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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)

ANNOUNCEMENT ENTERING INTO AND RENEWAL OF FRAMEWORK AGREEMENTS OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 11 December 2017 in relation to the renewal of (i) securities and financial services framework agreement; and (ii) property leasing and related services framework agreement between the Company and Guolian Group.

In view of the existing securities and financial services framework agreement and property leasing and related services framework agreement which will expire on 31 December 2020, the Company entered into the Securities and Financial Framework Agreement and renewed the Property Leasing and Related Services Framework Agreement with Guolian Group on 18 December 2020.

SECURITIES AND FINANCIAL FRAMEWORK AGREEMENT

Principal terms

Date: 18 December 2020

Parties: The Company and Guolian Group

Term: The validity period of the Securities and Financial Framework Agreement is three years, commencing on 1 January 2021 and expiring on 31 December 2023, and renewable under the premises of mutual agreement and compliance with the Listing Rules.

Content of the transactions

1. *Securities and financial services*

According to the requirements of Guolian Group, the Group shall provide to Guolian Group and its associates a series of financial services, including securities brokerage (including seat leasing) services, Futures IB services, securities asset management services, agency sales of financial products services, financial advisory services, underwriting and sponsorship services, securities investment consultancy services and other financial services approved by China Securities Regulatory Commission.

According to the requirements of the Group, Guolian Group and its associates shall provide to the Group a series of financial services, including management services of trust plans, futures brokerage services, futures investment consultancy services, commercial insurance services and other financial services approved by China Securities Regulatory Commission and China Banking and Insurance Regulatory Commission.

2. *Securities and financial products*

According to the requirements of both parties, the Group conducts securities and financial products transactions with Guolian Group and its associates, including sales under repurchase agreements in the inter-bank and exchanges market by the Group. The Group subscribes for the trust plans and other products issued by Guolian Group and its associates. Guolian Group and its associates subscribe for the income certificates, privately issued bonds, asset backed securities and pledged dealer-quoted repurchase products issued by the Group.

Basis of pricing

1. *Securities and financial services*

- (1) Pursuant to the Securities and Financial Framework Agreement, the service fees and commissions receivable from related securities and financial services provided by the Group to Guolian Group and its associates are determined under applicable laws and regulations, with reference to current market price after arm's length negotiations and shall not be less than the price receivable by the Group from independent third parties for the same type of services.

(i) *Securities brokerage services*

The commissions are determined after arm's length negotiations between the parties with reference to, among other things, the commission rates applicable to independent third parties and the estimated scale of the brokerage transactions.

(ii) *Futures IB services*

The service fee of Futures IB is determined with reference to industry practice, the revenue sharing ratio of major securities companies in China and upon fair negotiation. According to the latest available market data, in respect of Futures IB business, the major securities companies in China usually split revenue with futures dealers at a certain ratio. In respect of the Futures IB transaction between the Group and Guolian Futures, the revenue sharing ratio will fall within the prevailing market revenue sharing ratio scope and is set at a standard more favorable to the Group compared with the market practices.

(iii) *Securities asset management services*

In respect of the pricing policy of service fee of Collective Asset Management Scheme, the subscription price, management fee and other terms with Guolian Group is consistent with normal commercial terms and those of the Group's similar transactions with independent third party investors. The fee ratios of transactions between the Group and Guolian Group fall within a certain ratio range of similar transactions in the market. In addition, the Group will take into account factors such as basic conditions of the assets or business to determine the management fee.

In respect of the pricing policy of service fee of Targeted Asset Management Scheme with Guolian Group, as each transaction has different target assets whose conditions vary from each other, it is hard to set out a standardized fee ratio. However, the Group determines the management fee based on the price of similar transactions in the market which have similar target asset or in similar condition. In addition, historical management fee in similar transactions between the Group and independent third parties will also be considered, so as to ensure that the price between the Group and Guolian Group is not less favorable to the Group.

(iv) Agency sales of financial products services

In respect of agency sales of financial products, as the risk factors of different products vary from each other, products with higher risks charge higher agency sales fee. There is no specific standard price or commission rate in the market. Therefore, the price of agency sales transactions between the Group and Guolian Trust is determined upon fair trade principle and with reference to market price and industry practice for specific products.

(v) Financial advisory services

As the financial advisory services are highly individualized, different transaction's target business varies in size, conditions and different counterparties have different bargaining power, it is hard to set out a standardized price or fee ratio. However, the Group will refer to the price of similar transactions which are available publicly in third-party databases, and the price of the Group's similar historical transactions with independent third parties to ensure the services fee is not less favorable to the Group.

(vi) Underwriting and sponsorship services

The competition in securities underwriting and sponsorship service market is intense, and the commission fees and rates are typically transparent and standardized across the market. The service fees shall be determined after arm's length negotiation with reference to, among other things, the prevailing market prices, total amount of funds to be raised and commission rate charged to the independent third party by the Group for provision of similar services.

(vii) Securities investment consultancy services

Such service fees shall be determined after arm's length negotiation with reference to the prevailing market rates of transactions with similar types and size.

- (2) Pursuant to the Securities and Financial Framework Agreement, the service fees and commissions receivable from related securities and financial services provided by Guolian Group and its associates to the Group are determined under applicable laws and regulations, with reference to the current market price after arm's length negotiations and shall not be higher than the price payable by the Group to independent third parties for the same type of services.

(i) Management services of trust plans

The price of management services of trust plans is determined with reference to the similar management services of trust plans in the market and upon fair negotiation between the Group and Guolian Trust. During the negotiation, the Group will refer to the management fee ratio charged by independent third parties of the Group's historical similar transactions to ensure that the management fee charged by Guolian Trust is not higher than or even lower than the management fees paid by the Group to third parties.

(ii) Futures brokerage services

The commissions are determined after arm's length negotiations between the parties with reference to, among other things, the commission rates applicable to independent third parties and the estimated scale of the brokerage transactions.

(iii) Futures investment consultancy services

The service fee of futures investment consultancy is determined after arm's length negotiation with reference to the industry average fee standard. In respect of the futures investment consultancy business between the Company and Guolian Futures, the standard of investment consultancy service fee is approximate to the market average.

(iv) Commercial insurance services

The pricing principles of commercial insurance services are based on those factors such as the industry category in which the Group operates, the number of the insured, the average age of the insured, the participation of the insured in local social insurance and the insured amount demanded, and in accordance with the underwriting rules of Guolian Life Insurance and previous experience in premium calculation to comprehensively determine the service prices.

2. Securities and financial products

- (1) Pursuant to the Securities and Financial Framework Agreement, Guolian Group and its associates will subscribe for the relevant securities and financial products issued by the Group at the then applicable market price or market rate for such type of securities and financial products based on arm's length negotiation between the parties.

(i) Sales under repurchase agreements in the inter-bank and exchanges market

The prices for transactions in 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 of relevant securities and financial products published by China Central Depository & Clearing Co., Ltd., the yield curve and the turnover details published by China Foreign Exchange Trading System & National Interbank Funding Centre.

(ii) Income certificates, privately issued bonds and other products

The Group issues income certificates, privately issued bonds and other products based on its funding needs. The prices of income certificates and privately issued bonds issued by the Group are determined based on the prices of comparable similar products in the market. Among them, the subscription for the existing income certificates and privately issued bonds issued by the Group to Guolian Group and its associates are conducted on normal commercial terms and the Group does not provide collateral. Therefore, these transactions are exempted continuing connected transactions under the Listing Rules. No exemption will be granted in cases where the Group is required to provide collateral.

(iii) Asset backed securities

Since the target assets of each product are different, and the conditions such as the income rights and risks are different, it is difficult to set a standard fee rate. The Group determines the fees based on the prices of similar target assets or similar transactions in the market to ensure that the gains received from similar products by Guolian Group and its associates and independent third parties are the same.

(iv) Pledged dealer-quoted repurchase

The Group determines the fees based on the prices of similar target assets or similar transactions in the market to ensure that the gains received from similar products by Guolian Group and its associates and independent third parties are the same.

- (2) Pursuant to the Securities and Financial Framework Agreement, the Group will subscribe for the relevant securities and financial products issued by Guolian Group and its associates at the then applicable market price or market rate for such type of securities and financial products based on arm's length negotiation between the parties.

(i) Trust plans and other products

The subscription price is at the same subscription price as the subscriptions by other investors. Such subscription price is determined by the financial institutions which set up the financial products after considering the fundamentals of the assets/businesses to be invested. The Group will refer to the expected yield of similar trust plans in the market at that time when subscribing for the trust plans issued by Guolian Group and its associates.

Historical amounts, proposed annual caps and the basis of proposed annual caps

1. *Securities and financial services*

Historical amounts

The following table sets out the proposed annual caps of the securities and financial services for the three years ending 2018, 2019 and 2020:

Securities and financial services	Annual caps for the year ending 31 December (In RMB million)		
	2018	2019	2020
Revenue received by the Group	30.28	35.02	39.86
Including securities brokerage and Futures IB services, asset management services, agency sales of financial products services, financial advisory services and other financial services approved by China Securities Regulatory Commission			
Expenses incurred by the Group	10.40	15.10	19.80
Including management services of trust plans and other financial services approved by China Banking and Insurance Regulatory Commission			

The following table sets out the historical amounts of the securities and financial services for the three years ending 2018, 2019 and 2020:

Securities and financial services	Historical amounts		Historical
	as at 31 December		amounts as at
	<i>(In RMB million)</i>		<i>(In RMB million)</i>
	2018	2019	2020
Revenue received by the Group	15.86	9.29	7.46
Including securities brokerage and Futures IB services, asset management services, agency sales of financial products services, financial advisory services and other financial services approved by China Securities Regulatory Commission			
Expenses incurred by the Group	2.19	1.68	0.83
Including management services of trust plans and other financial services approved by China Banking and Insurance Regulatory Commission			

Proposed annual caps

The table below sets out the proposed annual caps of the securities and financial services for the three years ending 2021, 2022 and 2023:

Securities and financial services	Annual caps for the year ending 31 December		
	<i>(In RMB million)</i>		
	2021	2022	2023
Revenue received by the Group	68.26	74.63	80.03
Including securities brokerage (including seat leasing) services, Futures IB services, securities asset management services, agency sales of financial products services, financial advisory services, underwriting and sponsorship services, securities investment consultancy services and other financial services approved by China Securities Regulatory Commission			
Expenses incurred by the Group	6.99	7.21	7.43
Including management services of trust plans, futures brokerage services, futures investment consultancy services, commercial insurance services and other financial services approved by China Securities Regulatory Commission and China Banking and Insurance Regulatory Commission			

Basis of the proposed annual caps

1. When setting the above proposed annual caps for the securities and financial services provided by the Group to Guolian Group and its associates, the Group referred to the historical data of the relevant transactions and the following major factors:
 - (1) New underwriting and sponsorship as well as securities investment consultancy services. Given the fact that the Group has provided bond underwriting services for Guolian Group and Jiangsu Asset, and provided investment consultancy services for Jiangsu Asset and Guolian Industrial Investment, and it is expected that the Group will continue to provide underwriting and sponsorship services as well as securities investment consultancy services for Guolian Group and its associates in future, and charge fees accordingly.
 - (2) The income to be generated from the subsisting entrusted asset management scale of Guolian Group and its associates, and the income to be generated from the asset backed securities project that the Group plans to carry out in cooperation with Guolian Trust.
 - (3) A subsidiary of the Group established in Hong Kong may, upon obtaining a financial licence, provide certain overseas securities services to Guilian Group and its associates.
2. When setting the above proposed annual caps for the securities and financial services provided by Guolian Group and its associates to the Group, the Group referred to the historical data of the relevant transactions and the following major factors:
 - (1) In the context of asset management de-channeling, the Group expects to reduce the expenses of management services of trust plans.
 - (2) With the growth of the Company's net assets, and its establishment of equity derivatives business department and the fixed income department, the scale of futures trading will expand in the future, and as a result, the expenditures on futures services will increase accordingly.

- (3) In September 2020, Guolian Group's shareholding in Guolian Life Insurance increased to 30%, and Guolian Life Insurance became an associate of Guolian Group, and its provision of commercial insurance services for the employees of the Group constitutes a connected transaction. The commercial insurance service fees are expected to rise with the increase in the number of employees of the Group.

2. Securities and financial products

Proposed annual caps

- (1) Securities and financial products (excluding sales under repurchase agreements and pledged dealer-quoted repurchase transactions)

The table below sets out the proposed annual caps of the securities and financial products (excluding sales under repurchase agreements and pledged dealer-quoted repurchase transactions) for the three years ending 2021, 2022 and 2023:

	Annual caps for the year ending 31 December		
	<i>(In RMB million)</i>		
	2021	2022	2023
Total capital inflow arising from securities and financial product transactions between the Group and Guolian Group and its associates (deducting the amount of sales under repurchase agreements transactions and the amount of pledged dealer-quoted repurchase transactions)	330	330	330
Total capital outflow arising from securities and financial product transactions between the Group and Guolian Group and its associates	315	315	315

- (2) Securities and financial products (sales under repurchase agreements and pledged dealer-quoted repurchase transactions only)

The table below sets out the proposed annual caps of sales under repurchase agreements and pledged dealer-quoted repurchase transactions for the three years ending 2021, 2022 and 2023:

	Annual caps for the year ending 31 December		
	<i>(In RMB million)</i>		
	2021	2022	2023
Maximum daily balance of sales under repurchase agreements and pledged dealer-quoted repurchase transactions between Guolian Group and its associates and the Group (including interests) ^{Note}	525	525	525

Note: Sales under repurchase agreements and pledged dealer-quoted repurchase transactions constitute the non-exempted continuing connected transactions under the Listing Rules as they are equivalent to financial assistance and collateral has been provided in connection with the financial assistance.

Basis of the proposed annual caps

When setting the proposed annual caps for the securities and financial products, the Group referred to following major factor:

1. The bond issuance scale in the China bond market continues to grow, and new securities and financial products are emerging endlessly. Guolian Group and its associates have certain demands for wealth management, and it is expected that they will invest in the financial products issued by the Group according to the situation to leverage the Group's professional knowledge and experience in R&D and financial products management to gain stable returns. The Group may also invest in the wealth management products of Guolian Group and its associates to gain stable income.
2. The Group is in a stage of rapid development and its demand for funds has further increased. The Group meets its short-term funding needs through repurchase and pledged dealer-quoted repurchase business, and meets its medium and long-term funding needs by issuing asset backed securities.

Reasons for and benefits of entering into the Securities and Financial Framework Agreement

The continuing connected transactions mentioned above have been and will be conducted on normal commercial terms in the ordinary course of business of the Group. In view of the past long-term cooperative relationship between the Group and Guolian Group and its associates, such transactions have facilitated and will continue to facilitate the overall business operation and business growth of the Group. At the same time, through integrating the advantageous resources of the Group and Guolian Group and its associates, they will lower operating costs and general expenditure of the Group, provide additional revenue source for the Group and further enhance the profitability of the Group and its position in the securities industry. Furthermore, based on knowledge of Guolian Group and its associates regarding the operation of the Group, they are capable of providing more suitable and effective services to the Group when compared with independent third parties.

Opinions of Directors

The Directors (including the independent non-executive Directors) consider that the Securities and Financial Framework Agreement and the continuing connected transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms of the agreement and annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Since Mr. Hua Weirong, Mr. Yao Zhiyong and Mr. Zhou Weiping, the Directors of the Company, serve as president of Guolian Group, vice-president of Guolian Group and chairman of the board of directors of Guolian Trust respectively, the Directors above have abstained from voting on the Board resolution approving the Securities and Financial Framework Agreement and its annual caps. Save as disclosed above, none of the Directors has abstained from voting on the Board resolution approving the Securities and Financial Framework Agreement and its annual caps.

PROPERTY LEASING AND RELATED SERVICES FRAMEWORK AGREEMENT

Principal terms

Date: 18 December 2020

Parties: The Company and Guolian Group

Terms: The validity period of the Property Leasing and Related Services Framework Agreement is three years, commencing on 1 January 2021 and expiring on 31 December 2023, and renewable under the premises of mutual agreement and compliance with the Listing Rules.

Content of the transactions

- the Group leased certain properties from Guolian Group and its associates for office and/or business use, and engaged the associates of Guolian Group for the provision of relevant services in relation to the properties occupied by the Group, including but not limited to providing equipment leasing, property management, security and flower leasing services for the Group.
- Guolian Group and its associates leased certain properties from the Group for office and/or business use.

Basis of pricing

Under the Property Leasing and Related Services Framework Agreement, the rental amount of the leasing properties shall be determined based on arm's length negotiations between both parties by reference to the prevailing market rental of properties with similar locations and sizes to the relevant leasing properties. The rental amount receivable by the Group shall not be less than the amount receivable by the Group from independent third parties, and the rental amount payable by the Group shall not be higher than the amount payable by the Group to independent third parties.

Under the Property Leasing and Related Services Framework Agreement, the fees of the related services shall be determined based on arm's length negotiations between both parties with reference to the fees payable by the Group to independent third parties for similar services, and shall not be higher than the price payable by the Group to independent third parties for similar services.

Accounting treatment of leased property where the Group as the lessee under the Property Leasing and Related Services Framework Agreement

In accordance with the IFRSs applicable to the Group, the rent is capital in nature and will be recognized as assets of the Group on the commencement date of the lease. The IFRSs applicable to the Group include IFRS16 "Leases" (the "**IFRS 16**"), which came into effect on 1 January 2019. Under IFRS 16 and in the consolidated statement of financial position of the Group, the Group as a lessee shall recognise a lease as a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The asset and the liability arising from the lease are initially measured on a present value basis and calculated by discounting the non-cancellable lease payments under the lease, using the incremental borrowing rate as the discount rate. Under IFRS 16 and in the consolidated statement of comprehensive income of the Group, the Company shall recognise (i) depreciation charge over the life of the right-of-use asset, and (ii) interest expenses from the lease liability amortised over the lease term.

Historical amounts, proposed annual caps and basis of proposed annual caps

Historical amounts

The following table sets out the proposed annual caps of the Property Leasing and Related Services Framework Agreement for the three years ending 2018, 2019 and 2020:

Property leasing and related services	Annual caps for the year ending 31 December		
	<i>(In RMB million)</i>		
	2018	2019	2020
Revenue received by the Group			
Including revenue generated from property leasing	5.00	5.00	5.00
Expenses incurred by the Group			
Including expenses incurred for property leasing and fee expenses			
incurred for related services	32.10	32.10	32.10

The following table sets out the historical amounts of the Property Leasing and Related Services Framework Agreement for the three years ending 2018, 2019 and 2020:

Property leasing and related services	Historical amount for the year ended 31 December (In RMB million)		Historical amount as at 30 September (In RMB million)
	2018	2019	2020
Revenue received by the Group			
Including revenue generated from property leasing	1.13	1.10	0.89
Expenses incurred by the Group			
Including expenses incurred for property leasing ^{Note} , fee expenses incurred for related services	15.97	18.58	14.04

Note: The Group implemented IFRS 16 since 1 January 2019. The actual amount incurred for property leasing includes rental expenses (including interest expenses on lease liabilities) and depreciation expenses of the relevant right-of-use assets. Total depreciation expenses of the relevant right-of-use assets for the year of 2019 and January to September of 2020 were RMB11.48 million and RMB9.11 million respectively.

Proposed annual caps

The following table sets out the proposed annual caps of the Property Leasing and Related Services Framework Agreement for the three years ending 2021, 2022 and 2023:

Property leasing and related services	Annual caps for the year ending 31 December (In RMB million)		
	2021	2022	2023
Revenue received by the Group			
Including revenue generated from property leasing	3.00	3.00	3.00
Expenses incurred by the Group			
Including expenses incurred for property leasing ^{Note} , fee expenses incurred for related services	33.70	33.70	33.70

Note: The expenses incurred for property leasing includes rental expenses (including interest expenses on lease liabilities) and depreciation expenses of the relevant right-of-use assets.

Basis for proposed annual caps

In setting up the annual caps mentioned above, the Group referred to the historical data of related transactions and on a fair and reasonable basis and by considering the following factors: the prevailing market rental standard of similar properties in the cities and regions where the leasing properties are located, the anticipate demand of the Group to lease the properties from Guolian Group in future, the anticipate demand of Guolian Group to lease the properties from the Group in future, and the expected increase of market rental and property-related expenses in future.

Reasons for and the benefits of renewing the Property Leasing and Related Services Framework Agreement

In respect of properties leasing transactions, the Group believes that it is beneficial for the expansion of our business by utilizing idle premises of Guolian Group and its associates to extend our office, which will not incur significant investment costs and is in the interest of the Company and its Shareholders as a whole. At the same time, the Group considers that it is beneficial for the Group to utilize and consolidate its idle assets by leasing our Group's idle premises to Guolian Group and its associates to increase the Group's benefits. Moreover, in view of the historical co-operative relationship between the Group and Guolian Group, it is more convenient and effective for Guolian Group and its associates to provide properties services to the Group.

Opinions of Directors

The Directors (including the independent non-executive Directors) consider that the Property Leasing and Related Services Framework Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms of the agreement and annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Since Mr. Hua Weirong, Mr. Yao Zhiyong and Mr. Zhou Weiping, the Directors of the Company, serve as president of Guolian Group, vice-president of Guolian Group and chairman of the board of directors of Guolian Trust respectively, the above Directors have abstained from voting on the Board resolution approving the Property Leasing and Related Services Framework Agreement and its annual caps. Save as disclosed above, none of the Directors has abstained from voting on the Board resolution approving the Property Leasing and Related Services Framework Agreement and its annual caps.

PRICING APPROVAL AND INTERNAL CONTROL PROCEDURES

The Group has adopted a series of internal pricing approval and internal control procedures, which mainly include:

- (1) the Company has set up a monitoring system, which has a detailed list of the Company's connected persons. If any of the transactions involve connected persons of the Company, such transaction will be reported to the Board Office of the Company in a timely manner and can only be continued with the approval and confirmation of the Board Office. In this way, the Board Office is able to track down every Connected Transaction's amounts and make sure the annual caps would not be exceeded. Thus, the monitoring system will report to the Board Office of the Company on the transaction amounts under the Securities and Financial Framework Agreement and the Property Leasing and Related Services Framework Agreement in a timely manner so that the Board Office of the Company is able to strictly control the balance of annual caps to ensure the annual caps would not be exceeded;
- (2) the department in charge of the specific transaction will collect market prices. Such market prices include (i) prices of similar transactions in the market; (ii) the Company's pricing of similar transactions in the past; and (iii) as to the Property Leasing and Related Services Framework Agreement, pricing by similar market transactions or independent third party property valuers. The Company will refer to such market prices in determination of the transaction prices under the Securities and Financial Framework Agreement and the Property Leasing and Related Services Framework Agreement;
- (3) the Company has established its internal guidelines and policies for management of different types of securities and financial products transactions, as well as the internal procedures and systems for approval and supervision of such transactions. Such policies and guidelines set out the requirements for pre-trading pricing enquiries, applicable interest rates, procedures for price determination, approval authority and procedures, record keeping, supervision and review procedures for different types of transactions and businesses;
- (4) all of the continuing connected transactions are reviewed and confirmed by independent non-executive Directors annually; and

- (5) the Audit Department of the Company is responsible for the audit of major connected transactions one by one to ensure the truthfulness, accuracy and completeness of the audit report information, and submit the audit report to the Board for review.

IMPLICATIONS OF LISTING RULES

As of the date of this announcement, Guolian Group directly and indirectly holds 57.87% of the existing issued share capital of the Company, and is therefore a controlling shareholder of the Company, and a connected person of the Company. Accordingly, the Securities and Financial Framework Agreement, Property Leasing and Related Services Framework Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios of the annual caps for the years of 2021, 2022 and 2023 under the Securities and Financial Framework Agreement and Property Leasing and Related Services Framework Agreement are more than 0.1% but less than 5%, the Securities and Financial Framework Agreement, Property Leasing and Related Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but are exempt from independent shareholders' approval requirement.

INFORMATION OF THE GROUP AND GUOLIAN GROUP

The Group is engaged in the following 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 of stocks and bonds 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.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“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 H Shares of which are listed on the Main Board of Stock Exchange and the A Shares of which are listed on the main board of the Shanghai 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
“Futures IB”	introducing broker for futures companies
“Group”	the Company and its subsidiaries
“Guolian Futures”	Guolian Futures Co., Ltd. (國聯期貨股份有限公司), a joint stock company incorporated in the PRC with limited liability, which is controlled by Guolian Group
“Guolian Group”	Wuxi Guolian Development (Group) Co., Ltd.* (無錫市國聯發展(集團)有限公司), a company established in the PRC with limited liability, being the controlling shareholder of the Company
“Guolian Industrial Investment”	Wuxi Guolian Industrial Investment Co., Ltd. (無錫國聯產業投資有限公司), the 100% equity of which is directly and indirectly held by Guolian Group

“Guolian Life Insurance”	Guolian Life Insurance Company Limited (國聯人壽保險股份有限公司), the 30% equity of which is directly held by Guolian Group
“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)”	the overseas listed foreign share(s) issued by the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiangsu Asset”	Jiangsu Asset Management Co., Ltd. (江蘇資產管理有限公司), a company established in the PRC with limited liability, and is a subsidiary as to 90% of the equity is directly and indirectly held by Guolian Group
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region 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
“%”	per cent

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

Wuxi, Jiangsu Province, the PRC
18 December 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.