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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)

CONNECTED TRANSACTION UNDERWRITING OF THE ISSUANCE OF BONDS OF GUOLIAN GROUP

UNDERWRITING OF THE ISSUANCE OF BONDS OF GUOLIAN GROUP

The Board announces that on 30 November 2020, Guolian Group entered into the Underwriting Agreement with Hua Ying Securities, a wholly-owned subsidiary of the Company. Pursuant to the Underwriting Agreement, Guolian Group has engaged Hua Ying Securities as the lead underwriter in respect of the issuance of Bonds to underwrite the corporate bonds issued by Guolian Group.

LISTING RULES IMPLICATIONS

Guolian Group is the controlling shareholder of the Company and is therefore a connected person of the Company. Hua Ying Securities is a wholly-owned subsidiary of the Company. Accordingly, the Transaction under the Underwriting Agreement constitutes a connected transaction of the Group.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. Reference is made to the announcement of the Company dated 18 December 2019 in relation to, among other things, the underwriting agreement entered into between Jiangsu Asset and Hua Ying Securities. The counterparties of Hua Ying Securities under such agreement and the agreement entered into on this occasion are both Guolian Group or its subsidiaries, and the nature of the transactions is the same. Accordingly, such transactions shall be aggregated.

As the highest of the applicable percentage ratios (other than the profits ratio) upon aggregation as calculated in accordance with Chapter 14 of the Listing Rules in respect of such transactions is more than 0.1% but less than 5%, the Underwriting Agreement is subject to the reporting and announcement requirements, but is exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the Underwriting Agreement is entered into in the ordinary and usual course of business of the Group and the terms contained therein are normal commercial terms and the Underwriting Agreement is fair and reasonable and in the interests of the Group and the Shareholders as a whole. As the Underwriting Agreement involves the interests of Guolian Group, Mr. Hua Weirong, Mr. Yao Zhiyong and Mr. Zhou Weiping (being the Directors of the Company) have material interests in the Underwriting Agreement. All the above Directors have abstained from voting when the Board passed the resolution in relation to the Transaction.

UNDERWRITING OF THE ISSUANCE OF BONDS OF GUOLIAN GROUP

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Further details of the Underwriting Agreement are as follows:

Underwriting Agreement

Date: 30 November 2020

Parties:

- (1) Guolian Group;
- (2) Hua Ying Securities (the lead underwriter); and
- (3) Huatai United Securities Co., Ltd. (the joint lead underwriter)

Nature of Transaction:	Guolian Group has engaged Hua Ying Securities as the lead underwriter in respect of the issuance of corporate bonds.
Underwriting Commitment:	The issuance size of the Bonds of Guolian Group is not more than RMB4,000,000,000. Hua Ying Securities acts as the mandated lead underwriter to underwrite the Bonds by way of agency sales, and each of Hua Ying Securities and the joint lead underwriters undertakes half of the underwriting responsibility. Hua Ying Securities will receive a service fee of not exceeding RMB10,000,000.
Term of the Bonds:	Not exceeding five years
Primary services provided by Hua Ying Securities:	<p>(1) Provide the proposal to Guolian Group regarding the overall plan of the Bonds issuance, cooperate in the completion of the drafting of the prospectus and its summary together with the documents related to the Bonds issuance;</p> <p>(2) Assist Guolian Group in carrying out the filing of the issuance of Bonds, custody registration and its listing;</p> <p>(3) Issue the Bonds with no excessive amount nor exceeding the time limit, supervise the underwriting activities of each member in the underwriting group;</p> <p>(4) Assist Guolian Group in performing its obligations of paying interests and redemption to the holders of the Bonds;</p> <p>(5) Provide advice to Guolian Group on the documents issued by other intermediaries participating in the issuance of Bonds to Guolian Group.</p>
Conditions Precedent:	The issuance of Bonds is subject to the approval of relevant regulatory authorities and the fulfillment of the relevant conditions precedent under the Underwriting Agreement.

Underwriting Commission

The term of the Bonds is not more than 5 years, and the underwriting fee rate is 0.1% of the issuance size per year. Based on the maximum underwriting commitment of Hua Ying Securities of RMB2,000,000,000, it is estimated that Hua Ying Securities shall receive a maximum underwriting commission of up to RMB10,000,000 from Guolian Group. The underwriting commission rate is determined based on the arm's length negotiation between the parties and is consistent with market rates.

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE UNDERWRITING AGREEMENT

One of the principal businesses of Hua Ying Securities is underwriting and sponsorship for shares and bonds issuance in the PRC. The Transaction contemplated under the Underwriting Agreement falls within the principal business activities of Hua Ying Securities. The Board considers that such Transaction will have positive income contribution to the Group and is financially beneficial to the Group and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the Underwriting Agreement is entered into in the ordinary and usual course of business of the Group and the terms contained therein are normal commercial terms and the Underwriting Agreement is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

As the Transaction under the Underwriting Agreement constitutes a connected transaction of the Company, Mr. Hua Weirong and Mr. Yao Zhiyong (being the Directors of the Company) shall abstain from voting in relation to the relevant resolutions of the Board due to their positions as the president and vice president of Guolian Group respectively, and Mr. Zhou Weiping (being the Director of the Company) shall abstain from voting in relation to the relevant resolutions of the Board due to his position as the chairman of Guolian Trust, a subsidiary of Guolian Group.

Save as disclosed above, no other Director has a material interest in the Underwriting Agreement and none of the Directors is required to abstain from voting on the relevant Board resolution approving the Underwriting Agreement.

LISTING RULES IMPLICATIONS

Guolian Group is the controlling shareholder of the Company and is therefore a connected person of the Company. Hua Ying Securities is a wholly-owned subsidiary of the Company. Accordingly, the Transaction constitutes a connected transaction of the Group.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. Reference is made to the announcement of the Company dated 18 December 2019 in relation to, among other things, the underwriting agreement entered into between Jiangsu Asset and Hua Ying Securities. The counterparties of Hua Ying Securities under such agreement and the agreement entered into on this occasion are both Guolian Group or its subsidiaries, and the nature of the transactions is the same. Accordingly, such transactions shall be aggregated.

As the highest of the applicable percentage ratios (other than the profits ratio) upon aggregation as calculated in accordance with Chapter 14 of the Listing Rules in respect of such transactions is more than 0.1% but less than 5%, the Underwriting Agreement is subject to the reporting and announcement requirements, but is exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION OF THE GROUP, GUOLIAN GROUP AND HUA YING SECURITIES

The Group is engaged in the following principal activities: securities brokerage, securities investment consultancy, financial advisory in relation to securities trading and securities investment activities, proprietary securities trading, securities asset management, agency sale of securities investment fund, margin financing and securities lending, introducing broker for futures companies, agency sale of financial products, underwriting and sponsorship for shares and bonds issuance, and investment management, etc.

Guolian Group is a wholly state-owned enterprise group established in the PRC. Guolian Group is principally engaged in state-owned asset and capital operation, as well as agency investment, investment consultancy and investment services, etc.

Hua Ying Securities is a company established in the PRC with limited liability, and is a wholly-owned subsidiary of the Company. Hua Ying Securities is principally engaged in the underwriting and sponsorship of stocks and bonds, etc.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Bonds”	the corporate bonds to be issued by Guolian Group, with an aggregate principal amount not exceeding RMB4,000,000,000
“Company”	Guolian Securities Co., Ltd. (國聯證券股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A Shares of which are listed on the main board of the Shanghai Stock Exchange and the H Shares of which are listed on the main board of the Hong Kong Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guolian Group”	Wuxi Guolian Development (Group) Co., Ltd.* (無錫市國聯發展(集團)有限公司), a limited liability company established in the PRC, being the controlling shareholder of the Company

“Guolian Trust”	Guolian Trust Co., Ltd.* (國聯信託股份有限公司), 91.87% of the shares of which is directly and indirectly held by Guolian Group and it directly holds 16.41% of the shares of the Company
“H Share(s)”	overseas listed foreign ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) listed on the main board of the Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hua Ying Securities”	Hua Ying Securities Co., Ltd.* (華英證券有限責任公司), a company established in the PRC with limited liability, and is a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction conducted under the Underwriting Agreement

“Underwriting Agreement” the agreement dated 30 November 2020 entered into between Guolian Group and Hua Ying Securities, pursuant to which, Guolian Group has engaged Hua Ying Securities as the lead underwriter in respect of the issuance of corporate bonds

“%” per cent

* *For identification purpose only*

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

Wuxi, Jiangsu Province, the PRC
30 November 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.