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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)

**CONTINUING CONNECTED TRANSACTION
IN RELATION TO
THE LICENCE AGREEMENT**

Reference is made to the announcement of the Company dated 18 August 2021 (the “**Announcement**”) in relation to a continuing connected transaction in relation to a licence agreement dated 18 August 2021. Previously, SWHY Enterprises, a direct wholly-owned subsidiary of the Company, as the Licensor and SWHY International as the Licensee entered into a licence agreement, pursuant to which the Licensor agreed to license the Premises to the Licensee for a term commencing from 18 August 2021 to 6 May 2024 (both dates inclusive). The maximum amount payable by SWHY International to SWHY Enterprises pursuant to the provisions of this licence agreement for the period from 1 January 2024 to 6 May 2024 would not exceed approximately HK\$ 2,740,000.

THE LICENCE AGREEMENT

On 7 May 2024, SWHY Enterprises, a direct wholly-owned subsidiary of the Company, as the Licensor and SWHY International as the Licensee entered into the Licence Agreement, pursuant to which the Licensor agreed to license the Premises to the Licensee for a term commencing from 7 May 2024 to 24 September 2025 (both dates inclusive).

LISTING RULES IMPLICATIONS

As at the date of the Licence Agreement, SWHY International directly and indirectly holds approximately 75% of the issued shares of the Company and is the controlling shareholder of the Company. Therefore, SWHY International is regarded as a connected person of the Company and the entering into of the Licence Agreement constitutes a continuing connected transaction under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined in the Listing Rules calculated with reference to the Annual Caps, on an aggregated basis with the transactions for the period from 1 January 2024 to 6 May 2024 contemplated under the licence agreement dated 18 August 2021, is/are more than 0.1% but less than 5%, the entering into of the Licence Agreement on an aggregated basis with the transactions for the period from 1 January 2024 to 6 May 2024 contemplated under the licence agreement dated 18 August 2021 is only subject to the reporting, announcement and annual review requirements, and is exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE LICENCE AGREEMENT

On 7 May 2024, SWHY Enterprises, a direct wholly-owned subsidiary of the Company, as the Licensor and SWHY International as the Licensee entered into the Licence Agreement pursuant to which the Licensor agreed to license the Premises to the Licensee for a term commencing from 7 May 2024 to 24 September 2025 (both dates inclusive).

Major terms of the Licence Agreement

Date	: 7 May 2024
Parties	: (1) SWHY Enterprises, as the Licensor (2) SWHY International, as the Licensee
Premises	: A designated area within Level 4 of Three Pacific Place, 1 Queen's Road East, Hong Kong specified in the Licence Agreement

- Licence period : 7 May 2024 to 24 September 2025 (both dates inclusive) (“**Licence Period**”)
- Licence fee : HK\$ 568,871 per month (inclusive of air-conditioning and management fees and exclusive of other fees and charges)
- Other fees and charges : 46% of other fees (including government rent and rates (if any), cleaning fee, utility charges and other expenses) attributable to the Rented Property and payable by the Licensee
- Early termination : Each of the Licensor or the Licensee is entitled to notify the other party to terminate the Licence Agreement by giving three (3) months’ written notice in advance during the Licence Period and the Licence Agreement may be terminated upon mutual agreement by the Licensor and the Licensee

Major terms of the licence agreement dated 18 August 2021

The Licensor and the Licensee entered into a licence agreement for the licensing of the Premises for a period commencing from 18 August 2021 to 6 May 2024 (both dates inclusive). The maximum amount payable by SWHY International to SWHY Enterprises pursuant to the provisions of this licence agreement for the period from 1 January 2024 to 6 May 2024 would be approximately HK\$ 2,740,000.

ANNUAL CAPS AND PRICING BASIS

According to the Licence Agreement, it is expected that the maximum aggregate amount payable by SWHY International to SWHY Enterprises would not exceed the Annual Caps set out below:

	Annual Caps
For the period from 7 May 2024 to 31 December 2024	approximately HK\$ 5,090,000
For the period from 1 January 2025 to 24 September 2025	approximately HK\$ 5,800,000

The Annual Caps were determined with reference to (i) the historical transaction amounts for licensing the Premises under the licence agreement dated 18 August 2021; (ii) the monthly licence fee stipulated in the Licence Agreement; and (iii) the expected charges and other outgoings of an annual or recurring nature during the relevant period in connection with the sharing of the Rented Property.

The terms of the Licence Agreement (including the licence fee and other fees and charges) were determined after arm's length negotiations between the parties, with reference to (i) the rental, management fees and other charges payable by the Licensor pursuant to the agreed terms of the Lease without any mark-up; and (ii) the fees payable by the Licensor pursuant to the agreed terms of the service contracts in relation to the Rental Property with Independent Third Parties without any mark-up.

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE LICENCE AGREEMENT

The Directors believe that the entering into of the Licence Agreement will continue providing a platform to maintain a close business relationship between the Group and SWHY International, the controlling shareholder of the Company. The Directors consider the entering into of the Licence Agreement would improve cost efficiency and management effectiveness, and therefore is beneficial to the Group.

The Directors (including the independent non-executive Directors), having considered the terms of the Licence Agreement, are of the view that the Licence Agreement is entered into on normal commercial terms and in the ordinary and usual course of business of the Group, the terms of the Licence Agreement and the Annual Caps are fair and reasonable and is in the interests of the Group and the Shareholders as a whole.

As the entering into of Licence Agreement constitutes a continuing connected transaction of the Company, Ms. Wu Meng, Mr. Tan Weijun, Mr. Liang Jun, Mr. Hu Jing and Mr. Ren Xiaotao are regarded as potentially having a material interest in the transactions contemplated under the Licence Agreement and therefore they have voluntarily abstained from voting on the relevant Board resolutions for considering and approving the Licence Agreement.

Save as disclosed above, no other Director has a material interest in the transaction contemplated under the Licence Agreement and no other Directors is required to abstain from voting on the relevant Board resolution for considering and approving the Licence Agreement.

LISTING RULES IMPLICATIONS

As at the date of the Licence Agreement, SWHY International directly and indirectly holds approximately 75% of the issued shares of the Company and is the controlling shareholder of the Company. Therefore, SWHY International is regarded as a connected person of the Company and the entering into of the Licence Agreement constitutes a continuing connected transaction.

As one or more of the applicable percentage ratios as defined in the Listing Rules calculated with reference to the Annual Caps, on an aggregated basis with the transactions for the period from 1 January 2024 to 6 May 2024 contemplated under the licence agreement dated 18 August 2021, is/are more than 0.1% but less than 5%, the entering into of the Licence

Agreement on an aggregated basis with the transactions for the period from 1 January 2024 to 6 May 2024 contemplated under the licence agreement dated 18 August 2021 is only subject to the reporting, announcement and annual review requirements, and is exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION OF THE GROUP, SWHY ENTERPRISES AND SWHY INTERNATIONAL

The Group

The Group is principally engaged in (i) brokerage business; (ii) corporate finance business; (iii) asset management business; (iv) financing and loans business; and (v) investment and other business. The Company is incorporated in Hong Kong with limited liability and directly holds 100% equity interests in SWHY Enterprises.

SWHY Enterprises

SWHY Enterprises is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company. Its principal activities are provision of management and treasury services.

SWHY International

SWHY International is incorporated in Hong Kong with limited liability and directly and indirectly holds approximately 75% of the Company's issued shares. SWHY International is an investment holding company. It is wholly owned by SWHYSC. In turn, SWHYSC is wholly-owned by SWHYG, which is an investment banking group in the PRC and is principally engaged in the provision of comprehensive financial services, including enterprise finance, personal finance, institutional services and trading, as well as investment management. The A shares of SWHYG are listed on the Shenzhen Stock Exchange (stock code: 000166) and the H shares of SWHYG are listed on the main board of the Stock Exchange (stock code: 6806).

DEFINITIONS

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

“Annual Caps”	the proposed annual cap amounts of the transactions during the term of the Licence Agreement
“Board”	the board of Directors of the Company
“Company”	Shenwan Hongyuan (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	party(ies) independent of and not connected with the Directors, chief executives or substantial shareholders of the Company or its subsidiaries, or their respective associate(s) (as defined in the Listing Rules) or not otherwise a connected person of the Company within the meaning of the Listing Rules
“Lease”	the lease entered into by the Licensor and the landlord, who is an Independent Third Party, in respect of the Rented Property
“Licence Agreement”	the licence agreement dated 7 May 2024 entered into between the Licensor and the Licensee
“Licence Period”	has the meaning ascribed to it in the section headed “Major terms of the Licence Agreement” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan region
“Premises”	a designated area within Level 4 of Three Pacific Place, 1 Queen’s Road East, Hong Kong specified in the Licence Agreement
“Rented Property”	the property located at Level 4 of Three Pacific Place, 1 Queen’s Road East, Hong Kong rented by SWHY Enterprises according to the Lease
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SWHY Enterprises” or “Licensor”	Shenwan Hongyuan Enterprises (H.K.) Limited, a company incorporated in Hong Kong with limited liability, a direct wholly-owned subsidiary of the Company
“SWHYG”	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 H shares of which are listed on the main board of the Stock Exchange (stock code: 6806)
“SWHY International” or “Licensee”	Shenwan Hongyuan (International) Holdings Limited, a company incorporated in Hong Kong with limited liability and a connected person of the Company
“SWHYSC”	Shenwan Hongyuan Securities Co., Ltd., a company with limited liability incorporated in the PRC and a wholly-owned subsidiary of SWHYG

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

Hong Kong, 8 May 2024

As at the date of this announcement, the Board 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 and Mr. Ren Xiaotao are the Non-Executive Director; Mr. Ng Wing Hang Patrick and Mr. Kwok Lam Kwong Larry are the Independent Non-Executive Directors.