

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



国联证券股份有限公司
GUOLIAN SECURITIES CO., LTD.

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

(Stock Code: 01456)

FINANCIAL INFORMATION IN RELATION TO A SHARE PROSPECTUS

This announcement is made by Guolian Securities Co., Ltd. (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 16 May 2016, 19 September 2016, 23 December 2016, 29 June 2017, 30 October 2017, 15 November 2017, 13 April 2018, 15 June 2018, 26 October 2018, 13 June 2019, 27 December 2019, 8 May 2020, 10 June 2020 and 3 July 2020 and the circulars of the Company dated 18 August 2016, 15 May 2017, 30 April 2018, 29 April 2019 and 22 April 2020 in relation to, amongst others, the proposed initial public offering of A Shares by the Company (the “**A Share Offering**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the circular of the Company dated 22 April 2020.

The full text of the A Share prospectus, a summary of the A Share prospectus and the relevant appendices in relation to the A Share Offering issued by the Company in Chinese only were published on the website of the Shanghai Stock Exchange (www.sse.com.cn), the HKExnews website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.glsc.com.cn) on 13 July 2020.

The summary of the consolidated financial statements and the major operating conditions of the Group for the three months ended 31 March 2020 are set out in the section headed “8. Operating Conditions and Major Financial Information after the Closing Date of the Financial Report of the Company” under “Section 12 – Management Discussion and Analysis” in the A Share prospectus. The consolidated financial statements prepared in accordance with the Group’s accounting policies under China Accounting Standards for Business Enterprises have been reviewed by Deloitte Touche Tohmatsu Certified Public Accountants LLP, but have not been audited.

The Company confirmed that the total assets, net assets and net profit in the summary of the consolidated financial statements do not have any significant difference between the total assets, net assets and net profit prepared in accordance with the International Financial Reporting Standards.

The Company’s consolidated balance sheet as at 31 March 2020, the consolidated income statement, consolidated statement of cash flows and the statement of non-recurring profit or loss for the three months ended 31 March 2020 prepared in accordance with China Accounting Standards for Business Enterprises, and the major operating conditions of the Group are as follow:

1. KEY DATA OF CONSOLIDATED BALANCE SHEET

Items	<i>Unit: RMB’000</i>	
	31 March 2020	31 December 2019
Total assets	37,470,481	28,419,403
Total liabilities	29,173,844	20,352,077
Shareholders’ equity	8,296,637	8,067,326
Equity attributable to shareholders of the parent company	8,296,637	8,067,326

2. KEY DATA OF CONSOLIDATED INCOME STATEMENT

Items	<i>Unit: RMB'000</i>	
	For the three months ended	For the three months ended
	31 March 2020	31 March 2019
Operating income	495,097	577,211
Operating profit	313,377	389,806
Total profit	310,502	391,349
Net profit	229,311	295,384
Net profit attributable to shareholders of the parent company	229,311	295,384
Net profit attributable to shareholders of the parent company after deduction of non-recurring profit or loss	229,951	293,241

3. KEY DATA OF CONSOLIDATED STATEMENT OF CASH FLOWS

Items	<i>Unit: RMB'000</i>	
	For the three months ended	For the three months ended
	31 March 2020	31 March 2019
Net cash flows from operating activities	(1,122,662)	4,296,457
Net cash flows from investing activities	110,146	(198,889)
Net cash flows from financing activities	3,558,149	443,224
Net increase in cash and cash equivalents	2,551,644	4,534,613
Balance of cash and cash equivalents as at the end of period	14,802,477	13,536,355

4. MAJOR ITEMS AND AMOUNTS OF STATEMENT OF NON-RECURRING PROFIT OR LOSS

Items	<i>Unit: RMB'000</i>	
	For the three months ended 31 March 2020	For the three months ended 31 March 2019
Disposal of long-term equity investment	–	–
Profit or loss on disposal of non-current assets	150	24
Government subsidies included in the profit or loss for the current period (exclusive of government subsidies which are closely related to the operations of the company and are entitled pursuant to the State's unified standard quota or amount)	3,971	3,290
Donation expense	(5,000)	–
Other non-operating income and expenses other than above	25	(457)
Affected income tax amount	214	(714)
Affected minority interests amount (after tax)	–	–
Affected net non-recurring profit or loss attributable to shareholders of the parent company	(640)	2,143

From January to March 2020, the Company achieved an operating income of RMB495,097,000, net profit of RMB229,311,000, net profit attributable to shareholders of the parent company after deduction of non-recurring profit or loss of RMB229,951,000. The operating income of the Company for the first quarter of 2020 decreased by 14.23% as compared with the same period of 2019, and the net profit attributable to owners of the parent company (the lower of net profit before and after deduction of non-recurring profit or loss) decreased by 22.37% year on year.

From January to March 2020, the operating expenses of the Company amounted to RMB181,720,000, representing a decrease of 3.03% as compared with the same period of 2019. The decline in net profit of the Company was attributable to the decrease in operating income. The year-on-year decrease in operating income of 14.23% was mainly due to the investment gains (including changes of fair value) for the first quarter of 2020 dropped by 38.20% as compared with the same period of last year, which was primarily as affected by the factors such as global economic fluctuations and the pandemic, the stock market in the first quarter of 2020 was much weaker than the rapid unilateral surge in the first quarter of 2019, as well as gains from stock proprietary investment (including changes of fair value) declined significantly. However, the income of bond proprietary investment was better and had effectively reduced the impact of the stock market on the proprietary business of the Company. For other businesses, net fee and commission income from securities brokerage business of the Company increased by 25.40% year on year, net fee and commission income from investment banking business increased by 59.21% year on year and net fee income from asset management business increased by 38.80% year on year. The Company was operating in normal condition and the changes in performance were related to the fluctuation of the securities market.

5. 2020 HALF-YEAR PERFORMANCE FORECAST INFORMATION

Although the domestic securities market experienced certain fluctuations in the first quarter of 2020, however, China's macro economy has continued to improve since the second quarter and market liquidity has remained healthy, with the SSE Composite Index increased by 3.99% or 109.78 points and the SZSE Component Index rose by 7.62% or 759.48 points in April 2020. In terms of market trading volume, according to the statistics of Wind, from January to April 2020, the average daily turnover of stock market was RMB798.071 billion, representing a year-on-year increase of 24.05%. For primary market issuance, according to the statistics of Wind, from January to April 2020, A Shares equity financing IPO raised RMB97.208 billion in total, representing a year-on-year increase of 183.79%. For debt financing, from January to April 2020, a total of 16,469 bonds were issued in the bond market of China, with a total issuance size of RMB16,883.236 billion, representing a year-on-year increase of 19.63%. Currently, the securities market is stable as a whole, the operating environment of the Company has not undergone any major adverse changes, and the Company is operating in normal condition with no major adverse changes in its core business.

According to the actual operation of its current business, the Company expects that the operating income for the half year of 2020 will reach between RMB830 million to RMB910 million, with a change of -2.52% to 6.88% from the same period of last year; net profit attributable to shareholders of the parent company will reach between RMB313 million to RMB361 million, with a change of -12.16% to 1.31% from the same period of last year; net profit attributable to shareholders of the parent company after deduction of non-recurring profit or loss will reach between RMB313 million to RMB362 million, with a change of -11.21% to 2.46% from the same period of last year.

The above estimates of the Company do not constitute guaranty of its future development, and may substantially differ from the actual results of the Company due to various uncertainties. Such estimates do not constitute actual commitments to investors. Investors should be aware that inappropriate reliance on and usage of such information may expose to investment risks.

From the closing date of the financial report to the signing date of the A Share prospectus, there were no major adverse changes in the operation models, the operations of securities brokerage business, investment banking business, securities proprietary business, assets management business, credit transaction business and other businesses, major fixed assets, intangible assets, business license documents and taxation policies of the Company after the closing date of the financial report, and there were no significant events that may affect the judgment of investors.

The above English version of the summary of the consolidated financial statements and the major operating conditions of the Group is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.

The Company will keep the shareholders and potential investors informed of any further development in relation to the A Share Offering as and when appropriate.

By order of the Board
Guolian Securities Co., Ltd.
Yao Zhiyong
Chairman

Wuxi, Jiangsu Province, the PRC
13 July 2020

As of the date of this announcement, the executive director of the Company is Mr. Ge Xiaobo; the non-executive directors of the Company are Mr. Yao Zhiyong, Mr. Hua Weirong, Mr. Zhou Weiping, Mr. Liu Hailin and Mr. Zhang Weigang; and the independent non-executive directors of the Company are Mr. Lu Yuanzhu, Mr. Wu Xingyu and Mr. Chu, Howard Ho Hwa.