responsibilities, the Company priorities better services for the economic development of Henan Province. In light of corporate development strategies, the

Company shall set reasonable linkage indicators and management fluctuation ranges by taking into account industrial benchmarks, performance volatility and historical operating results of each business unit.

- (iii) Standardized distribution order. The Company shall implement national macro guidance on wage distribution for financial enterprises and strengthen regulation over distribution order. It shall conduct penetrating administration over all business lines, business departments, branches and subsidiaries, implement full-staff performance appraisal, and enforce rigid linkage and binding constraints between remuneration distribution and appraisal outcomes.

Chapter II Total Wage Determination Mechanism

Article 5 The Company establishes a wage-benefit linkage mechanism. The growth rate indicator linked to the Company’s total wages is the net profit growth rate. Total wages shall increase when net profit rises and decrease when net profit falls. The maximum ceiling of the Company’s total wages shall be verified and approved by the institution performing the functions of investor ownership in accordance with relevant regulations.

Article 6 All business lines and subsidiaries shall adopt the wage-benefit linkage mechanism. In principle, total wages shall rise with the growth of linkage indicators and decline with the drop of such indicators. The growth range of total wages shall be determined based on the growth rate of linkage indicators and comprehensive appraisal results. The Company shall formulate targeted incentive and appraisal rules matching the wage-benefit linkage indicators of each business line and subsidiary with differentiated appraisal priorities.

Article 7 Calculation formula of total wage growth of business lines and subsidiaries:

$$\text{Total wage for the current year} = \text{base of total wage for the previous year} \times (1 + \text{increase of total wage})$$

$$\text{Total wage increase} = \text{linkage indicator increase} \times \text{comprehensive assessment adjustment coefficient}$$

The base of total wages is the liquidated amount of total wages of the previous year, and the calculation caliber is the accrual caliber. The linkage indicator is determined according to Article 8 of these Measures, and the comprehensive assessment adjustment coefficient is determined according to Article 9 of these Measures.

Article 8 Wage-benefit linkage indicators shall be classified and set in light of functional nature, business characteristics and actual operating conditions of each business line and subsidiary, among which:

- (i) Wealth management business line, investment banking business line, asset management business line: net profit shall be adopted as the linkage indicator; Proprietary trading business line: net profit and investment yield shall be taken as linkage indicators, among which the weight of net profit shall be no less than 50%.
- (ii) Net profit shall be taken as the linkage indicator for Central China Futures, Central China Blue Ocean, ZDKY Venture Capital and Central China International; The linkage indicator for Central China Equity Exchange Co. Ltd. shall be the weighted index consisting of the average wage growth rate of the Company's headquarters and the benefit indicator growth rate of Central China Equity Exchange Co. Ltd., with the weight of benefit indicators not exceeding 50%, and the benefit indicators shall be formulated by the Company in accordance with its annual key assessment priorities.
- (iii) Other independently accounted and appraised business lines and departments shall also follow the wage-benefit linkage mechanism in principle, whereby wages rise with improved benefits and fall with declining benefits, with linkage indicators to be defined separately.

Article 9 The comprehensive assessment adjustment coefficient of each business line and subsidiary is determined according to the comprehensive assessment and evaluation grade.

If the economic benefits increase, the comprehensive assessment grades A, B, C and D are set at 1, 0.8, 0.6 and 0.4, respectively; If the economic benefits decrease, the comprehensive assessment grades A, B, C, and D are set to 0.4, 0.6, 0.8, and 1, respectively.

The comprehensive assessment and evaluation grades are determined in accordance with the Company's comprehensive assessment management measures.

Article 10 On the premise that the total wages of all business lines and subsidiaries change in the same direction as linkage indicators, reasonable adjustments shall be made in combination with indicators such as labor productivity (per capita net profit), labor input-output ratio (labor cost profit margin) and personnel expense ratio (ratio of labor costs to revenue). In principle, if labor productivity (per capita net profit) declines, labor input-output ratio declines, the personnel

expense ratio rises, or the average employee wage of the previous year reaches 1.5 times or above the average wage of urban employees nationwide, the growth rate of total wages shall be lower than that of linkage indicators.

Article 11 According to the functional nature, development stage and remuneration mechanism characteristics of each business line and subsidiary, the Company sets the annual maximum change range of total wages by category to ensure that the total wages are controlled within the ranges verified and approved by the institution performing the functions of investor ownership. The specific ranges shall be proposed by the Headquarters of Human Resources Management after comprehensive consideration of the Company's strategic layout as well as the benefits and efficiency of business lines and subsidiaries, and finalized upon deliberation by the Party Committee of the Company.

Article 12 Where any of the following circumstances occurs to a subsidiary in a given year, including failure to preserve and appreciate state-owned financial capital, failure to achieve net asset growth, or incurrence of operating losses, its total wages shall not be increased and may be appropriately reduced. If the depreciation range of state-owned capital exceeds 10%, the reduction margin of total wages shall be no less than 5% in principle.

For subsidiaries designated as high-risk financial institutions by financial regulatory authorities or relevant government departments, their total wages shall not be raised, and the average employee wage level shall be subject to stringent control and shall in principle remain unchanged.

Article 13 During the period from the decline to the full recovery of net profit or other economic benefit linkage assessment indicators of each business line and subsidiary, the total wage shall be determined at the lower amount between the wage amount subject to wage-benefit linkage control and the pre-decline level.

Article 14 The Company shall establish a total wage adjustment mechanism applicable to all business lines and subsidiaries. Such adjustment shall not violate the basic logic of the wage-benefit linkage mechanism for business lines and subsidiaries in principle. Total volume adjustment shall be implemented within the scope not exceeding the total company wages verified by the institution performing investor duties, and structural adjustment shall be appropriately carried out in consideration of both efficiency and fairness.

Article 15 The base amount of total wages in the first year of each business line and subsidiary shall be the settled total wages, all of which shall be made on an accrual basis.

Article 16 The Company shall determine the total wages in accordance with the wage-benefit linkage mechanism and strictly implement the policy of “no wage increase for additional staff and no wage reduction for staff downsizing”. In the event of merger, restructuring or other circumstances complying with relevant national policies, the Company shall report the details to the institution performing investor duties for approval to reasonably adjust the total wage amount upwards or downwards.

Chapter III Budget Administration of Total Wages

Article 17 The Company shall fully implement budget management on total wages, and the budget preparation scope shall cover the parent company as well as all domestic and overseas subsidiaries at all levels thereunder. The total wage budget of the Company shall be formulated pursuant to the working procedures of top-down and bottom-up integration, hierarchical compilation and progressive summarization, with its scope consistent with that of consolidated financial final statements.

Budget plans for total wages of all business departments, branches and subsidiaries shall be submitted to the Company after going through internal decision-making procedures of respective entities.

The Headquarters of Human Resources Management shall formulate the headquarters budget, examine and summarize budgets of subsidiaries and independent assessment units to prepare the overall total wage budget plan of the Company. Such plan shall be subject to prior deliberation by the Party Committee of the Company, submitted to the Board of Directors for review and approval, and implemented after completing relevant formalities with the institution performing the functions of investors.

Article 18 Budget cycle of total wages. The Company shall administer total wage budgets on a single fiscal year basis and formulate annual budgets accordingly. In light of the cyclical nature of the securities industry and substantial annual fluctuations in operating benefits, the Company may explore the implementation of cyclical budget administration subject to approval by the institution performing the functions of investors, and formulate corresponding cyclical budgets.

Article 19 Formulation methods for total wage budgets. In formulating total wage budgets, the Company shall set reasonable expected business targets in alignment with current-period business plans. The total wage budget shall be based on the settled total wages of the preceding period.

- (i) In respect of the budgeted growth of annual total wages, the same shall be calculated based on the expected annual growth rate of preset wage-benefit linkage indicators compared with the actual completion value of the previous year, taking into account adjusting factors including improvement in labor productivity, market benchmarking of employee salaries and corporate labor cost input-output ratio. It shall be formulated within the scope of the expected growth rate of linkage indicators in compliance with the calculation formula of total wage determination mechanism.
- (ii) The formulation of total wage budgets by the Company shall prioritize the implementation of the “Two No Higher Than” principle. In principle, the budgeted average wage growth rate of middle and senior management and headquarters staff shall be lower than that of all on-the-job employees of the Company.
- (iii) Formula for total wage budget formulation: Total wage budget = Settled total wages of the preceding period × (1 + Budgeted growth rate of total wages)
- (iv) The Company shall arrange staffing rationally in accordance with business plans, and adjust total wage budgets properly based on projected changes in labor productivity and labor input-output indicators.

Article 20 In accordance with the procedures of hierarchical compilation and progressive summarization, all subsidiaries shall submit their total wage budget plans to the Headquarters of Human Resources Management of the Company for review and summarization within the prescribed time limit. The overall total wage budget plan of the Company shall be subject to prior deliberation by the Party Committee of the Company and submitted to the Board of Directors for examination and approval.

Article 21 The Company’s total wage budget plan shall be filed with the institution performing the functions of investor. The Company shall conduct budget implementation, internal supervision and evaluation in light of actual business conditions, internal performance appraisal and remuneration distribution systems.

Article 22 The Company shall implement the total wage budget duly filed with the institution performing the functions of investor. Where any of the following circumstances occurs during implementation leading to material changes to the formulated budget, the total wage budget may be adjusted upon completion of the Company’s internal decision-making procedures. Any adjustment reaching or exceeding 20% of the total budget shall be re-submitted for filing with the aforesaid institution:

- (i) Major adjustments to national macroeconomic policies;
- (ii) Material changes in market environment;
- (iii) Major asset restructuring such as enterprise division and merger;
- (iv) Impacts from non-operational factors including force majeure;
- (v) Other special circumstances.

Article 23 The Company shall submit the implementation status and settlement report of the previous year's total wage budget to the institution performing the functions of investor as required, covering mainly the following contents:

- (i) Implementation of the previous year's total wage budget as well as the current year's budget or settlement data.
- (ii) Performance appraisal results of recent years and current-year business plan targets.
- (iii) Final settled value of state-owned capital preservation and appreciation in the previous year and the budgeted or final settled value for the current year.
- (iv) Previous-year final figures and current-year budget/final figures of indicators including labor productivity, labor cost input-output ratio and average employee wages, together with relevant market benchmarking results.
- (v) For special matters involving merger and restructuring, submit a separate total wage application report, as well as supporting documents including feasibility study reports (covering development plans and financial sustainability analysis), decision-making documents, business registration certificates, financial statements and remuneration information of merged, restructured or newly-established enterprises and institutions.
- (vi) Other matters needing explanation.

Chapter IV Settlement Administration of Total Wages

Article 24 Overall corporate settlement. Settlement shall be conducted based on the actual year-end completion of business expected targets, in compliance with the wage-benefit linkage mechanism and relevant policy requirements for state-owned financial enterprises.

Article 25 Each business line and subsidiary shall conduct settlement in light of its respective wage-benefit linkage mechanism, wage budget, incentive scheme and annual comprehensive appraisal measures. Functional departments of the Company shall make settlements based on the overall corporate economic benefits and departmental appraisal results, with the per capita income level no higher than that of business departments.

Within the settled total wages of the Company, the total wages among business lines, subsidiaries and functional departments may be rationally allocated and deployed in a coordinated manner, which should reflect the benefit and efficiency orientation or promote the development of new businesses.

Article 26 Provincial-level principal responsible persons and other senior management specified in the Articles of Association shall be included in the scope of total wage settlement administration. Settlement shall be implemented in accordance with the remuneration determination mechanisms for principals of state-owned financial enterprises, professional managers and other senior management of the Company.

Chapter V Distribution Administration of Total Wages

Article 27 The Company adopts a total wage distribution system based on post salary and performance orientation, applying unified standards for identical posts to realize flexible wage adjustment with both increases and decreases allowed.

- (i) The Company implements a basic wage system dominated by post salary. Determined on the basis of post value and competency assessment as well as employees' positions and ranks, it is dynamically adjusted in response to changes in positions and ranks.
- (ii) In line with national regulations and actual corporate conditions, allowances and subsidies are set as supplements to post salaries. Apart from those mandatorily required by the state, other allowances and subsidies are formulated after assessment focusing on professional competency and frontline business orientation, and dynamically adjusted in accordance with cost management requirements.
- (iii) A results-oriented performance-based wage system is implemented by the Company. Unified management rules apply to identical posts. The Company strengthens post performance appraisal to ensure flexible adjustment of performance-based wages, which are linked to employees' job performance and contribution and determined by individual performance appraisal results.

- (iv) Payment of overtime wages and wages payable under special circumstances shall be implemented after going through the Company's internal decision-making procedures.
- (v) The Company reasonably sets wage levels for different posts with reference to market wage ranges and its own economic benefits. Wage distribution is tilted toward grassroots frontline posts, core positions and urgently-needed high-level as well as highly-skilled talents, with reasonable wage gradient formulated.

Article 28 The Company shall implement the guiding principles of the remuneration reform policies for principals of state-owned enterprises, and establish classified remuneration management systems for the management personnel of the Company based on different personnel identities.

The remuneration for the provincial-level principal responsible persons and other senior management under the supervision of the Board of Directors consists of basic salary, performance-based salary and tenure incentive income. The proportion of performance-based salary shall be no less than 65% of the aggregate amount of basic salary and performance-based salary; where there are applicable provisions issued by the state and relevant governmental authorities, such provisions shall prevail. The disbursement of performance-based salary and tenure incentives shall be primarily based on performance appraisal results, and shall be made subsequent to the disclosure of annual reports and completion of performance appraisals, and the performance appraisals shall be conducted based on audited financial data.

- (i) Provincial-level principal responsible persons shall comply with the reform policies on the remuneration system for principals of state-owned enterprises, with their remuneration structure and scale determined in accordance with applicable regulations.
- (ii) Professional managers shall be governed by market-oriented recruitment, contractual management, differentiated remuneration and market-based exit mechanisms, and their remuneration system shall be formulated and implemented in adherence to the dual benchmarking principle of performance and remuneration.
- (iii) Other managerial staff shall be subject to tenure-based and contractual management with remuneration closely linked to assessment targets, and their remuneration shall be governed by the remuneration system applicable to the Company's senior management.

Article 29 The performance-based wages of heads of first-level internal departments, first-tier branches and subsidiaries shall be closely tied to the assessment targets of their respective entities and mainly determined by corresponding assessment results; no performance-based wages

shall be granted for failure to pass assessment. Where the annual performance fulfillment volume of branches and subsidiaries is lower than that of the previous year, the performance-based wages of such principals shall generally be lower than those of the previous year.

Article 30 The Company shall establish a remuneration level adjustment mechanism covering the headquarters of the Group, all its branches and subsidiaries.

- (i) If the average employee wage of the Group headquarters, all its branches and subsidiaries in the previous year reaches five times the average wage of employed personnel in urban units nationwide for the same period, the growth rate of average employee wage in the current year shall not exceed the regulated wage growth target for state-owned enterprises in Henan Province; if exceeding six times, stringent control shall be imposed.
- (ii) If the average employee wage of the Central China Equity Exchange Co., Ltd. in the previous year reaches three times the average wage of employed personnel in urban units nationwide for the same period, the growth rate of average employee wage in the current year shall not exceed the regulated wage growth target for state-owned enterprises in Henan Province; if exceeding four times, stringent control shall be imposed.

Article 31 Extreme value control. The Company shall strictly implement the remuneration determination mechanism for all posts, formulate extreme value control standards via vertical and horizontal benchmarking, and rigorously curb unreasonable income and excessively high remuneration. Extreme value control standards shall satisfy the following requirements concurrently:

- (i) Vertical benchmarking. Benchmarking shall be conducted based on the business performance and remuneration of the most recent year. Remuneration shall rise in tandem with performance growth, yet the growth rate of remuneration shall be lower than that of performance.
- (ii) Horizontal benchmarking. In line with the dual benchmarking principle of performance and remuneration, take personnel holding equivalent positions in A-share listed securities firms as benchmark samples, and cap the remuneration level at no higher than the corresponding performance percentile level.

Article 32 Gradient management. The Company shall reasonably control the distribution gradient among different posts, properly balance the income distribution among senior management, middle-level managers and grassroots employees, and keep the wage level of the headquarters within reasonable limits. Gradient management shall be implemented by benchmarking against the average wage of on-the-job employees of the Company, subject to the following provisions:

- (i) The average wage of senior management shall not exceed five times the average wage of on-the-job employees, and that of middle-level managers shall not exceed three times such average level.
- (ii) The average wage of headquarters staff shall not exceed three times the average wage of on-the-job employees of the Company; no further increase of the average wage shall be allowed once such multiple is exceeded.

Article 33 The Company shall establish a management mechanism featuring the “Two No Higher Than” rule for wage growth, and tilt wage distribution toward grassroots frontline posts:

- (i) Strictly enforce the “Two No Higher Than” criteria: in principle, the average wage growth rate of headquarters staff shall be lower than that of on-the-job employees; the average wage growth rate of middle and senior management staff shall not be higher than that of on-the-job employees.
- (ii) The Company shall rationally set up organizational structures, optimize management hierarchy and standardize staffing scope:

Senior management positions refer to provincial-level principal responsible persons and other senior management as specified in the Company’s Articles of Association. Provincial-level principal responsible persons shall be remunerated in accordance with the remuneration formulation mechanism for principals of provincial-level state-owned financial enterprises, excluded from the scope of senior management position statistics, yet included in the calculation of the average wage of on-the-job employees and headquarters staff.

Heads of first-level internal departments at the headquarters and heads of first-tier subsidiaries and branches under independent corporate assessment shall be uniformly defined as middle-level management personnel; appointed principal and deputy principal of first-level internal departments, first-tier branches and subsidiaries shall be classified as middle-level management personnel.

Entities with valid business licenses shall be confirmed as branches and subsidiaries; all other departments and institutions shall be managed under the unified standard of the headquarters.

- (iii) The Company shall standardize wage accounting scope, and recognize wages attributable to the current year on an accrual basis.
- (iv) As the daily administrative body for remuneration distribution, the Headquarters of Human Resources Management shall take the “Two No Higher Than” principle as a core guideline for compiling the annual total wage budget at the start of the year, adjusting compensation midway through the year and disbursing year-end performance bonuses, and reinforce pre-estimation management.
- (v) The Audit Department of the Company shall include the implementation status of the “Two No Higher Than” rule into annual supervision and inspection.

Article 34 Administration of remuneration determined via “individual-specific negotiation”. For top-tier leading scientific and technological talents and other scarce high-caliber technical and skilled talents at home and abroad who are appointed to middle-level and above management personnel, if their remuneration level exceeds the maximum regulated remuneration for the Company’s principal responsible persons (excluding professional managers, hereinafter the same), the remuneration should be governed by the “individual-specific negotiation” remuneration mechanism.

- (i) The standards for identifying top-tier leading scientific and technological talents and other scarce high-caliber technical and skilled talents at home and abroad shall be formulated by the Headquarters of Human Resources Management in light of industry talent demands and characteristics, and finalized upon deliberation by the Party Committee of the Company.
- (ii) Strict criteria shall be applied in verifying middle-level management personnel and subsidiary person-in-charges eligible for “individual-specific negotiation”, which shall be subject to collective decision-making procedures of the Party Committee of the Company. The remuneration distribution results shall be publicized on a person-by-person basis via the Company’s internal OA system for a publicity period of five days. Upon completion of publicity without objections, the results shall be filed with the institution performing contributor’s duties in accordance with relevant regulations.

For senior management other than provincial-level principal responsible persons, their remuneration shall be determined with reference to remuneration management requirements for middle-level management personnel after going through the Company's governance procedures as required.

- (iii) Where remuneration for other middle-level management personnel, branch or subsidiary person-in-charges needs to be determined via "individual-specific negotiation" due to management requirements, relevant proposals shall be put forward by the Headquarters of Human Resources Management and confirmed after deliberation by the Party Committee of the Company.

Article 35 The Company shall establish a management mechanism to forestall unreasonable "remuneration inversion", covering provincial-level principal responsible persons, senior management (excluding professional managers, same below) other than provincial-level principal responsible persons, principal middle-level management personnel (including those of headquarters departments, first-tier branches and first-tier subsidiaries), and person-in-charges of branches at other levels.

- (i) The maximum remuneration of senior management other than provincial-level principal responsible persons shall not exceed the maximum remuneration of the provincial-level principal responsible persons, and their average remuneration shall be no higher than that of the aforesaid principal responsible persons.
- (ii) The maximum remuneration of principal middle-level management personnel shall not surpass the highest remuneration bracket applicable to senior management other than provincial-level principal responsible persons, and their average remuneration shall be not higher than the average remuneration of such senior management.
- (iii) In principle, the remuneration of person-in-charges of branches at subordinate levels shall not exceed that of person-in-charges of higher-level branches.
- (iv) The above restrictions shall not apply to remuneration allocated under the "individual-specific negotiation" remuneration mechanism.

Article 36 The Company shall strengthen remuneration management for person-in-charges of its wholly-owned, equity-held and de facto controlled subsidiaries, namely Central China Futures, Central China International, Central China Equity Exchange Co., Ltd., Central China Blue Ocean (or CCBO) and ZDKY Venture Capital.

- (i) Remuneration decision-making requirements. Remuneration distribution for subsidiary person-in-charges shall be closely linked with performance appraisal results. Special deliberation by the Party Committee of the Company shall be required for the formulation of excessively high remuneration schemes and remuneration distribution for loss-making subsidiaries. Subsidiaries are strictly prohibited from independently setting remuneration standards for their person-in-charges and determining total wages. The Party Committee (General Branch or Branch) of each subsidiary shall conduct preliminary review on remuneration distribution plans for its person-in-charges.
- (ii) Remuneration structure and level. The remuneration of subsidiary person-in-charges consists of annual basic salary, annual performance-based salary and tenure incentives. In principle, annual performance-based salary shall account for no less than 65% of the total target annual salary. The total target annual salary shall not exceed the maximum regulated remuneration for the Company's principal responsible persons. For remuneration confirmed via "individual-specific negotiation", the cap shall be three times the aforesaid maximum standard, and shall not exceed the 75th percentile of market remuneration levels of peer institutions in the domestic market.
- (iii) Under any of the following circumstances, the annual performance-based salary of subsidiary person-in-charges shall be reduced, shall not be increased or shall be subject to stringent control.
1. Where the average employee wage of the subsidiary records no growth in the current year, no increase shall be allowed in the person-in-charge's annual performance-based salary.
 2. Where the subsidiary witnesses a decline in economic benefits or fails to attain performance targets compared with the previous year, the annual performance-based salary of person-in-charges shall be reduced or kept unchanged.
 3. Where the subsidiary incurs new losses in the current year, the annual performance-based salary of its person-in-charge shall be reduced proportionally based on the severity of losses in principle.
 4. For subsidiaries suffering severe losses, receiving public financial bailouts or classified as high-risk financial institutions, the overall remuneration level of their person-in-charges shall be subject to stringent control and shall not exceed the Company's maximum regulated remuneration.

5. Where a subsidiary becomes insolvent, its person-in-charge shall only be entitled to receive annual basic salary.
6. ~~The aforesaid restrictions shall not apply to the remuneration of newly recruited or newly appointed subsidiary person-in-charges within three years upon taking office, whose remuneration shall be reasonably determined in light of post performance appraisal results.~~ The remuneration of newly recruited or newly appointed subsidiary persons-in-charge brought in for subsidiary rescue purpose shall be reasonably determined within three years of their taking office, in light of post performance appraisal results and other relevant factors, and with reference to the salary levels of enterprises of the same industry and same hierarchical level in the local area.

Article 37 The Company shall establish and improve the mechanisms for deferred payment of remuneration distribution, pursuit of accountability and recovery of disbursed remuneration.

- (i) For person-in-charges of the Company and its branches and subsidiaries at all levels, as well as staff holding posts with direct or substantial impact on risk exposure, more than 40% of their annual performance-based salary shall be paid on a deferred basis. The deferred payment period shall be no shorter than three years, with the payment schedule not to be accelerated beyond equal annual installments. The first disbursement of deferred remuneration shall not commence earlier than the second year (Year T+2) subsequent to the year when the performance-based salary is vested (Year T). Where otherwise stipulated by the state and competent authorities, such stipulations shall prevail.
- (ii) Where person-in-charges of the Company and its branches and subsidiaries at all levels or staff holding positions with direct or material impact on risks commit major mistakes causing substantial losses to the Company, partial or full recovery of their annual performance-based salary and medium-to-long-term incentive income shall be conducted in accordance with their attributable liabilities, loss severity and disciplinary sanctions imposed, and the payment of any outstanding remuneration in part or in full shall be suspended.

In respect of Party disciplinary sanctions, no less than 20%, 40%, 60%, 80% and 100% of performance-based salary and medium-to-long-term incentive income shall be recovered respectively for disciplinary warning, serious disciplinary warning, removal from inner-Party posts, probation within the Party and expulsion from the Party. In respect of administrative sanctions, no

less than 10%, 20%, 40%, 60%, 80% and 100% of such remuneration and incentives shall be recovered respectively for warning, demerit record, serious demerit record, demotion, dismissal from post and dismissal.

Where multiple types of sanctions are imposed concurrently, the higher recovery ratio shall apply. In principle, the remuneration recovery period shall be aligned with the duration of the relevant liable acts, and such recovery measures shall also apply to resigned and retired personnel.

Article 38 In the event that financial statements require retrospective restatement, the performance-based salary and medium-to-long-term incentive income of Directors and senior management shall be reassessed in a timely manner, and any excessively disbursed portion shall be recovered accordingly.

Where Directors or senior management breach their obligations and cause losses to the Company, or are held accountable for irregular acts including financial fraud, fund occupation and illegal guarantee provision, the Company may reduce or suspend the payment of outstanding performance-based salary and tenure incentives in light of the severity of circumstances, and recover all or part of the already disbursed performance-based salary and medium-to-long-term incentive income accrued during the period when such irregular acts occurred.

Chapter VI Supervision Mechanism for Wage Distribution

Article 39 The Company and all its subsidiaries shall establish a supervision and inspection mechanism for the implementation of total wages, and conduct supervision and inspection over the implementation and settlement of total wage budgets via annual assessment, special audits, and special inspections.

Article 40 The Company shall implement an information disclosure system for total wages. Relevant information including total wages and average employee wage level shall be publicly disclosed on the official website on a regular annual basis in accordance with provisions to accept public supervision.

Article 41 Subsidiaries shall not disburse wage-related expenses outside the total wages scope, nor shall they circumvent total wage management requirements in disguised forms by improperly adjusting economic benefits, illegally issuing allowances and subsidies, excessively employing dispatched workers in violation of regulations, or gaining proceeds from reinvestment of deferred remuneration.

Article 42 Rectification for excessively accrued total wages.

- (i) In accordance with Article 20 of the Regulations on Disciplinary Actions against Managers of State-owned Enterprises (《國有企業管理人員處分條例》), where any entity excessively accrues or disburses total wages, or sets and distributes wage-based income in forms of allowances, subsidies, bonuses and other means outside the total wages scope, relevant personnel shall be subject to disciplinary sanctions pursuant to Article 35 of the Law on Administrative Sanctions for Public Employees (《公職人員政務處分法》): those involved in relatively serious circumstances shall be given a warning, demerit record or serious demerit record; those involved in serious circumstances shall be demoted or dismissed from post.
- (ii) Where the actually accrued total wage exceeds the settled total wage amount, the excess portion shall be fully reversed with relevant financial vouchers provided prior to 30 November each year. Failure to submit valid reversal vouchers or make full reversal shall be deemed non-compliance with settlement results, which shall be deducted in the settlement of the subsequent year. In accordance with the Provisions on the Supervision and Administration of On-the-book and Off-the-book Income of State-owned Enterprises (《國有企業工資內外收入監督管理規定》), economic penalties shall be imposed proportionally on the principal responsible persons and competent responsible persons of the enterprise. Specific penalties are specified as follows:
- (1) If the excessively accrued and disbursed portion accounts for over 5% but no more than 10% of the payable total wage, economic penalties equivalent to no more than 10% of their respective annual performance-based salaries in the current year shall be imposed on the principal and competent responsible persons.
 - (2) If the illegally verified or excessively disbursed portion exceeds 10% of the current year's payable total wage, economic penalties shall be imposed on the aforesaid responsible persons in proportion to the excess ratio against the payable total wage based on their annual performance-based salaries.
- (iii) The aforesaid rectification measures shall apply to all business lines and subsidiaries.

Article 43 Utilization of total wage surplus.

Where the actually accrued total wage of the Company is lower than the settled total wage amount, the surplus quota may be supplemented and accrued within the current year subject to the enterprise's labor cost bearing capacity, and shall not be carried forward for use in subsequent years.

Chapter VII Miscellaneous Provisions

Article 44 Relevant personnel shall strictly abide by laws, regulations, codes including the Provisions on Integrity Compliance of Securities and Futures Institutions and Their Staff (《證券期貨經營機構及其工作人員廉潔從業規定》), Implementation Rules for Integrity Compliance of Securities Institutions and Their Staff (《證券經營機構及其工作人員廉潔從業實施細則》) and Code of Professional Ethics for Securities Practitioners (《證券從業人員職業道德準則》), as well as the Company's relevant rules on integrity and good faith. They shall observe professional ethics and codes of conduct, and shall not take advantage of their positions to transfer or seek improper interests.

Article 45 Any person who violates the Measures or relevant provisions, causes adverse impacts on the Company or results in losses to the Company shall be held accountable and penalized in accordance with the Company's relevant accountability rules.

Chapter VIII Supplementary Provisions

Article 46 The Headquarters of Human Resources Management of the Company shall be responsible for the interpretation of the Measures.

Article 47 The Measures shall come into force upon consideration and approval by the Board of Directors and the general meeting of the Company. The Measures for the Administration of Total Wages of Central China Securities Co., Ltd. (Trial) (Zhong Zheng [2024] No. 380) (《中原證券股份有限公司工資總額管理辦法(試行)》(中證[2024]380號)) shall be abolished simultaneously.

NOTICE OF ANNUAL GENERAL MEETING



中州证券

Central China Securities Co., Ltd.

(a joint stock company incorporated in 2002 in Henan Province, the People's Republic of China with limited liability under the Chinese corporate name “中原证券股份有限公司” and carrying on business in Hong Kong as “中州证券”)

(Stock Code: 01375)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (“AGM”) of Central China Securities Co., Ltd. (the “**Company**”) will be held at Conference Room, 17th Floor, Zhongyuan Guangfa Finance Building, No. 10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, the PRC at 9:00 a.m. on Tuesday, 30 June 2026, for the purpose of considering and, if deemed appropriate, passing the following resolutions:

Save as otherwise specified herein, terms used in this Notice shall have the same meanings as those defined in the circular of the Company dated 9 June 2026 (the “**Circular**”).

AS ORDINARY RESOLUTIONS

1. To consider and approve the 2025 Work Report of the Board of the Company.
2. To consider and approve the 2025 Work Report of Independent Directors of the Company.
3. To consider and approve the 2025 Annual Report of the Company.
4. To consider and approve the resolutions of the Company on the Profit Distribution Plan for the Year of 2025 and the Interim Profit Distribution Authorization for the Year of 2026.
5. To consider and approve the 2025 Final Financial Account Report of the Company.
6. To consider and approve the resolution on the Re-appointment of the Auditing Firm for the Year of 2026.
7. To consider and approve the resolution on the Special Statement on Evaluations and Remuneration of the Directors for the Year of 2025.

NOTICE OF ANNUAL GENERAL MEETING

8. To consider and approve the resolution on the Special Statement on Evaluations and Remuneration of the Supervisors for the Year of 2025.
9. To consider and approve the resolution on Determining the Business Scale and Risk Limits of Securities Proprietary Trading for the Year of 2026.

AS SPECIAL RESOLUTION

10. To consider and approve the resolution on the amendments to the Articles of Association, the details of which are set out in the Circular.

AS ORDINARY RESOLUTIONS

- 11.00. To consider and approve the resolution on adjustment of the annual caps for daily related/continuing connected transactions with Henan Investment Group and the addition of daily related transactions with Zhongyuan Bank.
 - 11.01. To consider and approve the resolution on daily related/continuing connected transactions with Henan Investment Group.
 - 11.02. To consider and approve the resolution on daily related transactions with Zhongyuan Bank.
12. To consider and approve the resolution on the nomination of candidates for directors of the seventh session of the Board.
13. To consider and approve the resolution on the formulation of the Measures for the Administration of Total Wages (Revised).

By order of the Board
Central China Securities Co., Ltd.
ZHANG Qiuyun
Chairlady

Henan, the PRC, 9 June 2026

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The register of members of H shares of the Company will be closed from Thursday, 25 June 2026 to Tuesday, 30 June 2026 (both days inclusive), during which period no transfer of H Shares of the Company can be registered. H Shareholders whose names appear on the register of members of H shares of the Company on Thursday, 25 June 2026 shall be entitled to attend and vote at the AGM. In order to be qualified to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 24 June 2026.
2. Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on their behalf. A proxy need not be a shareholder of the Company.
3. In order to be valid, the H Shareholders’ proxy form for the AGM must be deposited by hand or by post with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holders of H Shares of the Company) not less than 24 hours before the time scheduled for holding the AGM or any adjournment thereof (as the case may be). If the 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 by the same deadline as mentioned in the proxy form. Completion and return of the proxy form shall not preclude Shareholders from attending and voting in person at the AGM or any adjournment thereof should they so wish.
4. Shareholders or their proxies shall produce their identification documents when attending the AGM.
5. The on-site AGM is expected to take approximately half a day. Shareholders attending the AGM shall be responsible for their own travel and accommodation expenses.
6. The address of the Company’s head office in the PRC is No. 10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, the PRC.

As at the date of this notice, the Directors of the Company are Ms. Zhang Qiuyun, Mr. Li Wenqiang, Mr. Feng Ruofan, Mr. Tang Jin, Mr. Tian Shengchun and Ms. Zhu Junhong, Mr. Chen Zhiyong, Mr. Wang Hui*, Mr. Wang Huixuan*, Mr. Du Xiaotang*.*

* *Independent non-executive Director of the Company*