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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 licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **Shenwan Hongyuan (H.K.) Limited** (the “Company”), you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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SHENWAN HONGYUAN (H.K.) LIMITED
申萬宏源(香港)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 218)

**CONNECTED TRANSACTION
IN RELATION TO
THE PROPOSED APPOINTMENT AS UNDERWRITER(S) BY
THE PARENT COMPANY FOR ITS PROPOSED H SHARE OFFERING**

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

ALTUS CAPITAL LIMITED

A notice of extraordinary general meeting (the “EGM”) of the Company to be held at Empire Room I, 1/F, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong on Monday, 25 March 2019 at 10:00 a.m. is set out on pages 28 to 29 of this circular. A form of proxy for use by the shareholders of the Company at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of the Company and The Stock Exchange of Hong Kong Limited.

Whether or not you are able to attend the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company’s share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

8 March 2019



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DEFINITIONS

In this circular, the following expressions have the meanings set forth below unless the context otherwise requires:

“Appointment Memorandum”	the appointment memorandum entered into between SWHY Group and the Company on 15 February 2019;
“associates”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	Shenwan Hongyuan (H.K.) Limited, a company incorporated in Hong Kong with limited liability and its Shares are listed on the Main Board of the Stock Exchange (stock code: 00218);
“Completion”	completion of the Appointment Memorandum;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the directors(s) of the Company;
“EGM”	an extraordinary general meeting of the Company to be convened and held on Monday, 25 March 2019 at 10:00 a.m. to consider and, if thought fit, approve the Appointment Memorandum and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries;
“H Shares”	overseas listed foreign shares in the share capital of SWHY Group with nominal value of RMB1.00 each, which are to be subscribed for and traded in HK\$ and are to be listed on the Main Board of the Stock Exchange;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Independent Board Committee”	an independent committee of the Board, comprising all the three (3) independent non-executive Directors, to advise the Independent Shareholders in relation to the entering into of the Appointment Memorandum;
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO;

DEFINITIONS

“Independent Shareholders”	the Shareholders other than SWHY Group and its associates;
“Latest Practicable Date”	4 March 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	the long stop date of the Appointment Memorandum;
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM operated by the Stock Exchange;
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purposes of this circular;
“Proposed H Share Offering”	the proposed global offering in connection with the listing of H Shares on the Main Board of the Stock Exchange;
“Relevant Subsidiary(ies)”	Shenwan Hongyuan Securities (H.K.) Limited; and/or Shenwan Hongyuan Capital (H.K.) Limited, each a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFC”	Securities and Futures Commission;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	ordinary share(s) of the Company;
“Shareholders(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“SWHY Group”	Shenwan Hongyuan Group Co., Ltd., a joint stock company incorporated under the laws of the PRC, the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 000166), and the parent company of the Company;

DEFINITIONS

“Underwriting Agreement”	the underwriting agreement(s) and related document(s) (if any) for the purposes of the Proposed H Share Offering;
“Underwriting Commission”	the underwriting commission charged by the underwriters in connection with the Proposed H Share Offering;
“US\$”	United States dollars, the lawful currency of the United States; and
“%”	per cent.

Translation of HK\$ into US\$ is made in this circular at an illustrative exchange rate of US\$1.00 to HK\$7.80.

LETTER FROM THE BOARD



SHENWAN HONGYUAN (H.K.) LIMITED

申萬宏源（香港）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 218)

Executive Directors

Zhu Minjie (*Chairman*)

Chen Xiaosheng

Zhang Jian

Guo Chun (*Deputy Chairman*)

Qiu Yizhou (*Chief Executive Officer*)

Registered office

Level 19

28 Hennessy Road

Hong Kong

Non-executive Director

Zhang Lei

Independent non-executive Directors

Ng Wing Hang Patrick

Kwok Lam Kwong Larry

Chen Liqiang

8 March 2019

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
IN RELATION TO
THE PROPOSED APPOINTMENT AS UNDERWRITER(S) BY
THE PARENT COMPANY FOR ITS PROPOSED H SHARE OFFERING**

INTRODUCTION

Reference is made to the Company's announcement dated 15 February 2019 in relation to the entering into of the Appointment Memorandum.

The purpose of this circular is to provide you with, among others: (i) further information on the Appointment Memorandum; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the entering into of the Appointment Memorandum; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders regarding the entering into of the Appointment Memorandum; and (iv) the notice of the EGM.

LETTER FROM THE BOARD

THE APPOINTMENT MEMORANDUM

Set forth below are the principal terms of the Appointment Memorandum:

Date

15 February 2019

Parties

- (i) SWHY Group; and
- (ii) the Company

Subject matters

Pursuant to the Appointment Memorandum, SWHY Group and the Company have agreed that the Relevant Subsidiary(ies) is/are conditionally engaged by SWHY Group as its underwriter(s) to subscribe or procure subscriptions for the H Shares for the Proposed H Share Offering in accordance with the Underwriting Agreement.

Further, pursuant to the Appointment Memorandum, the Underwriting Commission rate proposed to be charged by the Relevant Subsidiary(ies) will not be less than 1.5% (exclusive of any incentive fee).

The final Underwriting Commission rate is expected to be fixed and subjected to the then prevailing market condition when the Underwriting Agreement is entered into for the purposes of the Proposed H Share Offering.

Condition precedent

Completion is conditional upon the approval of the Appointment Memorandum and the transactions contemplated thereunder by the Independent Shareholders at the EGM in accordance with the Listing Rules.

If Completion does not take place prior to the Long Stop Date, then the Appointment Memorandum and the transactions contemplated thereunder will be terminated. Accordingly, the Relevant Subsidiary(ies) will not enter into the Underwriting Agreement in the capacity of an underwriter(s).

LETTER FROM THE BOARD

Termination

If Completion does not take place prior to the Long Stop Date, being (i) 31 December 2019; and (ii) the date on which the H Shares are listed on the Main Board of the Stock Exchange, whichever is earlier, then the Appointment Memorandum and the transactions contemplated thereunder will be terminated.

UNDERWRITING COMMISSION

Set out below is the possible Underwriting Commission receivable by the Relevant Subsidiary(ies):

Underwriting Commission rate:	A	Not less than 1.5% (exclusive of any incentive fee)
Expected total number of issued A shares of SWHY Group immediately prior to completion of the Proposed H Share Offering:		22,535,944,560
Expected maximum number of H Shares available for the Proposed H Share Offering ⁽¹⁾ , including those allotted and issued pursuant to the exercise of any over- allotment option in full ⁽²⁾ :	B	6,479,084,061
Closing price of A shares of SWHY Group as at 15 February 2019:	C	RMB4.63
Illustrative exchange rate for RMB:HK\$:	D	1.16
Assumed maximum fund raising size: B × C × D	E	HK\$34,798 million (or US\$4,461 million)
Possible Underwriting Commission: A × E		HK\$522 million

Notes:

1. Represents 20% of the expected total number of issued A shares of SWHY Group immediately after completion of the Proposed H Share Offering but prior to the exercise of any over-allotment option in full, which percentage has been published by SWHY Group in its announcement dated 10 November 2018.

LETTER FROM THE BOARD

2. Represents 15% of those referred to in Note 1, which percentage has been published by SWHY Group in its announcement dated 10 November 2018.

The possible Underwriting Commission of approximately HK\$522 million represents the Underwriting Commission all receivable by the Relevant Subsidiary(ies) with respect to the total underwriting commitment being equivalent to the assumed maximum fund raising size of approximately HK\$34,798 million (or US\$4,461 million), where the Relevant Subsidiary(ies) is/are assumed to be the only underwriter(s) for the sake of calculation.

Nonetheless, SWHY Group is expected to enter into the Underwriting Agreement with a syndicate of underwriters, including the Relevant Subsidiary(ies) (subject to Completion), to set out the specific terms for the purposes of the Proposed H Share Offering, including, but not limited to:

- (i) the underwriters that participate in the Proposed H Share Offering;
- (ii) the Underwriting Commission rate and any applicable incentive fee;
- (iii) the underwriting commitment of each of the underwriters, i.e. the number of H Shares to be underwritten by each underwriter at the offer price of H Shares; and
- (iv) customary representations and warranties, conditions to closing, termination provisions, indemnification.

As a result, the Underwriting Commission eventually receivable by the Relevant Subsidiary(ies) is subject to the terms to be specified in the Underwriting Agreement. In the end, the Relevant Subsidiary(ies) may receive the Underwriting Commission less than HK\$522 million given, among others, that there are other underwriters expected to be sharing the total underwriting commitment with the Relevant Subsidiary(ies).

As at the Latest Practicable Date, no terms of the Underwriting Agreement had been fixed, and it was yet to be determined as to when the Underwriting Agreement would be executed.

Provided that Completion has taken place, the Relevant Subsidiary(ies) is/are expected to be subjected to the terms of the Underwriting Agreement that are the same as all other underwriters that participate in the Proposed H Share Offering, save for the underwriting commitment of each underwriter.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE APPOINTMENT MEMORANDUM

SWHY Group is an investment banking group in the PRC, the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 000166). SWHY Group is principally engaged in the provision of comprehensive financial services, including enterprise finance, personal finance, institutional services and trading, as well as investment management. As at the Latest Practicable Date, SWHY Group was interested in approximately 25.78% and 49.22% of the issued share capital of the Company through an indirect 60.82%-owned subsidiary and an indirect wholly-owned subsidiary respectively.

The Group is principally engaged in financial businesses through five (5) segments comprising (i) brokerage segment; (ii) corporate finance segment; (iii) asset management segment; (iv) financing and loans segment; and (v) investment segment.

The Relevant Subsidiaries comprise (i) Shenwan Hongyuan Securities (H.K.) Limited; and (ii) Shenwan Hongyuan Capital (H.K.) Limited. Both are wholly-owned subsidiaries of the Company. The former is a corporation licensed by the SFC to carry out Type 1 (dealing in securities) regulated activity. The latter is a corporation licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities. Either or both of them is or are expected to become an underwriter(s) for the Proposed H Share Offering. Accordingly, the entering into of the Appointment Memorandum is conducted in the ordinary and usual course of business of the Group, and will benefit the Group by increasing its revenue with the Underwriting Commission to be charged by the Relevant Subsidiary(ies). In addition, the Directors consider that the Group's business profile will be further enhanced with the successful launch of the Proposed H Share Offering as SWHY Group is one of the well established investment banking groups in the PRC.

The Underwriting Commission rate proposed to be charged by the Relevant Subsidiary(ies) will not be less than 1.5% (exclusive of any incentive fee), which has been determined among the parties to the Appointment Memorandum with reference to market precedents, whereby a commission rate (exclusive of any incentive fee) of 1.5% was noted from the H share initial public offerings of four (4) PRC securities companies in 2016 and a commission rate (exclusive of any incentive fee) of 2.0% was noted from one (1) PRC securities company in 2017, which, to the best knowledge and information of the Directors, represent all offerings similar to the Proposed H Share Offering over the past three years of 2016 to 2018 in Hong Kong. Therefore, the Underwriting Commission rate pursuant to the Appointment Memorandum, being not less than 1.5% (exclusive of any incentive fee), is within the range of 1.5% to 2.0% from the market precedents, and the Directors consider that such rate is fair and reasonable.

LETTER FROM THE BOARD

In the event that the Underwriting Commission rate specified in the Underwriting Agreement is less than 1.5% (exclusive of any incentive fee), the Relevant Subsidiary(ies) will not enter into the Underwriting Agreement in the capacity of an underwriter(s) unless prior approval has been sought and obtained from the Independent Shareholders at another extraordinary general meeting of the Company in connection with such other rate being less than 1.5% (exclusive of any incentive fee).

The Directors are of the view that (i) the terms of the Appointment Memorandum and the transactions contemplated thereunder are fair and reasonable and (ii) the entering into of the Appointment Memorandum is (a) on normal commercial terms, (b) in the ordinary and usual course of business of the Group and (c) in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

The Board recommends that the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the EGM to approve the Appointment Memorandum and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

SWHY Group is the parent company of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Appointment Memorandum constitutes a connected transaction for the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the EGM, SWHY Group and its associates will be required to abstain from voting on the ordinary resolution in respect of the entering into of the Appointment Memorandum. As at the Latest Practicable Date, SWHY Group and its associates were interested in an aggregate of 1,170,808,569 Shares, representing approximately 75.0% of the Shares in issue.

All of the five (5) executive Directors, namely Mr. Zhu Minjie, Mr. Chen Xiaosheng, Mr. Zhang Jian, Mr. Guo Chun and Mr. Qiu Yizhou, are considered to have a material interest in the Appointment Memorandum and have voluntarily abstained from voting on the Board resolutions relating to the entering into of the Appointment Memorandum.

The Independent Board Committee comprising all of the three (3) independent non-executive Directors, namely Mr. Ng Wing Hang Patrick, Mr. Kwok Lam Kwong Larry and Mr. Chen Liqiang has been established to advise the Independent Shareholders on the entering into of the Appointment Memorandum. The full text of its letter is set out on page 11 of this circular.

LETTER FROM THE BOARD

Altus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The full text of its letter is set out on pages 12 to 22 of this circular.

THE EGM, THE NOTICE AND THE FORM OF PROXY

The EGM will be held on Monday, 25 March 2019 at 10:00 a.m. for the purposes of considering and, if thought fit, approving the Appointment Memorandum and the transactions contemplated thereunder. A notice convening the EGM is set out on pages 28 to 29 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, any votes of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the chairman of the EGM will demand a poll for the ordinary resolution to be put forward at the EGM in respect of the entering into of the Appointment Memorandum stated in the notice of the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

WARNING

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares since Completion and the Proposed H Share Offering may not take place. Persons who are in doubt as to the action to be taken should consult their professional advisers.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of
Shenwan Hongyuan (H.K.) Limited
Zhu Minjie
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



SHENWAN HONGYUAN (H.K.) LIMITED 申萬宏源（香港）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 218)

8 March 2019

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

We have been appointed to advise you on the terms of the Appointment Memorandum, details of which are set out in the circular issued by the Company to the Shareholders dated 8 March 2019 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board set out on pages 4 to 10 of the Circular, and the letter of advice from the Independent Financial Adviser set out on pages 12 to 22 of the Circular, and the additional information set out in the appendix to the Circular.

Having taken into consideration the terms of the Appointment Memorandum and the advice of the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser that (i) the terms of the Appointment Memorandum and the transactions contemplated thereunder are fair and reasonable; (ii) the entering into of the Appointment Memorandum is (a) on normal commercial terms, (b) in the ordinary and usual course of business of the Group and (c) in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the EGM to approve the Appointment Memorandum and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee

Ng Wing Hang Patrick
*Independent non-executive
Director*

Kwok Lam Kwong Larry
*Independent non-executive
Director*

Chen Liqiang
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Appointment Memorandum and the transactions contemplated thereunder, which has been prepared for the purposes of incorporation in this circular:

ALTUS .

Altus Capital Limited
21 Wing Wo Street
Central, Hong Kong

8 March 2019

To the Independent Board Committee and the Independent Shareholders

Shenwan Hongyuan (H.K.) Limited

Level 19
28 Hennessy Road
Hong Kong

Dear Sir or Madam,

**CONNECTED TRANSACTION
IN RELATION TO
THE PROPOSED APPOINTMENT AS UNDERWRITER(S) BY
THE PARENT COMPANY FOR ITS PROPOSED H SHARE OFFERING**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Appointment Memorandum and transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 8 March 2019 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 15 February 2019 (after trading hours), the Company and SWHY Group (parent company of the Company) entered into the Appointment Memorandum whereby the Relevant Subsidiary(ies) are conditionally engaged by SWHY Group as its underwriter(s) for the Proposed H Share Offering in accordance with the Underwriting Agreement. The exact number of H Shares of SWHY Group to be underwritten by the Relevant Subsidiary(ies) shall be set out in the Underwriting Agreement to be entered into between the Relevant Subsidiary(ies), SWHY Group and other underwriters to be appointed by SWHY Group.

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, SWHY Group is the parent company of the Company and is therefore a connected person of the Company. Accordingly, the entering into of the Appointment Memorandum constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the EGM, SWHY Group and its associates will be required to abstain from voting on the ordinary resolution in respect of the entering into of the Appointment Memorandum.

All of the five executive Directors, namely Mr. Zhu Minjie, Mr. Chen Xiaosheng, Mr. Zhang Jian, Mr. Guo Chun and Mr. Qiu Yizhou, are considered to have a material interest in the Appointment Memorandum and have voluntarily abstained from voting on the Board resolutions relating to the entering into of the Appointment Memorandum.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ng Wing Hang Patrick, Mr. Kwok Lam Kwong Larry and Mr. Chen Liqiang has been formed to advise the Independent Shareholders as to (i) whether the terms of the Appointment Memorandum and the transactions contemplated thereunder are fair and reasonable; (ii) whether the entering into of the Appointment Memorandum are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole; and (iii) how the Independent Shareholders should vote at EGM in relation to the ordinary resolution in respect of the entering into of the Appointment Memorandum.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Appointment Memorandum and the transactions contemplated thereunder are fair and reasonable; (ii) whether the entering into of the Appointment Memorandum are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole; and (iii) how the Independent Shareholders should vote at EGM in relation to the ordinary resolution in respect of the entering into of the Appointment Memorandum.

We have not acted as an independent financial adviser or financial adviser for other transactions of the Group in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Appointment Memorandum and the transaction contemplated thereunder is at market level and not conditional upon successful passing of the resolution, and that our engagement is on normal commercial terms, we are independent of the Company.

BASIS OF OUR ADVICE

In formulating our opinion and recommendation, we have reviewed, amongst others, (i) the Appointment Memorandum; (ii) the annual report of the Company for the year ended 31 December 2017 (the “**2017 Annual Report**”); (iii) the interim report of the Company for the six months ended 30 June 2018 (the “**2018 Interim Report**”); (iv) the final results for the year ended 31 December 2018 of the Company (the “**2018 Results Announcement**”); and (v) other information as set out in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the EGM. The Independent Shareholders will be informed as soon as practicable when we are aware of any material change in all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company and the Management.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading at the time they were made or will be untrue, inaccurate or misleading as at the date of the EGM, nor are we aware of any material facts, the omission of which would render the statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations, we have taken into consideration the following principal factors and reasons:

1. Information of the Group

1.1 Background of the Group

According to the website of the Stock Exchange, the Company is a Hong Kong-based investment holding company principally engaged in financial businesses. The Company operates through five segments: brokerage segment, corporate finance segment, asset management segment, financing and loans segment, and investment segment.

It is also set out in the 2017 Annual Report that the Relevant Subsidiary(ies) comprising (i) Shenwan Hongyuan Securities (H.K.) Limited (“**SWHY Securities**”) and (ii) Shenwan Hongyuan Capital (H.K.) Limited (“**SWHY Capital**”), both being wholly-owned subsidiary of the Company, are principally engaged in securities brokerage services and corporate finance services respectively. According to the website of the SFC, SWHY Securities is licensed under the SFO to carry out Type 1 (dealing in securities) and SWHY Capital is licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities. As stated in the 2018 Results Announcement, for the year ended 31 December 2018, the Relevant Subsidiary(ies) acted as the sponsoring agent and lead placing agent and underwriter in one and 12 projects respectively. The revenue attributable to the 13 projects for the year ended 31 December 2018 amounted to approximately HK\$54 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Considering that corporate finance is one of the five core business segments of the Group, we are of the view that the entering into of the Appointment Memorandum is in the ordinary and usual course of business of the Group and is in the interest of the Independent Shareholders.

1.2 Information on SWHY Group

SWHY Group is an investment banking group in the PRC, the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 000166). SWHY Group is principally engaged in the provision of comprehensive financial services, including enterprise finance, personal finance, institutional services and trading, as well as investment management.

On 17 January 2019, SWHY Group made an application to the Stock Exchange for the Proposed H Share Offering.

2. The Appointment Memorandum

On 15 February 2019 (after trading hours), SWHY Group and the Company entered in the Appointment Memorandum.

Pursuant to the Appointment Memorandum, SWHY Group and the Company have agreed that the Relevant Subsidiary(ies) are conditionally engaged by SWHY Group as its underwriter(s) to subscribe or procure subscriptions for the H Shares for the Proposed H Share Offering in accordance with the Underwriting Agreement.

2.1 Underwriting Commission

Pursuant to the Appointment Memorandum, the Underwriting Commission rate (the “**Underwriting Commission Rate**”) proposed to be charged by the Relevant Subsidiary(ies) will not be less than 1.5% (exclusive of any incentive fee).

The final Underwriting Commission Rate is expected to be fixed and subjected to the then prevailing market condition when the Underwriting Agreement is entered into for the purposes of the Proposed H Share Offering.

2.2 Condition precedent

Completion is conditional upon the approval of the Appointment Memorandum and the transactions contemplated thereunder by the Independent Shareholders at the EGM in accordance with the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

If Completion does not take place prior to the Long Stop Date, then the Appointment Memorandum and the transactions contemplated thereunder will be terminated. Accordingly, the Relevant Subsidiary(ies) will not enter into the Underwriting Agreement in the capacity of an underwriter(s).

2.3 Termination

If Completion does not take place prior to the Long Stop Date, being (i) 31 December 2019; and (ii) the date on which the H Shares are listed on the Main Board of the Stock Exchange, whichever is earlier, then the Appointment Memorandum and the transactions contemplated thereunder will be terminated.

The Directors also confirmed that in the event that the Underwriting Commission is less than 1.5% (exclusive of any incentive fee), the Relevant Subsidiary(ies) will not enter into the Underwriting Agreement in the capacity of an underwriter(s) unless prior approval has been sought and obtained from the Independent Shareholders at another extraordinary general meeting of the Company.

2.4 Conclusion

We note that under the current arrangement, an underwriting syndicate (the “**Underwriting Syndicate**”) will be engaged by SWHY Group for the Proposed H Share Offering, in which the Relevant Subsidiary(ies) will act as one of the underwriters and other third party underwriters will be involved. We have been advised that all underwriters within the Underwriting Syndicate, including the Relevant Subsidiary(ies), will be subjected to the same terms of the Underwriting Agreement, save for the allocation of underwriting commitment. The allocation of underwriting commitment to the Relevant Subsidiary(ies) will be primarily determined by the commercial discussion between SWHY Group and the Underwriting Syndicate.

Furthermore, as the Relevant Subsidiary(ies) will not proceed with the transaction in the event that the Underwriting Commission is less than 1.5% (exclusive of any incentive fee), unless prior approval has been sought and obtained from the Independent Shareholders, we consider the above arrangement can safeguard the interest of the Independent Shareholders.

Having considered the above, we are of the view that such arrangement under the Appointment Memorandum is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Effects of the entering into of the Appointment Memorandum

3.1 Profit-generating opportunity

Underwriting business has been an integral part of the corporate finance business segment of the Group. The Proposed H Share Offering is in line with the normal course of business of the Group. Moreover, we have been advised that the Relevant Subsidiary(ies) will be subjected to the same terms of the Underwriting Agreement as the entire Underwriting Syndicate. Therefore, the terms of the Underwriting Agreement will reflect the market terms acceptable by the third party underwriters, and thus the transaction will present a profit-generating opportunity to the Group.

3.2 Enhancement of the Group's profile

The participation in the Proposed H Share Offering of SWHY Group, being an established financial group in the PRC, can enhance the overall profile of the Group in the securities industry. The enhanced profile therefore can be beneficial towards the Group in securing future opportunities in the corporate finance business segment.

Having considered the above, we are of the view that the entering into of the Appointment Memorandum and the transactions contemplated thereunder are commercially sound and is in the interest of the Independent Shareholders.

4. The amount of commission payable

The amount of commission payable by SWHY Group to the Relevant Subsidiary(ies) for the Proposed H Share Offering will be determined by (i) the number of H Shares to be issued in the proposed H Share Offering; (ii) the percentage of the total H Shares to be underwritten by the Relevant Subsidiary(ies) (the “**Underwriting Commitment**”); (iii) the offer price of the H Shares; and (iv) the Underwriting Commission Rate.

i. Number of H Shares to be issued in the Proposed H Share Offering

As stated in the Letter from the Board, the expected maximum number of H shares of SWHY Group to be issued on the Main Board of the Stock Exchange is approximately 6,479 million (assuming the 15% over-allotment option is fully exercised) and will be subjected to prevailing market conditions at the time of transaction.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

ii. The Underwriting Commitment

Subject to the Underwriting Agreement to be entered for the purposes of the Proposed H Share Offering, the Underwriting Commitment of the Relevant Subsidiary(ies) will be primarily determined by commercial discussion between SWHY Group, the Relevant Subsidiary(ies) and other underwriters of SWHY Group. The Underwriting Commitment will also be determined by the Relevant Subsidiary(ies)'s assessment of market demand towards the Proposed H Share Offering and the number of underwriters in the Underwriting Syndicate. In general, having more underwriters in the Underwriting Syndicate means a more diluted underwriting commitment for each underwriter. It should be noted that no underwriting commission will be payable by SWHY Group to the Relevant Subsidiary(ies) for the Proposed H Share Offering if no shares of SWHY Group will be underwritten by the Relevant Subsidiary(ies).

iii. The offer price of the H Shares

We note that the offer price of the H Shares will be determined by market condition. As at the Latest Practicable Date, the closing price of the A shares of SWHY Group issued on the Shenzhen Stock Exchange was RMB5.66 each (equivalent to approximately HK\$6.62 each). Pursuant to the Underwriting Agreement, the offer price of the H Shares will be determined in conjunction with the entire Underwriting Syndicate, which is fair and reasonable.

iv. The Underwriting Commission Rate

Pursuant to the Appointment Memorandum, the Underwriting Commission Rate will be not less than 1.5% (exclusive of any incentive fee). Such Underwriting Commission Rate will be determined with reference to the market conditions at the time the Proposed H Share Offering will be launched subject to the Underwriting Agreement to be entered into among, *inter alia*, (i) SWHY Group, (ii) the Relevant Subsidiary(ies), and (iii) other third party underwriters to be appointed by SWHY Group for the Proposed H Share Offering.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4.1 The Underwriting Commission Rate

To assess the fairness and reasonableness of the Underwriting Commission Rate, we have reviewed the underwriting commission rates (comprising base underwriting commission and discretionary incentive fee, if any) for the initial public offerings of certain comparable companies (the “Comparable IPOs”) based on the criteria below: (i) initial public offering of H shares of companies on the Main Board of the Stock Exchange, (ii) securities companies based in the PRC, and (iii) listing in the past 36 months preceding the date of the Appointment Memorandum. We believe the above selection criteria and timeframe can provide a reliable basis for comparison for our analysis:

Date of listing	Stock code	Issuer	Fund raising size (HK\$ billion)	Base underwriting commission rate	Discretionary incentive fee
08/07/16	3958	DFZQ	8.4	1.5%	Up to 1%
18/08/16	6178	Everbright Securities Co. Ltd.	8.9	1.5%	Up to 1%
07/10/16	6099	China Merchants Securities Co., Ltd.	10.7	1.5%	Up to 1%
09/12/16	6066	CSC Financial Co., Ltd.	8.2	1.5%	Up to 1%
11/04/17	2611	Guotai Junan Securities Co., Ltd.	22.5	2.0%	Nil
–	–	SWHY Group	32.4	Not less than 1.5%	To be negotiated

Source: website of the Stock Exchange (www.hkexnews.hk) and prospectuses of respective issuers above

The sampling period covers the past 36 months preceding the date of the Appointment Memorandum so as to provide a reasonable sample size for comparison. The Comparable IPOs included all other state-owned securities companies that satisfied our selection criteria aforementioned. As such, we consider that the Comparable IPOs are fair, sufficient and representative to illustrate the fairness and reasonableness of the Underwriting Commission Rate.

All the Comparable IPOs had a base underwriting commission rate of not less than 1.5% and ranged from 1.5% to 2.0%. We consider that the Underwriting Commission Rate of not less than 1.5% (exclusive of any incentive fee) to be acceptable. In addition, discretionary incentive fee may also be negotiated when the Underwriting Agreement is to be signed, potentially giving rise to additional fee income.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, the Underwriting Commission will be determined at the time when the Underwriting Agreement is signed with reference to the then market conditions and the Underwriting Agreement will be entered into among, *inter alia*, (i) SWHY Group, (ii) the Relevant Subsidiary(ies), and (iii) other third party underwriters in the Underwriting Syndicate. We have been advised that the base underwriting commission rate payable to each underwriter of the Proposed H Share Offering (including the Relevant Subsidiary(ies)) will be the same. Hence, the Underwriting Commission will therefore be determined among, *inter alia*, SWHY Group and the Underwriting Syndicate (including third party underwriters and the Relevant Subsidiary(ies)) and, in turn, will reflect the market rate acceptable to third party underwriters.

In the event that the Relevant Subsidiary(ies) act as the sole underwriter for the entire Proposed H Share Offering, we are advised by the Directors that the Underwriting Commission Rate will be determined at the time when the Underwriting Agreement is signed with reference to factors including (i) the then market conditions; (ii) the then market demand on the H Shares; and (iii) the range of underwriting commission charged by other underwriters in other similar transactions at that time. Pursuant to the Appointment Memorandum, the Underwriting Commission Rate proposed to be charged by the Relevant Subsidiary(ies) will not be less than 1.5%, which we consider to be acceptable as stated above. In addition, the Directors also confirmed that in the event that the Underwriting Commission Rate is less than 1.5% (exclusive of any incentive fee), the Relevant Subsidiary(ies) will not enter into the Underwriting Agreement in the capacity of an underwriter(s) unless prior approval has been sought and obtained from the Independent Shareholders. We consider the above arrangement can safeguard the interest of the Independent Shareholders.

In this regard, we are of the view that the mechanism of determining the Underwriting Commission Rate is fair and reasonable and on normal commercial terms.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the terms of the Appointment Memorandum and the transactions contemplated thereunder are fair and reasonable; (ii) the entering into of the Appointment Memorandum is on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution in respect of the entering into of the Appointment Memorandum to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Chang Sean Pey
Executive Director

*Mr. Chang Sean Pey (“**Mr. Chang**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities); Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investment Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 20 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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 BY DIRECTORS AND CHIEF EXECUTIVE IN THE COMPANY

As at the Latest Practicable Date, none of the directors and the chief executive of the Company was taken to be interested or deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at the Latest Practicable Date, so far as any Directors are aware of based on the disclosure of interest filings notified to the Company or revealed from public records, persons (other than the Directors or chief executive of the Company) who were taken or deemed to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register (the “**Section 336 Register**”) maintained by the Company pursuant to section 336 of the SFO, were as follows:

Names of Shareholders	Capacity and nature of interests	Long positions in Shares and underlying Shares	Shareholding percentage (%) (Note 1)
Shenwan Hongyuan Holdings (B.V.I.) Limited (“SWHY BVI”)	Directly beneficially owned	402,502,312 ^(Note 2)	25.78
Venture-Some Investments Limited (“Venture-Some”)	Through controlled corporation	402,502,312 ^(Note 2)	25.78

Names of Shareholders	Capacity and nature of interests	Long positions in Shares and underlying Shares	Shareholding percentage (%) (Note 1)
Shenwan Hongyuan (International) Holdings Limited ("SWHY International")	Through controlled corporation	402,502,312 (Note 2)	25.78
	Directly beneficially owned	768,306,257 (Note 3)	49.22
Shenwan Hongyuan Securities Co., Ltd. ("SWHY Securities")	Through controlled corporation	1,170,808,569 (Notes 2 and 3)	75.00
SWHY Group	Through controlled corporation	1,170,808,569 (Notes 2 and 3)	75.00

Notes:

1. The percentages are calculated based on the total number of 1,561,138,689 issued Shares as at the Latest Practicable Date.
2. SWHY BVI is held directly as to 60.82% by Venture-Some. Venture-Some is wholly-owned by SWHY International which is in turn a wholly-owned subsidiary of SWHY Securities. SWHY Securities is wholly-owned by SWHY Group. Hence, Venture-Some, SWHY International, SWHY Securities and SWHY Group are deemed to be interested in the same parcel of 402,502,312 Shares held by SWHY BVI under the SFO.
3. By virtue of the relationship among SWHY International, SWHY Securities and SWHY Group as set out in Note 2 above, SWHY Securities and SWHY Group are also deemed to be interested in the same parcel of 768,306,257 Shares held by SWHY International under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any persons who had interests or short positions in the Shares or underlying Shares which were disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or recorded in the Section 336 Register.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. COMPETING INTERESTS

As at the Latest Practicable Date, the following Directors were considered to have interests in the businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group:

Name of Director	Name of entity	Nature of interest of the Director in the entity	Description of business of the entity
Mr. Zhu Minjie	Shenwan Hongyuan Securities Co., Ltd.	Deputy General Manager	Securities business
	Shenyin & Wanguo Investment Co. Ltd.	Director	Equity investment business
	SWS Research Co., Ltd.	Director	Securities research and consulting business
	SWS MU Fund Management Co., Ltd.	Director	Fund management business
	Shenyin Wanguo Futures Co., Ltd.	Director	Futures business
Mr. Chen Xiaosheng	Shenwan Hongyuan Securities Co., Ltd.	Assistant to President	Securities business
	SWS Research Co., Ltd.	Director	Securities research and consulting business
Mr. Zhang Jian	Shenwan Hongyuan Securities Co., Ltd.	Assistant to General Manager	Securities business
	Shenwan Hongyuan Financing Services Co., Ltd.	General Manager	Securities underwriting, sponsoring and financial advisory businesses
Mr. Guo Chun	Shenwan Hongyuan Securities Co., Ltd.	General Manager of International Business Division	Securities business
Mr. Zhang Lei	SICC Asset Management Company Limited	Director and Responsible Officer	Provision of asset management services
Mr. Kwok Lam Kwong Larry	First Shanghai Investments Limited	Non-executive Director	Financial investment, property investment and hotel investment
	CMB Wing Lung Bank Limited	Independent Non-executive Director	Provision of banking and related financial services
Mr. Chen Liqiang	Sailing Capital Advisors (Hong Kong) Limited	Vice President	Equity investment and mergers and acquisitions business consultation

6. DIRECTORS' INTEREST IN CONTRACTS OR ARRANGEMENTS

Save as disclosed, as at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had since 31 December 2018 (being the date to which the latest published financial statements of the Group were made up) been acquired by, disposed of by or leased to any member of the Group, or were proposed to be acquired by, disposed of by or leased to any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2018 (being the date to which the latest published financial statements of the Group were made up).

8. EXPERT AND CONSENT

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

Name of expert	Qualification
Altus Capital Limited	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

The above expert 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 it appears.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the 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, the above expert did not have any direct or indirect interest in any assets which have been acquired by, disposed of by or leased to any member of the Group, or which are proposed to be acquired by, disposed of by or leased to any member of the Group since 31 December 2018 (being the date to which the latest published financial statements of the Group were made up).

9. CORPORATE INFORMATION OF THE GROUP

Registered office	Level 19, 28 Hennessy Road, Hong Kong
Share registrar and transfer agent	Tricor Tengis Limited
Company secretary	Mr. Wong Che Keung Leslie

10. MISCELLANEOUS

The English text of this circular and the accompanying form of proxy shall prevail the Chinese text thereof in the event of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours (except Saturdays, Sundays and Hong Kong public holidays) from the date of this circular up to and including the date of the EGM at the registered office of the Company at Level 19, 28 Hennessy Road, Hong Kong:

- (i) the articles of association of the Company;
- (ii) the “Letter from the Board”, the text of which is set out on pages 4 to 10 of this circular;
- (iii) the “Letter from the Independent Board Committee”, the text of which is set out on page 11 of this circular;
- (iv) the “Letter from the Independent Financial Adviser”, the text of which is set out on pages 12 to 22 of this circular;
- (v) the written consent referred to in the paragraph headed “Expert and Consent” in this appendix;
- (vi) the Appointment Memorandum; and
- (vii) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



SHENWAN HONGYUAN (H.K.) LIMITED 申萬宏源（香港）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 218)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Shenwan Hongyuan (H.K.) Limited (the “**Company**”) will be held at Empire Room I, 1/F, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong on Monday, 25 March 2019 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the entering into of the appointment memorandum (the “**Appointment Memorandum**”, a copy of which has been produced to this meeting marked “A” and signed by the chairman of this meeting for the purpose of identification) dated 15 February 2019 by Shenwan Hongyuan Group Co., Ltd. (“**SWHY Group**”) and the Company whereby Shenwan Hongyuan Securities (H.K.) Limited and/or Shenwan Hongyuan Capital (H.K.) Limited is/are conditionally engaged by SWHY Group as its underwriter(s) for its proposed global offering in connection with the listing of its H shares on the Main Board of The Stock Exchange of Hong Kong Limited, and all transactions contemplated thereunder and all other matters thereof and incidental thereto and in connection therewith, be and are hereby generally and unconditionally approved, confirmed and ratified in all respects; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the directors (the “**Directors**” and each a “**Director**”) of the Company be and are hereby generally and unconditionally authorised to do all such acts or things and execute and deliver all such documents, instruments and agreements which they consider necessary, desirable or expedient to give effect to the transactions contemplated by the Appointment Memorandum, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company.”

By Order of the Board
Shenwan Hongyuan (H.K.) Limited
Wong Che Keung Leslie
Company Secretary

Hong Kong, 8 March 2019

Registered office:

Level 19
28 Hennessy Road
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy(ies) to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, all votes of shareholders at the meeting will be taken by poll.
4. As at the date of this notice, the board of Directors (“**Board**”) comprises nine (9) Directors, of which Mr. Zhu Minjie, Mr. Chen Xiaosheng, Mr. Zhang Jian, Mr. Guo Chun and Mr. Qiu Yizhou are the executive Directors; Mr. Zhang Lei is the non-executive Director; Mr. Ng Wing Hang Patrick, Mr. Kwok Lam Kwong Larry and Mr. Chen Liqiang are the independent non-executive Directors.