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申萬宏源集團股份有限公司
SHENWAN HONGYUAN GROUP CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6806)

CONTINUING CONNECTED TRANSACTIONS RENEWAL OF THE SECURITIES AND FINANCIAL PRODUCTS, TRANSACTIONS AND SERVICES FRAMEWORK AGREEMENT

BACKGROUND

References are made to the announcement of the Company dated December 6, 2021 and the circular of the Company dated December 10, 2021 in relation to, among others, the Framework Agreement entered into between the Company and JIC on December 6, 2021 and the annual caps set for 2022, 2023 and 2024. Pursuant to the Framework Agreement, the Group and JIC and/or its associates shall provide securities and financial products and transactions to each other in their respective ordinary and usual course of business based on normal commercial terms and market practices at then prevailing market prices or rates, and the Group shall provide securities and financial services to JIC and/or its associates.

As the Framework Agreement will expire on December 31, 2024, the Company has entered into the New Framework Agreement with JIC on November 26, 2024 for a term of three years effective from January 1, 2025 and expiring on December 31, 2027 upon approval at the EGM.

LISTING RULES IMPLICATIONS

As at the date of this announcement, JIC directly holds approximately 26.34% of the total issued share capital of the Company. Therefore, JIC is a Substantial Shareholder of the Company, and according to Chapter 14A of the Listing Rules, a connected person of the Company. Accordingly, the transactions contemplated under the New Framework Agreement entered into between the Company and JIC constitute continuing connected transactions of the Company under the Listing Rules. As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the New Framework Agreement and the transactions contemplated thereunder exceeds 5%, such transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The Company intends to propose relevant proposal at the EGM to be held for the Shareholders to consider and, if thought fit, approve, among others, the renewal of the Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2027.

JIC and Central Huijin will abstain from voting on the resolution regarding the renewal of the Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2027 at the EGM. As at the date of this announcement, JIC directly holds 6,596,306,947 Shares with voting rights of the Company (representing approximately 26.34% of the total issued share capital of the Company) and Central Huijin directly holds 5,020,606,527 Shares with voting rights of the Company (representing approximately 20.05% of the total issued share capital of the Company). To the best knowledge, information and belief of Directors having made all reasonable enquiries, other than JIC and Central Huijin, no other Shareholders are required to abstain from voting on the resolution regarding the renewal of the Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2027 at the EGM.

The Company has established the Independent Board Committee comprising all independent non-executive Directors, namely, Ms. Yeung Siuman Shirley, Mr. Wu Changqi, Mr. Chen Hanwen and Mr. Zhao Lei, to advise the Independent Shareholders in respect of the renewal of the Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2027. The Company has appointed Somerley Capital Limited as its Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among others, (1) details of the renewal of the Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2027; (2) a letter from the Independent Board Committee to Independent Shareholders in respect of the renewal of the Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2027; (3) a letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in the same regard; and (4) the notice of the EGM, is expected to be published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.swhygh.com) respectively, and will be dispatched to the H Shareholders of the Company by means of receipt of corporate communications elected by the H Shareholders of the Company on or before December 6, 2024.

I. RENEWAL OF THE SECURITIES AND FINANCIAL PRODUCTS, TRANSACTIONS AND SERVICES FRAMEWORK AGREEMENT

(I) BACKGROUND

References are made to the announcement of the Company dated December 6, 2021 and the circular of the Company dated December 10, 2021 in relation to, among others, the Framework Agreement entered into between the Company and JIC on December 6, 2021 and the annual caps set for 2022, 2023 and 2024. Pursuant to the Framework Agreement, the Group and JIC and/or its associates shall provide securities and financial products and transactions to each other in their respective ordinary and usual course of business based on normal commercial terms and market practices at then prevailing market prices or rates, and the Group shall provide securities and financial services to JIC and/or its associates.

As the Framework Agreement will expire on December 31, 2024, the Company has entered into the New Framework Agreement with JIC on November 26, 2024 for a term of three years effective from January 1, 2025 and expiring on December 31, 2027 upon approval at the EGM.

(II) NEW FRAMEWORK AGREEMENT

1. *Date*

November 26, 2024

2. *Parties*

(1) the Company; and

(2) JIC

3. *Term*

From January 1, 2025 to December 31, 2027

4. Main Contents of the Continuing Connected Transactions under the New Framework Agreement

A. Securities and Financial Products and Transactions

According to the New Framework Agreement, the securities and financial products and transactions between the Group and JIC and/or its associates (mainly including JIC Trust Co., Ltd., Guotai Asset Management Co., Ltd. and JIC Leasing Co., Ltd.) include (but are not limited to) the followings (collectively, the “**Securities and Financial Products and Transactions**”):

- equity-related products, including but not limited to, equity interest, funds, trust, asset management schemes, exchangeable bonds, convertible bonds and structured products;
- fixed-income products, including but not limited to, funds, trust, bonds, debt, and structured products with fixed income characteristics;
- hybrid products, including but not limited to, funds, trust, asset management schemes and structured products;
- financing transactions among financial institutions with or without guarantees; and
- other related securities and financial products and derivative products.

B. Securities and Financial Services

According to the New Framework Agreement, the Group and JIC and/or its associates (mainly including JIC Trust Co., Ltd., Guotai Asset Management Co., Ltd. and JIC Leasing Co., Ltd.) shall provide securities and financial services to each other in their respective ordinary and usual course of business based on normal commercial terms and market practices at prevailing market prices. The securities and financial services provided by the Group to JIC and/or its associates include (but are not limited to) the following (collectively, the “**Securities and Financial Services**”):

- financial products agency sale services. The Group receives service fees and/or other fees for such services;
- leasing of trading units services. The Group leases its trading units to institutional clients and receives trading commission and/or other fees for such services;

- brokerage services including securities brokerage and related financial products brokerage services. The Group receives brokerage commissions for such services;
- investment banking services, including but not limited to, underwriting and sponsorship services provided for stock, equity interests, bonds and other products, and financial advisory services provided for other general corporate restructuring, mergers and acquisition. The Group receives underwriting commissions, sponsor fees, financial advisory fees and/or other fees for such services;
- asset management services. The Group manages the assets of customers and receives service fees for such services; and
- other comprehensive securities and financial advisory and consulting services, mainly including investment consulting, fund custody and operation, fund market making/liquidity services, and other advisory services relating to securities financial service, etc. The Group receives advisory fees and/or other fees for such services.

The Securities and Financial Services provided by JIC and/or its associates to the Group include (but not limited to) other comprehensive securities and financial advisory and consulting services, mainly including investment consulting services. The Group pays advisory fees and/or other fees for such services to JIC and/or its associates.

5. Pricing Basis

A. Pricing Basis for Securities and Financial Products and Transactions

The market rates of the Securities and Financial Products and Transactions are generally transparent and standardized across the market. The commission rates and handling fees for such products and transactions shall be determined based on arm's length negotiation with reference to the prevailing market price or the prevailing market rates normally applicable to Independent Third Parties for similar types of transactions at the time of the transactions.

The Securities and Financial Products and Transactions are mainly conducted through the PRC inter-bank bond market and the PRC exchange market (including stock exchanges, futures exchanges, Shanghai Gold Exchange, etc.) and the open-ended fund market. The commission rates and handling fees for the Securities and Financial Products and Transactions conducted through such particular trading venues depend on the particular trading venue on which the relevant transaction is carried out.

- Securities and financial products traded on the PRC inter-bank bond market and PRC exchange bond market

The securities and financial products traded on the PRC inter-bank bond market and the PRC exchange bond market mainly include inter-bank lending, collateralized repurchase, buyout repurchase, spot trading, bond borrowing and lending, asset securitisation products and interest rate swap, etc. The pricing of the transactions conducted at the PRC inter-bank bond market and the PRC exchange bond market are determined based on the prices quoted in the PRC inter-bank bond market and the PRC exchange bond market. Such prices are mainly determined with reference to the valuation data of the relevant securities and financial products published by China Central Depository & Clearing Co., Ltd. or China Securities Depository and Clearing Corporation Limited on the previous trading day (“**CCDC Valuation Data**” or “**CSDCC Valuation Data**”), yield curve and the turnover details published by China Foreign Exchange Trade System & National Interbank Funding Center. The Company may subscribe for the CCDC Valuation Data each year, and get access to the data of China Foreign Exchange Trade System through the information channels and websites of official and voluntary industry regulatory authorities, such as <http://www.chinamoney.com.cn>; the Company may also get access to the relevant data through the database provided by information service providers, such as Wind Information.

For financing transactions among financial institutions with or without guarantees, the interest rate for such transactions was mainly determined based on the interest rates of dealer-quoted bond repurchase of different maturities after having obtained relevant quotes from different banks and the interest rate offered to JIC and/or its associates is the same as the one offered to the Independent Third Parties.

- Securities and financial products traded on the exchanges

The major types of securities and financial products traded on the Shanghai Stock Exchange, Shenzhen Stock Exchange, Shanghai Gold Exchange and the PRC futures exchanges include stocks, funds, bonds, gold products, futures, etc. Share options are also traded on the Shanghai Stock Exchange. Centralized bidding mechanism is mainly adopted in these exchanges and the pricing basis is primarily determined with reference to the turnover of a particular securities and financial product. The Company has access to the trading systems of the relevant exchanges to obtain the real-time quotations of the relevant securities and financial products.

- Securities and financial products traded on the open-ended fund market

The major types of securities and financial products traded on the open-ended fund market include fund products, trust products, wealth management products and asset management products (collectively, the “**Fund Products**”). The pricing of transactions conducted through the open-ended fund market is determined based on the unit net value of the relevant Fund Products on the date of transaction. The unit net value of such Fund Products is calculated by dividing the net asset value of the Fund Products by the total number of the fund units. The net asset value of the Fund Products is determined based on the China Accounting Standards for Business Enterprises and in accordance with the relevant requirements of the CSRC and the Asset Management Association of China, and taking into account the fund portfolio consisting of securities, bank deposits, receivables and other investments. The calculation of the unit net value of the Fund Products is set forth in the relevant fund contract and prospectus, and equally applies to all investors of the Fund Products.

With respect to the pricing of securities and financial products without direct market quotations, the Company mainly refers to the prices of the transactions for similar products with two or more Independent Third Parties to determine if the pricing and terms of the transactions between the Company or its subsidiaries and JIC and/or its associates are fair, reasonable and no more favourable than those of the transactions between the Company or its subsidiaries and Independent Third Parties. If there is no relevant comparables in the market, the Company will determine the transaction price after arm’s length negotiation between both parties on the basis of comprehensive evaluation of transaction costs, such as carrying out OTC derivatives transactions. If there is no comparable price, the Company may determine the transaction price after arm’s length negotiation between both parties based on the pricing model and on the basis of covering the transaction hedging cost, and in combination with the historical pricing data of similar businesses. As at the date of this announcement, there were no connected transactions between the Company or its subsidiaries and JIC and/or its associates which were not priced on a basis with reference to relevant comparable prices.

To ensure that the Securities and Financial Products and Transactions are entered into on normal commercial terms and to safeguard the interests of the Shareholders as a whole, the Group has put in place internal approval and monitoring procedures relating to the Group’s connected transactions, further details of which are set out in “(III) Internal Monitoring Measures” below.

B. Pricing Basis for Securities and Financial Services

The pricing basis for the Securities and Financial Services is as follows:

- financial products agency sale services – service fees shall be determined based on factors including market prices, industry practice and the total amount of financial products under the agency sale arrangements with reference to the service fees for the last half year charged by the Group for similar agency sale service provided to Independent Third Parties and the service fee rate for the subsisting financial products agency sale services is generally in the range of 0% to 1.5%. The service rate for existing financial products agency sale services may be 0%, mainly due to that, according to the rules of public fund business, currently no subscription fee is charged for the subscription of units of class C of public funds, thus the sales agencies have no corresponding income;
- leasing of trading units services – the Group charges a percentage of the trading volume in respect of each trade conducted through the Group's trading units as the Group's commission where such percentage shall be determined based on the market rates for the last half year and industry practice. The commission rates charged on the leasing of trading units are generally transparent across the market. The commission rates charged by the Group for the subsisting leasing of trading units services are basically consistent with the commission rates in the market and generally in the range of 0.02% to 0.1%;
- brokerage services – the commission rates for these services are generally transparent and standardized across the market. The commission rates charged by the Group are determined based on arm's length negotiation with reference to the market fee rates for the latest week for securities or futures similar to existing business and generally in the range of 0.0085% to 0.3%;
- investment banking services – the fees are determined with reference to factors including the market fee rates for projects of a similar type for the last half year and the amount of proceeds raised from the offering through competitive bidding, business negotiation or based on arm's length negotiation;

with respect to the underwriting fee rates for fixed-income products (including corporate bonds, company bonds, asset securitisation products, etc.), the fees are mainly determined through negotiations with issuer or competitive bidding according to the issuer, type and term of bonds;

with respect to the pricing for investment banking business, the CSRC published the Guidance on Internal Control of Investment Banking Business of Securities Companies (《證券公司投資銀行業務內部控制指引》) in 2018, pursuant to which in carrying out investment banking business, securities companies shall determine the price reasonably based on comprehensive assessment of execution cost. The price of the investment banking business of the Company is subject to regulation by the CSRC;

- asset management services — the handling fees for asset management services are determined based on arm's length negotiations with reference to factors including the market rates for the last half year, the size of the assets and the complexity of the particular service provided. The market rates for these services are generally transparent across the market. The rates charged by the Group for the subsisting asset management services are basically consistent with the market rates and generally in the range of 0.01% to 3%; and
- other comprehensive securities and financial advisory and consulting services – such services are determined based on arm's length negotiation with reference to the market rates for transactions of similar type and size for the last half year.

The terms (including pricing terms) in respect of the Securities and Financial Services to be provided by the Group and JIC and/or its associates to each other shall be comparable to those between the Group and other two or more independent institutional clients of similar profile and transaction amount. The Securities and Financial Services shall be subject to the same or stricter internal approval and monitoring procedures and pricing policies applicable to independent clients, further details of which are set out in “(III) Internal Monitoring Measures” below.

The Group and JIC and/or its associates will pay the consideration for the continuing connected transactions under the New Framework Agreement out of their own funds or client funds managed in accordance with the law.

Deferred payment arrangements will be adopted for several items of Securities and Financial Services under the New Framework Agreement, specifically:

- (i) leasing of trading units services: the commission of leasing of trading units services shall be settled quarterly, and JIC and/or its associates shall complete relevant formalities and transfer the account payables to the designated account of the Group within 45 working days after the end of each quarter.

- (ii) financial products agency sale services: for the subscription fee for financial products agency sale services, JIC and/or its associates shall transfer the amount receivables by the Group to the designated account of the Group in one lump sum within 10 working days after the fund contract becomes effective; for other expenses, except for settlement on net basis, JIC and/or its associates shall calculate the portion attributable to the Group at the beginning of each month and faxed to the Group for verification, after verification by the Group (if there is no objection from the Group within three working days after the fax, it will be deemed to be verified), JIC and/or its associates shall transfer it to the designated account of the Group within 10 working days at the beginning of each month; the sales service fees and customer maintenance fees shall be accrued daily, sales service fees shall be paid monthly, customer maintenance fees shall be paid quarterly, and shall be calculated by JIC and/or its associates, and the fees of the previous month/previous quarter shall be transferred by JIC and/or its associates to the designated account of the Group within 15 working days every month/in the first month of every quarter after verification with the Group.
- (iii) the management fees for asset management services: the management fees for asset management services shall be accrued daily and paid quarterly, that is, the trustee shall pay the Group out of the property of the asset management plan on the fifth working day at the beginning of the month of next quarter based on the amount of fixed management fee payables in the previous three months verified with the Group. If there is not sufficient fund balance in the bank escrow account on the payment date, the payment will be postponed to the next working day.
- (iv) investment consulting fees: the fixed investment consulting fees shall be accrued daily from the date of establishment of the trust. The Group is entitled to the fixed investment consulting fees that have been accrued but not paid on any day of the last month of each calendar quarter or within 15 working days from the date of conclusion of each calendar year during the duration of the trust, and the balance of fixed investment consulting fees that have been accrued but not paid within 10 working days after the termination of the trust; Within 10 working days after the accrued and accounting date of each floating investment consulting fees during the duration of the trust or after the expiration of the lockup period of each tranche of trust units or after December 10 of each calendar year, JIC and/or its associates shall pay the floating investment consulting fees accrued but not paid to the Group or JIC and/or its associates shall send instructions to the custodian, and the custodian shall complete the payment to the Group from the trust assets after review.

- (v) custodian fee: the custodian fee of the Group shall be accrued daily, accumulated day by day and paid quarterly from the date of establishment of the plan, and shall be paid to the Group out of the assets of the collective plan according to the transfer instructions of JIC and/or its associates within 5 working days from the first day of the following month after the end of each quarter.

6. *Historical Transaction Amounts*

A. *Securities and Financial Products and Transactions*

For the three years ending December 31, 2024, the annual caps of the Securities and Financial Products and Transactions are set out below:

(Unit: RMB'000)

Securities and Financial Products and Transactions	For the year ended/ending December 31,		
	2022	2023	2024
In ⁽¹⁾⁽³⁾	34,373,400	35,385,100	36,650,100
Out ⁽²⁾⁽³⁾	37,303,400	38,315,100	39,580,100

For the two years ended December 31, 2023 and the eight months ended August 31, 2024, the historical transaction amounts of the Securities and Financial Products and Transactions are set out below:

(Unit: RMB'000)

Securities and Financial Products and Transactions	For the year ended December 31,		For the eight months ended August 31,
	2022	2023	2024
In ⁽¹⁾⁽³⁾	3,648,613	5,454,957	1,596,245
Out ⁽²⁾⁽³⁾	2,598,849	662,334	589,529

Notes:

- (1) “In” means the total cash inflow to the Group arising from the Securities and Financial Products and Transactions, including the sale and redemption of the relevant products, interests received from the relevant products.

- (2) “Out” means the total cash outflow from the Group arising from the Securities and Financial Products and Transactions, including the cash outflow arising from the purchase of the relevant products, interests paid for the relevant products and the repurchase of relevant products from the counterparties.
- (3) The “In” and “Out” reflect the capital flow between the Group and JIC and its subsidiaries. The contribution of such capital to the Group’s revenue is in the forms of bid-ask spread or interests accrued during the holding period or gain or loss on changes in fair value of securities, interest expenses on financing, interest income from lending, management fee, handling fee, performance-based compensation, and other income from entrusted management of assets, investment income from investment asset management plan or other financial products, etc.

For the two years ended December 31, 2023 and the eight months ended August 31, 2024, the utilisation rates of the inflow of the Securities and Financial Products and Transactions are 10.61%, 15.42% and 4.36%, respectively, and the utilisation rates of the outflow of the Securities and Financial Products and Transactions are 6.97%, 1.73% and 1.49%, respectively.

B. Securities and Financial Services

For the three years ending December 31, 2024, the annual caps of the Securities and Financial Services are set out below:

(Unit: RMB’000)

	For the year ended/ending December 31,		
Securities and Financial Services	2022	2023	2024
The Group’s revenue generated from providing the Securities and Financial Services to JIC and/or its associates	186,270	223,360	273,310

For the two years ended December 31, 2023 and the eight months ended August 31, 2024, the historical transaction amounts of the Securities and Financial Services are set out below:

(Unit: RMB'000)

	For the year ended December 31,		For the eight months ended August 31,
Securities and Financial Services	2022	2023	2024
The Group's revenue generated from providing the Securities and Financial Services to JIC and/or its associates	22,937	21,277	10,973

For the two years ended December 31, 2023 and the eight months ended August 31, 2024, the utilisation rates of the Securities and Financial Services are 12.31%, 9.53% and 4.01%, respectively.

7. Proposed Annual Caps and Basis of Determination

A. Securities and Financial Products and Transactions

The proposed annual caps of the Securities and Financial Products and Transactions for the three years ending December 31, 2027 are set out below:

(Unit: RMB'000)

	Annual cap for the year ending December 31,		
Securities and Financial Products and Transactions	2025	2026	2027
In ⁽¹⁾⁽³⁾	24,106,900	24,649,900	25,336,700
Out ⁽²⁾⁽³⁾	15,884,200	16,475,400	17,070,100

Notes:

- (1) "In" means the total cash inflow to the Group arising from the Securities and Financial Products and Transactions, including the sale and redemption of the relevant products, interests received from the relevant products.
- (2) "Out" means the total cash outflow from the Group arising from the Securities and Financial Products and Transactions, including the cash outflow arising from the purchase of the relevant products, interests paid for the relevant products and the repurchase of relevant products from the counterparties.

- (3) The “In” and “Out” reflect the capital flow between the Group and JIC and its subsidiaries. The contribution of such capital to the Group’s revenue is in the forms of bid-ask spread or interests accrued during the holding period or gain or loss on changes in fair value of securities, interest expenses on financing, interest income from lending, management fee, handling fee, performance-based compensation, and other income from entrusted management of assets, investment income from investment asset management plan or other financial products, etc.

In estimating the annual caps of the total inflow amount and total outflow amount of the Securities and Financial Products and Transactions of the Group, the Company has considered, among others, the following key factors:

- (1) Historical data on the total cash inflows and total cash outflows of certain Securities and Financial Products and Transactions previously entered into by certain members of the Group with JIC and its associates for the two years ended December 31, 2023 and the eight months ended August 31, 2024, including the subscription for or redemption of funds, trust products and asset management products, securities trading, etc. by certain members of the Group with associates of JIC, with inflows and outflows of approximately RMB3,650 million and RMB2,600 million for 2022, approximately RMB5,450 million and RMB660 million for 2023, and approximately RMB1,600 million and RMB590 million for the eight months ended August 31, 2024, respectively. Historically, the fluctuation of such transactions was relatively high, and once they occurred, the transaction amount was significant.
- (2) The Company’s demand for subscription and redemption of asset management products managed by JIC, its fund companies and trust companies, etc.

Inflow – connected parties’ subscription of financial products issued by the Company

As a listed company, the Group will issue stocks, bonds, asset-backed securities and other securities products in the exchange market, and its fund companies and asset management companies will also issue fund products and asset management products to raise funds from the society. As qualified investors in relevant markets, JIC and its subsidiaries will seek suitable products for asset allocation, and the financial products issued or managed by the Company may be their investment subjects. In such transactions, the Company’s role is relatively passive, subject to compliance with the investors’ suitability requirements of relevant products, the investment amount and proportion will depend on the investment decisions of connected parties.

Outflow – securities investment demand

The Company's own funds and customer funds managed according to law are required to be sought for investment in financial products that meet the Company's investment access standards in the market. As the bond issuers, JIC and its subsidiaries have a higher rating and meet the Company's access requirements, and its subsidiary, Guotai Asset Management Co., Ltd., manages large-scale fund products. The Company may allocate related financial products issued by JIC and its associates as investment subjects; JIC and its subsidiaries issue corporate bonds, asset-backed securities and other securities products in the exchange market. For example, JIC Leasing Co., Ltd., the associate of JIC, issued bonds of RMB8,100 million, RMB7,800 million and RMB4,500 million in 2022, 2023 and from January to August 2024, respectively, maintaining a relatively high issuance volume every year. It is more likely that the Company will subscribe for the financial products issued by JIC and its associates. Also, the yield of bonds issued by JIC and its associates is more competitive compared with Independent Third Parties.

Inflow and outflow

A Considering the Group's high demand for liquidity management, the Group needs to seek monetary funds and others with higher security and better liquidity from the market for investment. According to the 2024 interim report, the Company had approximately RMB28,008 million in cash and bank balances. As of the end of September 2024, the size of monetary funds held by the Company achieved more than RMB10 billion, and the Company may subsequently make dynamic adjustment to the scale and structure of monetary funds according to the market change and business needs. According to the public data of Wind Information, as of the end of June 2024, the total size of the monetary funds managed by Guotai Asset Management Co., Ltd., the associate of JIC, has been approximately RMB314.6 billion, among which the management size of each of 4 monetary funds has exceeded RMB10 billion. Although the amount of monetary funds of Guotai Asset Management Co., Ltd. was not high in the past, comprehensively considering the liquidity management requirements of the Company, the yields of products of Guotai Asset Management Co., Ltd., and the business development between the Company and Guotai Asset Management Co., Ltd., it is expected that there may be higher possibility of business cooperation between both parties in the future. Once occurred, the amount of a single transaction will be generally high, and the peak

value of a single transaction of funds of JIC and its associates to be subscribed and redeemed by the Company will reach RMB300 million. With reference to the trading frequency and scale of monetary funds of the Company in the past, it is expected that the annual caps of inflow and outflow of monetary fund transactions with JIC and its associates will be RMB1,500 million respectively in the next three years.

B Subscription and redemption of related fund products of JIC and its associates based on the Company's fund market making and arbitrage trading business needs

The Company plans to subscribe for exchange traded funds (the "ETFs") of approximately RMB8,500 million ETFs through fund companies under JIC for its market making business, of which the subscription amount of the ETFs in respect of monetary fund, gold and treasury bonds will be RMB6,300 million for each year from 2025 to 2027, and the subscription amount of the ETFs in respect of equity will reach RMB2,200 million by 2027. The Company has established cooperative relationships with fund companies under JIC, and proposes to further expand the scope of fund market-making cooperation in the future and provide market-making services for multiple ETFs managed by it. Since such business involves frequent transactions and the single amount is generally higher, the transaction cap is estimated after comprehensively considering various business needs: (1) according to the public data of Wind Information, the combined annual compounded growth rate of the net asset value of all market equity ETFs from 2020 to the end of 2023 was approximately 23.88%. Based on the highest historical transaction volume for the last three years of RMB590 million in 2022, there will be a 30% annual increase over the previous year from 2025 onwards; (2) as of August 30, 2024, the outstanding market capitalization of gold ETFs managed by JIC and its associates was approximately RMB4,400 million with an average daily trading volume of approximately RMB162 million. The development of the industry and the development between the Company and JIC and its associates will increase the opportunities for the Company to conduct related business with JIC and its associates. According to the historical market-making data of the Company for gold, and based on the middle-point of 6.67% of the estimated trading percentage on the day and 250 trading days, the annual accumulated trading volume was approximately RMB2,700 million (i.e. an average daily trading volume of RMB162 million*

annual trading days of approximately 250 days* 6.67%); and (3) the Company proposes to expand the cooperation in market-making business of treasury bond ETFs and monetary fund ETFs.

C Securities purchase and sales transactions in the interbank market or exchange market as the counterparty

The securities held by the Company in proprietary position and held by the asset management products managed according to law shall be purchased or sold in the market from time to time based on the trading strategies and market condition. As qualified investors in the market, JIC and its subsidiaries are also required to purchase or sell corresponding securities in the market based on asset allocation needs. Under the condition of matching purchase and sales needs, the Company and JIC and its associates are counterparties to each other and conduct corresponding securities transactions. Combined with past historical transactions, the inflow of bond sales transactions by the Company to JIC and its associates was higher than the outflow of bond purchase transactions from JIC and its associates, for instance, the inflow of bond sales transactions was RMB4,900 million and the outflow of bond purchase transactions was RMB150 million in 2023. There was a difference between the actual inflow and outflow transaction amounts. Combined with the actual business needs in the next three years, it is expected the inflow of bond sales transactions will be higher than the outflow of bond purchase transactions.

In summary, although the actual transaction amounts are not high historically, in view of the future development trend of the Company's various businesses and the gradual consolidation of the cooperative relationship with JIC and its associates, it is estimated that the inflow and outflow caps of the Group's transactions with JIC and its associates in respect of the subscription or redemption of funds, trust products and asset management products, and securities trading will be RMB22.15 billion and RMB13.6 billion in 2025, and will increase by 2% and 4% in the subsequent years, respectively.

D Derivatives transaction needs

The Company and JIC and its associates have the needs for innovative business and other securities trading business, and the amount of underlying transactions may grow rapidly. With the successive acquisition of qualifications including the qualification for conducting cross-border business and the qualification of OTC

options and dealers by the Company in recent years, the Company's overall OTC derivatives business has developed rapidly, and its client base, counterparties, product structure and application scenarios have been further enriched. Based on the Company's professional advantage in derivatives pricing and trading, and with the main objective of serving customers, the Company continues to use derivatives to provide effective risk management, wealth management and asset allocation tools to the market, providing professional investors with differentiated and one-stop integrated financial services solutions to meet the needs of different risk preferences and investment needs. As of June 30, 2024, the Company's derivatives business ranked among the top in the industry.

Currently, the Company has been in contact with JIC and its associates regarding OTC derivatives, income certificates and other business, and intends to have more frequent and larger-scale dealings with JIC and its associates. In view of the rapid development in the size of the derivatives trading market and increasing customer demand, the scale of the Company's derivatives trading business will increase significantly in the next three financial years; and as the Group's cooperation with JIC and its associates continues to grow, the Company expects to generate larger-scale derivatives and other innovative business transactions with JIC and its associates. The Company expects that JIC and its associates may purchase the OTC derivatives and income certificates from the Group of approximately RMB1,500 million, and the Group may purchase similar types of financial products from JIC and its associates of RMB400 million. In the above transactions, the Group and JIC and its associates have mutual payment obligations. An expected inflow of RMB1,500 million means the outflow of the payment of derivatives liquidation and the principal and proceeds of income certificates by the Group to JIC and its associates upon maturity of the products, and an outflow of RMB400 million means the inflow of the collection of derivatives liquidation or the recovery of principal and interest on income certificates by the Group from JIC and its associates upon maturity of the products.

Considering the average value of four trust companies with which the Company is cooperating of approximately over RMB1,000 million and the future development of OTC derivatives and income certificate business and other innovative business of the Company, together with the characteristics of large amount of single transaction, high frequency and strong timeliness of such

businesses, the Company has made a higher estimate of the proposed transaction cap for the next three years, with the inflow and outflow caps of RMB1,950 million and RMB2,300 million respectively for the next three years.

The Company considers that it is impracticable and extremely difficult to set a separate annual cap for each type of the Securities and Financial Products and Transactions for the following key reasons:

- each of the Securities and Financial Products and Transactions is entered into at the then prevailing market prices in the ordinary and usual course of the Group's business with high frequency and significant fluctuations in the value of such transactions. Such transactions are market-driven and are entered into depending on various factors including, among others, the bidding price and timing of the bids. The value of each of these transactions is determined by the market and varies from time to time and from year to year depending on various external factors that are out of the Group's control, including the then economic conditions as well as the fluctuations in the financial markets. Accordingly, historical data for each type of these transactions may not be a fair indication as to the expected aggregate value of the transactions for the three years ending December 31, 2027;
- setting an annual cap for each type of the Securities and Financial Products and Transactions may adversely affect the Group's business. Most of the Securities and Financial Products and Transactions are entered into in a very short timeframe and are very sensitive to market prices. If an annual cap is set for each type of the Securities and Financial Products and Transactions, it may cause significant delay to such transactions and undue disruption to the Group's existing operations and potential growth to the detriment of the Company and the Shareholders as a whole and restrict the Group's overall competitiveness in a highly competitive securities industry. Setting an annual cap for each type of these transactions will therefore be impracticable and extremely difficult for the Company;
- constant emergence of new products. The variety and characteristics of products are changing frequently in the ever-changing PRC securities and financial market, hence it is difficult to practically estimate with accuracy when new products will be launched;
- the Group plays a relatively passive role in some of these transactions. As such, it is impracticable for the Group to estimate the expected annual value of such transactions with accuracy. For example, JIC and/or its associates may purchase products of the Group based on their own

business needs. The Group handles such transactions with JIC and/or its associates in a manner similar to that of the Group's transactions with Independent Third Parties, and the Group has no control over whether and which products of the Group JIC or its associates purchase or the timing or amount of their purchases; and

- all Securities and Financial Product and Transactions will continue to be entered into at the then prevailing market prices or market rates in the ordinary and usual course of the Group's business and the business of JIC and/or its associates.

In light of the above, the Company considers that it is more practicable to set annual caps for the total inflow and outflow of all the Securities and Financial Products and Transactions under the New Framework Agreement, instead of a separate annual cap for each type of those products and transactions.

B. Securities and Financial Services

The proposed annual caps of the Securities and Financial Services for the three years ending December 31, 2027 are set out below:

(Unit: RMB'000)

Securities and Financial Services	Annual caps for the year ending December 31,		
	2025	2026	2027
The Group's revenue generated from providing the Securities and Financial Services to JIC and/or its associates	178,000	192,000	197,000
Expenses incurred in respect of provision of the Securities and Financial Services by JIC and/or its associates to the Group	10,000	10,000	10,000

In estimating the annual caps of the revenue to be generated from the Securities and Financial Services of the Group, the Company has considered, among others, the following key factors:

- (1) For the two years ended December 31, 2023 and the eight months ended August 31, 2024, the historical transaction amounts arising from the provision of financial services by the Group to JIC and its associates (including different service fees and commission and fees, etc. charged for the provision of various financial services) amounted to approximately RMB22.94 million in 2022, approximately RMB21.28 million in 2023 and approximately RMB10.97 million for the eight months ended August 31, 2024. In addition, considering that most of the financial services provided by the Group to JIC and its associates are market-oriented, the determination of the proposed annual caps needs to take sufficient account of market fluctuations and changes. Otherwise, an excessively tight annual cap may result in disruption to the Group's business and impair the Group's ability to respond promptly to a highly active financial market.
- (2) The growing and diversifying businesses of JIC and its associates, plus the Group's plan to deepen cooperation with JIC and its associates in the future, will create more opportunities for the Group to provide financial services.

The handling fees for certain services will be likely to increase, taking into account market conditions. For example:

- Due to the cooling of the securities market from 2023, the overall trading volume of the securities market is not strong. In order to implement the request of the Third Plenary Session of the 20th Central Committee of the CPC to “establish a long-term mechanism to enhance the internal stability of the capital market” and the deployment on “vigorously guiding the entry of medium- and long-term funds into the market, and clearing the blockages of the entry of social security, insurance and wealth management and other funds” at the meeting of the Political Bureau of the Central Committee of the CPC on September 26, 2024, and to boost the capital market and promote its healthy and stable development, at the end of September 2024, with the approval of the Central Financial Commission, the Central Financial Office and the CSRC jointly issued the Guiding Opinions on Promoting the Entry of Medium and Long-term Funds into the Market. In addition, as advised by the People's Bank of China, it would create new monetary policy instrument to support stable development of the stock market. The first policy is to establish a convenient exchange system for securities, funds and insurance companies, supporting eligible securities, funds and insurance companies to obtain liquidity from the central bank through asset pledge. This policy will significantly enhance the ability of institutions to obtain funds and increase their stock holdings. The second policy is to create special refinancing facilities for stock repurchase and

shareholding increase, guiding banks to provide loans to listed companies and major shareholders to support stock repurchase and shareholding increase. The above monetary policy instruments of the People's Bank of China were successively implemented on October 10, 2024 and October 17, 2024. After the government promulgated the above favorable policies to boost the capital market, on September 30, 2024, the daily trading volumes of the Shanghai Stock Exchange and the Shenzhen Stock Exchange reached RMB1,168.41 billion and RMB1,425.98 billion respectively, representing a year-on-year increase of approximately 303.62% and 232.26% respectively. It is expected that the stock market trading will gradually become more active from 2025, and the A-share market is expected to continue to remain further active in the next three years from 2025 to 2027. With the implementation of the reform of the comprehensive registration system and the continuous improvement of the issuance, trading mechanism and other capital market functions, it is expected that the scale of the stock market and the trading volume will be further active in the next three years from 2025 to 2027. JIC and its associates have opened a number of securities accounts with the Company and leased trading seats, and with the rebound of the securities market, their trading demand will gradually increase and the corresponding trading commissions received by the Company will gradually increase and exceed the highest level in 2022 (approximately RMB19.00 million). Considering also that the market oscillated downward in the previous period, trading was inactive, the policy on public fund business was relatively suppressive and the overall decline in the volume of stock trading was relatively high, with the gradual rebound of the securities market, it is expected that the average monthly commission ceiling for associates of JIC is approximately RMB1.6667 million. However, in the long run, there is still a possibility of market improvement in 2026 and 2027. In conclusion, it is proposed that the securities services such as agency trading of securities and leasing of trading units related to the brokerage business be capped at RMB21.00 million in 2025, and, on the basis of a 50% growth in 2026 over 2025, the estimated cap is set at RMB31.5 million, and, on the basis of stabilization in 2027 over 2026, the cap is set at RMB31.5 million;

- The cooperation in investment advisory business will be deepened gradually. As of the end of August 2024, the Company has commenced investment advisory business with JIC and its associates for a product scale of approximately RMB2,600 million. With the development of business, the growth in scale is estimated at RMB6,000 million, which will enable the Company to earn an investment advisory income of up to RMB30 million per annum based on a weighted average commission rate of 0.5% which was derived from the actual fees received in 2023. With the cooperation deepening between the Group and JIC and its associates,

the scale of assets under management would increase to RMB6 billion, which has taken into account (i) the plan of JIC and its associates to increase its scale of assets under management by approximately RMB1.5 billion, which is under negotiation; (ii) a potential client is planning to engage JIC and its associates as the trustee and the Group as the investment manager, of which the scale of assets under management would be approximately RMB1.5 billion once settled; and (iii) a 7% buffer to cater for the Group's internal budget. In conclusion, it is proposed to apply for an investment advisory service income quota of RMB30 million for the next three years;

- In the first half of 2024, the Company completed the lead underwriting for 320 bonds of various types, representing a year-on-year increase of approximately 16% from 277 bonds in the first half of 2023; the underwriting amount of the Company's all bonds (non-policy financial bonds, corporate bonds, exchangeable bonds, enterprise bonds, non-financial corporate debt financing instruments) was RMB150.6 billion, representing a year-on-year increase of approximately 25% from RMB120.5 billion in the first half of 2023; the underwriting scale and the underwriting bond number hit records highs and ranked 6th and 7th in the industry, respectively, achieving a total business revenue of approximately RMB290 million, representing a year-on-year increase of 20.83%. Although historically the Company only provided bond underwriting services to JIC and its associates, considering that the Company has established business cooperation relationship with JIC and its subsidiaries for investment banking businesses such as issuance and underwriting of bonds and asset-backed securities, and among JIC and its subsidiaries there are trust companies, leasing companies, technology companies and cultural companies, it is likely for the Company to provide bond underwriting, issuance of asset-backed securities, underwriting sponsorship, mergers and acquisition and restructuring, recommendation for listing and other investment banking services to JIC and its subsidiaries in the future. Once implemented, the revenue per transaction will be relatively high, thereafter the Company will further enhance the communication with JIC and its subsidiaries to understand their demands for financial services in time and expand the service scope. The income from investment banking business of the Company in 2023 was approximately RMB1,953 million. Based on that the income from investment banking services to be provided by the Company to JIC and its subsidiaries accounted for approximately 4% of the income from investment banking business (which is derived after comprehensively considering 14 IPOs underwritten by the Group and a total of 53 private placements and listings on the NEEQ completed for the year 2023, and assuming that JIC and its subsidiaries will conduct one IPO and one

private placement and listing on the NEEQ in each of the next three years, i.e. $((1/14+1/53)/2)$, the income from investment banking business is expected to be RMB100 million for each of the future three years;

- The Company determined the estimated annual cap of financial products agency sales for 2025 with reference to the highest historical transaction amount of financial products agency sales of RMB430,000 in the past three years, and taking into account the factors such as fee reform in the fund industry and expected growth in the financial products agency sales business segment, the Company intends to increase the distribution fee rate in consultation with Guotai Asset Management Co., Ltd. and Independent Third Parties. Based on the calculation of the maximum distribution fee rate of 50% (for individual clients) and 30% (for institutional clients) as stipulated by the regulatory requirements, the Company expected a growth rate of 15% for the financial products agency sales business segment, which was determined with reference to a year-on-year increase of 18.2% in the amount of the financial products sold by the Group in 2023. Taking into account the cooperation in the past three years as well as the trend of business development in the future, it is proposed that the caps of the relevant service income in the next three years will be RMB2 million respectively.
- The signing of liquidity service agreements with fund companies and the recognition of liquidity service revenue is a new format for future market making/liquidity service cooperation. The Company is in the process of negotiating with Guotai Asset Management Co., Ltd. and Independent Third Parties to enter into a framework agreement in relation to the corresponding market making/liquidity services, and pursuant to the agreement, based on the market making/liquidity services to be provided by the Company, the fund companies are required to pay the relevant service fees to the Company. Since this type of business model has not been developed before and it is not possible to accurately estimate the transaction cap, taking into account the existing actual business situation (as of November 11, 2024, the Company provided market making/liquidity services to 180 funds with a total fund size of RMB1,586.4 billion, including 10 funds for which market making/liquidity services were provided for Guotai Asset Management Co., Ltd. with a total fund size of RMB14 billion), it is proposed that the revenue cap for the year 2025 will be RMB22 million. The annual growth rate for 2026 and 2027 is 16% to 18%, which is determined with reference to the annual compounded growth rate of net asset value of market-wide equity ETFs of 24%, and is consistent with the Group's internal budget and relevant estimations for 2026 and 2027. Accordingly, the Group expected the

proposed services annual caps in relation to this category for the three years ending December 31, 2027 will be RMB22 million, RMB25.6 million and RMB30.28 million, respectively.

In line with economic growth and market reforms, the Chinese securities market is expected to develop further and the Company will continue to expand its financial services.

In estimating the annual caps for expenses incurred in respect of provision of the Securities and Financial Services of the Group, the Company has taken into consideration (inter alia) the following main factors:

It is estimated that the Group will conduct fund investment and consulting strategic introduction corporation with the associates of JIC, which means that the Group may engage the associates of JIC to provide investment and consulting services for the Group's fund investment and consulting portfolio strategy and pay investment and consulting service fees to them. The fund investment and consulting business of the Company has been launched since August 2020, with a total of over 70,000 contracted customers and entrusted assets exceeding RMB6.6 billion. It is expected that the business scale will be approximately RMB1 billion in the next three years. The Group may introduce the associates of JIC to provide investment and consulting services. Based on the current maximum annualized investment and consulting fee rate of 1% for the fund investment and consulting portfolio strategy of the Company, it is expected that the annual cap for investment and consulting fee for the next three years will be RMB10 million.

8. *Reasons for and Benefits of Entering into the New Framework Agreement*

In the ordinary and usual course of business, the Group regularly engages in various kinds of Securities and Financial Products and Transactions with various counterparties, including JIC and its associates. The Group purchases suitable securities and financial products from different providers (including JIC and its associates, which are the Group's connected persons, and Independent Third Parties) based on the Group's internal evaluation system and procedures with reference to various factors including the cost, market condition and the Group's risk exposure, business needs and development requirements. JIC and/or its associates also purchase securities and financial products from the Group in their ordinary and usual course of business from time to time, taking into account their business needs and the suitability of the products the Group offered.

Meanwhile, in the ordinary and usual course of business, the Group provides securities and financial services to its customers, which include JIC and its associates, meanwhile the Group receives the Securities and Financial Services provided by other counterparties (including JIC and its associates). Due to their

business needs and the respective expertise and professional capabilities, the Group and JIC and its associates provide Securities and Financial Services to each other from time to time.

9. *Listing Rules Implications*

As at the date of this announcement, JIC directly holds approximately 26.34% of the total issued share capital of the Company. Therefore, JIC is a Substantial Shareholder of the Company, and according to Chapter 14A of the Listing Rules, a connected person of the Company. Accordingly, the transactions contemplated under the New Framework Agreement entered into between the Company and JIC constitute continuing connected transactions of the Company under the Listing Rules. As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the New Framework Agreement and the transactions contemplated thereunder exceeds 5%, such transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(III) INTERNAL MONITORING MEASURES

The Group has taken a series of internal monitoring measures to regulate the continuing connected transactions under the New Framework Agreement. The main internal monitoring measures include the followings:

- (1) The Company has prepared internal guidelines in accordance with the Listing Rules, which provide approval procedures for connected transactions;
- (2) For the Securities and Financial Products and Transactions, the Company has established its internal guidelines and policies for conducting transactions of different types of the Securities and Financial Products and Transactions, as well as internal procedures and system for reviewing and monitoring relevant transactions. The Management Rules of Related Party Transactions of Shenwan Hongyuan Group Co., Ltd. has set out regulations in detail in respect of the main aspects including the recognition, launch, pricing, decision-making and disclosure of continuing connected transactions, and clarified the approval procedures of continuing connected transactions. Such policies and guidelines set out the requirements for pre-trading pricing enquiries, applicable interest rate, the procedures for price determination, approval authority and procedures, record keeping, supervision and review procedures for conducting transactions of different types of the Securities and Financial Products and Transactions. All transactions will also be reported to the Company's legal and compliance department and the Board office for risk monitoring. The Company will review and update internal guidelines and policies from time to time to reflect the latest requirements of relevant national laws, administrative regulations and listing rules of the place where the Company is listed;

- (3) For the Securities and Financial Services, the Company or its subsidiaries shall refer to the prices of the transactions for similar services with two or more Independent Third Parties to determine if the pricing and terms of the transactions between the Company or its subsidiaries and JIC and/or its associates are fair, reasonable and no more favourable than those of the transactions between the Company or its subsidiaries and Independent Third Parties;
- (4) In order to strengthen the management of the Company's connected transactions, the Company has designated specific departments (including the legal and compliance department, the Board office) to take the lead in management of the Company's connected transactions and to remind the business departments and the Company's subsidiaries to supervise and control such connected transactions. Meanwhile, each of the Company's business departments and subsidiaries designate specific person to be the contact person for the management of connected transactions, responsible for establishing the connected transaction ledger of each department and subsidiary, summarizing and conducting statistics on the Company's connected transactions on a quarterly basis. The business departments are responsible for real-time monitor on the amounts of connected transactions incurred, and back-end departments such as the legal and compliance department and the Board office will summarize and monitor the actual amount of connected transactions on a quarterly basis according to the data provided by the business departments. A transaction alert will be launched to inform the legal and compliance department of the Company in advance if the business department discovers that the amount of connected transactions within the quarter will or are expected to exceed annual caps. The legal and compliance department of the Company will strengthen the subsequent approval and control of connected transactions and review such transactions on a case-by-case basis. Connected transactions may be suspended if necessary, or be proceeded with upon the performance of the consideration and disclosure procedures for the revision of annual caps by the Company according to relevant rules, so as to ensure that the annual caps will not be exceeded;
- (5) The continuing connected transactions are subject to annual review by all the independent non-executive Directors and the auditors of the Company. The results of the review conducted by the independent non-executive Directors of the Company, and the work undertaken by the auditors of the Company in respect of the continuing connected transactions and the outcome of that work are disclosed in the annual report of the Company; and
- (6) Documents and records with respect to the connected transactions are required to be maintained and kept properly.

(IV) OPINIONS OF THE BOARD

In accordance with the relevant regulatory rules, Ms. Zhang Ying and Mr. Shao Yalou, being the connected Directors, have abstained from voting on the Board resolution to approve the renewal of the continuing connected transactions under the Framework Agreement and the proposed annual caps thereof. Save as disclosed above, none of the other Directors have any material interest in the relevant Board resolution, and none of the other Directors are required to abstain from voting on the relevant Board resolution.

Having considered the abovementioned pricing basis, the basis for the proposed annual caps, reasons for and benefits of entering into the New Framework Agreement and internal monitoring measures, the Board (including independent non-executive Directors) is of the opinion that the terms of the New Framework Agreement and the proposed annual caps thereof are entered into in the ordinary and usual course of business of the Company on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(V) INFORMATION ON THE PARTIES

The Group is an investment holding group focused on securities businesses and mainly provides comprehensive financial services, including enterprise finance, personal finance, institutional services and trading, as well as investment management.

JIC is a company with limited liability incorporated in the PRC and a state-owned integrated holding group with a focus on finance, covering investment and asset management. JIC is a wholly-owned subsidiary of Central Huijin, the ultimate beneficial owner of which is the State Council of the PRC.

II. EGM

The Company intends to propose relevant proposal at the EGM to be held for the Shareholders to consider and, if thought fit, approve, among others, the renewal of the Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2027.

JIC and Central Huijin will abstain from voting on the resolution regarding the renewal of the Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2027 at the EGM. As at the date of this announcement, JIC directly holds 6,596,306,947 Shares with voting rights of the Company (representing approximately 26.34% of the total issued share capital of the Company) and Central Huijin directly holds 5,020,606,527 Shares with voting rights of the Company (representing approximately 20.05% of the total issued share capital of the Company). To the best knowledge, information and belief of Directors having made all reasonable enquiries, other than JIC and Central Huijin, no other Shareholders are required to abstain from voting

on the resolution regarding the renewal of the Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2027 at the EGM.

The Company has established the Independent Board Committee comprising all independent non-executive Directors, namely, Ms. Yeung Siuman Shirley, Mr. Wu Changqi, Mr. Chen Hanwen and Mr. Zhao Lei, to advise the Independent Shareholders in respect of the renewal of the Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2027. The Company has appointed Somerley Capital Limited as its Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among others, (1) details of the renewal of the Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2027; (2) a letter from the Independent Board Committee to Independent Shareholders in respect of the renewal of the Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2027; (3) a letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in the same regard; and (4) the notice of the EGM, is expected to be published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.swhygh.com) respectively, and will be dispatched to the H Shareholders of the Company by means of receipt of corporate communications elected by the H Shareholders of the Company on or before December 6, 2024.

III. DEFINITIONS

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

“A Share(s)”	domestic Share(s) of the Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid up in RMB and is/are listed for trading on the Shenzhen Stock Exchange (Stock Code: 000166)
“A Shareholder(s)”	holder(s) of A Share(s)
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company

“Central Huijin”	Central Huijin Investment Ltd. (中央匯金投資有限責任公司), a company with limited liability incorporated in the PRC on December 16, 2003 and ultimately owned by the PRC government, which is the controlling Shareholder of the Company
“Company”	Shenwan Hongyuan Group Co., Ltd. (申萬宏源集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the 2024 second extraordinary general meeting to be held in due course by the Company
“Framework Agreement”	the Securities and Financial Products, Transactions and Services Framework Agreement entered into between the Company and JIC on December 6, 2021
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which is/are subscribed for in HKD and is/are listed for trading on the Hong Kong Stock Exchange (Stock Code: 6806)
“H Shareholder(s)”	holder(s) of H Share(s)
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee comprising all independent non-executive Directors

“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed by the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the renewal of the Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for the three years ending December 31, 2027
“Independent Shareholder(s)”	Shareholders other than JIC and its associates
“Independent Third Party(ies)”	has the meaning ascribed thereto under the Listing Rules
“JIC”	China Jianyin Investment Ltd. (中國建銀投資有限責任公司), a company with limited liability incorporated in the PRC, which is a Substantial Shareholder of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“New Framework Agreement”	the Securities and Financial Products, Transactions and Services Framework Agreement entered into between the Company and JIC on November 26, 2024
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including A Share(s) and H Share(s)
“Shareholder(s)”	shareholder(s) of the Company, including A Shareholder(s) and H Shareholder(s)
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

“Wind Information”

Wind Information Co., Ltd. (萬得資訊技術股份有限公司), a service provider of financial data, information and software in the PRC

“%”

per cent

By order of the Board
Shenwan Hongyuan Group Co., Ltd.
Liu Jian
Chairman

Beijing, PRC

November 26, 2024

As at the date of this announcement, the Board comprises Mr. Liu Jian and Mr. Huang Hao as executive directors; Mr. Zhu Zhilong, Ms. Zhang Ying, Mr. Shao Yalou and Mr. Xu Yixin as non-executive directors; Ms. Yeung Siuman Shirley, Mr. Wu Changqi, Mr. Chen Hanwen and Mr. Zhao Lei as independent non-executive directors.