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If you have sold or transferred all your shares in **Shenwan Hongyuan (H.K.) Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker 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)

**PROPOSAL FOR THE SCHEME ON THE AUTHORIZATION
TO THE BOARD OF DIRECTORS GRANTED
BY THE SHAREHOLDERS' MEETING
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM of Shenwan Hongyuan (H.K.) Limited (the “**Company**”) to be held at Level 6, Three Pacific Place, 1 Queen’s Road East, Hong Kong on Friday, 29 November 2024 at 9:30 a.m. is set out on pages 9 to 10 of this circular. Whether or not you are able to attend the EGM, you are advised to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the office of the Company at Level 6, Three Pacific Place, 1 Queen’s Road East, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for holding of the EGM (i.e. 9:30 a.m. on Wednesday, 27 November 2024) or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

Hong Kong, 7 November 2024

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
1. Introduction	2
2. Proposal for the Scheme on the Authorization to the Board of Directors Granted by the Shareholders' Meeting	3
3. The EGM	3
4. Voting by Poll	3
5. Recommendation	4
Appendix I — The Scheme on the Authorization to the Board of Directors Granted by the Shareholders' Meeting	5
Notice of Extraordinary General Meeting	9

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DEFINITIONS

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

“Articles of Association”	the articles of association of the Company currently in force
“Board” or “Board of Directors”	the board of Directors of the Company
“Company”	Shenwan Hongyuan (H.K.) Limited, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Level 6, Three Pacific Place, 1 Queen’s Road East, Hong Kong on Friday, 29 November 2024 at 9:30 a.m. or any adjournment thereof
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	1 November 2024, 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 as amended from time to time
“Ordinary Resolution”	the proposed ordinary resolution as referred to in the Notice of EGM
“Scheme on the Authorization to the Board of Directors Granted by the Shareholders’ Meeting”	the scheme to handle and decide on specific management and operation matters of the Company as authorized by the general meeting of the Company to the Board of Directors
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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:

Wu Meng (*Chairman*)
Tan Weijun
Liang Jun (*Chief Executive Officer*)
Hu Jing (*Chief Risk Officer*)

Registered Office:

Level 6
Three Pacific Place
1 Queen's Road East
Hong Kong

Non-executive Director:

Zhang Lei

Independent Non-executive Directors:

Ng Wing Hang Patrick
Kwok Lam Kwong Larry
Liu Chijin

7 November 2024

To the Shareholders

Dear Sir or Madam,

**PROPOSAL FOR THE SCHEME ON THE AUTHORIZATION
TO THE BOARD OF DIRECTORS GRANTED
BY THE SHAREHOLDERS' MEETING
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposal for the Scheme on the Authorization to the Board of Directors Granted by the Shareholders' Meeting to enable you to make an informed decision on whether to vote for or against the resolution, and to give you the notice of the EGM.

LETTER FROM THE BOARD

2. PROPOSAL FOR THE SCHEME ON THE AUTHORIZATION TO THE BOARD OF DIRECTORS GRANTED BY THE SHAREHOLDERS' MEETING

Article 74 and Article 127(C) of the Articles of Association specify matters that require approval by the Shareholders through ordinary resolutions and those that need to be considered and approved by the Board. In compliance with the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules, and the Articles of Association, the Company proposes to convene the EGM to consolidate various specific matters related to the daily management and operations of the Company into a proposal for the authorization of the Board by the Shareholders, and to present it to the Shareholders for approval by Ordinary Resolution.

The proposal for the Scheme on the Authorization to the Board of Directors Granted by the Shareholders' Meeting proposed to be adopted is set out in Appendix 1 of this circular. The proposal for the Scheme on the Authorization to the Board of Directors Granted by the Shareholders' Meeting is written in Chinese. In the event of any discrepancies between the Chinese version and its English translation, the Chinese version shall prevail.

The above resolution was reviewed and approved by the Board on 24 October 2024. The proposal for the Scheme on the Authorization to the Board of Directors Granted by the Shareholders' Meeting is now presented as an Ordinary Resolution for consideration and approval at the EGM.

3. THE EGM

A notice convening the EGM is set out on pages 9 to 10 of this circular at which an Ordinary Resolution will be proposed to the Scheme on the Authorization to the Board of Directors Granted by the Shareholders' Meeting.

A proxy form for use at the EGM is enclosed herewith and is also published on the website of the Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the website of the Company (<http://www.swwhyhk.com>). Whether or not you are able to attend the EGM, you are advised to complete and return the accompanying proxy form in accordance with the instructions printed thereon to the office of the Company at Level 6, Three Pacific Place, 1 Queen's Road East, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for holding of the EGM (i.e. 9:30 a.m. on Wednesday, 27 November 2024) or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

4. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, the resolution sets out in the notice of the EGM shall be decided by poll. An explanation of the detailed procedures of conducting a poll will be provided to Shareholders at the commencement of the EGM, to ensure that Shareholders are familiar with such procedures.

LETTER FROM THE BOARD

The poll results will be published on the website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> and the Company's website at <http://www.swhyhk.com> after the conclusion of the EGM.

5. RECOMMENDATION

The Directors believe that the Scheme on the Authorization to the Board of Directors Granted by the Shareholders' Meeting is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolution to be proposed in the EGM as they intend to do themselves in respect of the Shares controlled by them.

Yours faithfully,
On behalf of the Board
Shenwan Hongyuan (H.K.) Limited
Wu Meng
Chairman

APPENDIX I THE SCHEME ON THE AUTHORIZATION TO THE BOARD OF DIRECTORS GRANTED BY THE SHAREHOLDERS' MEETING

To improve the operational management efficiency of Shenwan Hongyuan (H.K.) Limited (hereinafter referred to as the “**Company**”, and collectively with its wholly-owned subsidiaries as the “**Group**”), the Scheme on the Authorization to the Board of Directors Granted by the Shareholders' Meeting has been formulated in accordance with relevant provisions of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the Articles of Association of Shenwan Hongyuan (H.K.) Limited (hereinafter referred to as the “**Articles of Association**”). During the validity period of the authorization, the Board of Directors may exercise the following powers:

Part One Management Authorization

1. To decide on the establishment of internal first-level management bodies of the Company and its subsidiaries and any significant changes to their functions.
2. To review the formulation and modification of the Company's basic management systems. The basic management systems refer to the fundamental regulations that serve as a baseline for the overall operation and significant matters of the Company.
3. The Acquisition and Disposal of Fixed Assets, Intangible Assets and Investment Properties
 - (A) The total annual cumulative acquisition of fixed assets, intangible assets, and investment properties is less than 10% of the Group's net assets as recorded in the most recent audited consolidated financial statements, or does not exceed HK\$200 million (whichever is lower);
 - (B) The acquisition of the above assets in a single transaction does not exceed 5% of the Group's net assets as recorded in the most recent audited consolidated financial statements and does not exceed HK\$9 million;
 - (C) The total annual disposal of the above assets does not exceed 0.5% of the Group's net assets as recorded in the most recent audited consolidated financial statements, and the amount for a single disposal of the above assets does not exceed HK\$1.8 million;
 - (D) The relevant amounts for the acquisition of the above assets are calculated based on the acquisition amount, while the relevant amounts for the disposal of the above assets are calculated based on the carrying amount on the date of disposal. If an asset has both carrying amount and appraisal value, the higher value shall apply.
4. Assets Write-Off
 - (A) The total annual write-off of equity and debt assets does not exceed 0.5% of the Group's net assets as recorded in the most recent audited consolidated financial statements, with a single write-off not exceeding HK\$5 million;

APPENDIX I	THE SCHEME ON THE AUTHORIZATION TO THE BOARD OF DIRECTORS GRANTED BY THE SHAREHOLDERS' MEETING
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- (B) The total annual write-off of other assets does not exceed 0.2% of the Group's net assets as recorded in the most recent audited consolidated financial statements, with a single write-off not exceeding HK\$1 million;
- (C) In business disposal matters (including dispute resolution, etc.), if there is a reduction or waiver of recognized revenue principal, interest, default damage, etc., it must be included in the above-mentioned debt asset write-off scope for authorization;
- (D) If an asset has both carrying amount and appraisal value, the higher value shall apply.

5. General Long-Term Equity Investments and Exits

- (A) The total annual amount of equity investments and exits does not exceed 20% of the Group's net assets as recorded in the most recent audited consolidated financial statements, and the total amount for a single investment or exit does not exceed HK\$100 million;
- (B) If an asset has both carrying amount and appraisal value, the higher value shall apply.

Note: General long-term equity investments do not include private equity funds and direct investments, as well as investments in proprietary and market-making businesses.

6. Financing and Fund Management

To decide on financing through methods such as bank loans, except for equity financing and matters that require submission to the Company's general meeting for review as specified by laws, regulations, and the Articles of Association, which includes financing activities necessary for the Company's own operations and the guarantees related to such financing. The following provisions must be followed for bank loans, issuance of financing notes, and positive repurchase for financing purpose:

- (A) Financing through bank loans, issuance of financing notes, and positive repurchase for financing purpose must not exceed 10% of the Group's net assets as recorded in the most recent audited consolidated financial statements for a single financing amount, and the total amount of the above financing must not exceed 400% of the Group's net assets as recorded in the most recent audited consolidated financial statements;
- (B) For the need of additional guarantees due to the normal conduct of business, the following provisions must be followed (the scope of business needs mainly refers to guarantees for newly added relevant bank credit, structured note schemes, International Swaps and Derivatives Association (ISDA) agreements, Global Master Repurchase Agreements (GMRA), Global Master Securities Lending Agreements (GMSLA), etc.):
 - i. The amount of a single guarantee must not exceed 10% of the Group's net assets as recorded in the most recent audited consolidated financial statements;

APPENDIX I	THE SCHEME ON THE AUTHORIZATION TO THE BOARD OF DIRECTORS GRANTED BY THE SHAREHOLDERS' MEETING
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- ii. Guarantees shall not be provided for entities with a debt-to-asset ratio exceeding 70% (except for guarantees related to newly added relevant bank credit, structured note schemes, International Swaps and Derivatives Association (ISDA) agreements, Global Master Repurchase Agreements (GMRA), Global Master Securities Lending Agreements (GMSLA), etc. required for normal business operations);
- iii. The total actual amount of guarantees used must not exceed 400% of the Group's net assets as recorded in the most recent audited consolidated financial statements.

7. Matters Related to Subsidiaries

To decide to change the business scope of subsidiaries and amend the articles of association of subsidiaries.

Part Two Business Authorization

The Board of Directors, upon meeting relevant requirements, decides on the investment and financing matters of the Company and its subsidiaries.

8. Investment and Financing Business Authorization

The Board of Directors, based on changes in market conditions, the actual status of its own funds, and business development, shall conduct investment and financing activities within the allowable scope of business and within the maximum risk exposure as permitted under the risk limits, in accordance with regulatory and corporate governance requirements. It shall decide on self-funding investment activities not exceeding 10% of the Group's net assets as recorded in the most recent audited consolidated financial statements for a single transaction.

Part Three Miscellaneous

- 9. Any matters not covered in this scheme on the authorization, or any conflicts with relevant laws, regulations and regulatory provisions, or any inconsistencies with this scheme on the authorization arising from amendments or changes to laws, regulations and regulatory provisions, and the Articles of Association, shall be executed in accordance with the requirements of the laws, regulations, regulatory provisions, and the Articles of Association.
- 10. In this scheme on the authorization, the term "not exceeding" includes the original amount, while the term "less than/not exceed" excludes the original amount. The term "current year" refers to the financial year.
- 11. The investment and disposal of financial assets are included in Business Authorization Management.

APPENDIX I	THE SCHEME ON THE AUTHORIZATION TO THE BOARD OF DIRECTORS GRANTED BY THE SHAREHOLDERS' MEETING
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12. If the Company increases its capital during the current year, the calculation basis of net asset in this scheme on the authorization shall be adjusted to the sum of net asset from the latest audited consolidated financial statements of the Company and the amount of the capital increase.
13. Any provisions of this scheme on the authorization that are not explicit shall be interpreted in accordance with the relevant laws, regulations, regulatory provisions, and the Articles of Association. If such provisions remain ambiguous, the board of directors shall provide the interpretation. Unless it is stipulated that the relevant authorization is reserved to the Board of Directors in accordance with laws, regulations, regulatory provisions, and the Articles of Association, the Board of Directors may delegate certain authority under this scheme on the authorization to a special committee of the Company.
14. The formulation and amendments of this scheme on the authorization shall be approved by the general meeting of the Company by an ordinary resolution. The general term of this scheme on the authorization shall be valid for one year. Upon expiration of the authorization period, the general meeting of the Company shall re-grant the authorization if the general meeting of the Company has not done so. This scheme on the authorization shall continue to remain in effect until a new authorization scheme is formulated by the general meeting of the Company. Upon the effectiveness of this scheme on the authorization, the original “Shenwan Hongyuan (H.K.) Limited Authorization Management System” shall be void. In the event of any inconsistencies between existing authorization documents of the Company and this scheme on the authorization, this scheme on the authorization shall prevail.

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 Level 6, Three Pacific Place, 1 Queen’s Road East, Hong Kong, on Friday, 29 November 2024 at 9:30 a.m. for the following purposes:

ORDINARY RESOLUTION

1. The Scheme on the Authorization to the Board of Directors Granted by the Shareholders’ Meeting.

By order of the Board
Shenwan Hongyuan (H.K.) Limited
Liang Jun
Executive Director & Chief Executive Officer

Hong Kong, 7 November 2024

As at the date of this notice, the Board of the Company comprises eight directors, of which Ms. Wu Meng, Mr. Tan Weijun, Mr. Liang Jun and Mr. Hu Jing are the executive directors, Mr. Zhang Lei is the non-executive director, Mr. Ng Wing Hang Patrick, Mr. Kwok Lam Kwong Larry and Mr. Liu Chijin are the independent non-executive directors.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The register of members of the Company will be closed from Tuesday, 26 November 2024 to Friday, 29 November 2024, both days inclusive, during which period no transfers of Shares will be registered. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration by no later than 4:30 p.m. on Monday, 25 November 2024.
2. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on his behalf and such proxy need not be a member of the Company.
3. When there are joint holders of any share, any one of such joint holders may vote at the EGM, either personally or by proxy, in respect of such share(s) as if he were solely entitled thereto; but if more than one of such joint holders are present at the EGM, either personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company shall alone be entitled to vote in respect of it.
4. In order to be valid, a proxy form together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority, must be deposited at the office of the Company at Level 6, Three Pacific Place, 1 Queen's Road East, Hong Kong not later than 48 hours before the time appointed for holding of the EGM (i.e. 9:30 a.m. on Wednesday, 27 November 2024) or any adjournment thereof (as the case may be).
5. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Pursuant to the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. An explanation of the detailed procedures of conducting a poll will be provided to Shareholders at the commencement of the EGM, to ensure that Shareholders are familiar with such procedures.
7. In case the general meeting is anticipated to be affected by black rainstorm or tropical cyclone with warning signal No. 8 or above, please refer to the website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> and the Company's website at <http://www.swhyhk.com> for announcement on bad weather arrangement for the general meeting.