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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 TRANSACTIONS FINANCIAL ADVISORY AGREEMENT UNDERWRITING AGREEMENT

FINANCIAL ADVISORY AGREEMENT

The Board announces that on 2 December 2016, Wuxi Huaguang entered into the Financial Advisory Agreement with Hua Ying Securities, pursuant to which, Wuxi Huaguang has engaged Hua Ying Securities as its financial adviser in relation to the proposed major assets reorganisation.

UNDERWRITING AGREEMENT

The Board announces that on 2 December 2016, Wuxi Huaguang entered into the Underwriting Agreement with Hua Ying Securities and Dongxing Securities, pursuant to which, Wuxi Huaguang has engaged Hua Ying Securities and Dongxing Securities as the joint lead underwriters in relation to its proposed non-public issue of A shares.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Guolian Group is the controlling shareholder of the Company and therefore a connected person of the Company. Wuxi Huaguang is held as to 45.12% by Guolian Environmental. Guolian Environmental is a wholly-owned subsidiary of Guolian Group. Accordingly, Wuxi Huaguang is an associate of Guolian Group under Rule 14A.12(1)(c) and hence a connected person of the Company under the Listing Rules.

Hua Ying Securities is a non-wholly owned subsidiary of the Company.

Accordingly, the transaction under each of the Financial Advisory Agreement and the Underwriting Agreement constitutes a connected transaction of the Group under the Listing Rules.

Since the Financial Advisory Agreement and the Underwriting Agreement were entered into on the same date, and the Financial Advisory Agreement is related to the Underwriting Agreement, the transactions under the Financial Advisory Agreement and the Underwriting Agreement shall be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) as calculated in accordance with Chapter 14 of the Listing Rules in respect of the Financial Advisory Agreement and the Underwriting Agreement is less than 5% but the aggregate consideration payable to Hua Ying Securities under the Financial Advisory Agreement and the Underwriting Agreement exceeds HK\$3,000,000, the Financial Advisory Agreement and the Underwriting Agreement are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules, but are exempt from the 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 Financial Advisory Agreement and the Underwriting Agreement were entered into in the ordinary and usual course of business of the Group and the terms contained therein are normal commercial terms and the Financial Advisory Agreement and the Underwriting Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

(A) FINANCIAL ADVISORY AGREEMENT

Background

The Board announces that on 2 December 2016, Wuxi Huaguang entered into the Financial Advisory Agreement with Hua Ying Securities, pursuant to which, Wuxi Huaguang has engaged Hua Ying Securities as its financial adviser in relation to the proposed major assets reorganisation.

Financial Advisory Agreement

Further details of the Financial Advisory Agreement are set out as follows.

Date: 2 December 2016

Parties: (1) Wuxi Huaguang; and

(2) Hua Ying Securities

Subject: Wuxi Huaguang has engaged Hua Ying Securities as its financial
Matter: adviser in relation to the proposed major assets reorganisation.

Fees: Pursuant to the Financial Advisory Agreement, Wuxi Huaguang agreed to pay Hua Ying Securities a fee of RMB2 million (inclusive of tax) for the services Hua Ying Securities will provide as the financial adviser. The fee is determined after arms' length negotiations between the parties and in line with the market rates.

(B) UNDERWRITING AGREEMENT

Background

The Board announces that on 2 December 2016, Wuxi Huaguang also entered into the Underwriting Agreement with Hua Ying Securities and Dongxing Securities, pursuant to which, Wuxi Huaguang has engaged Hua Ying Securities and Dongxing Securities as the joint lead underwriters in relation its proposed non-public issue of A shares.

Further details of the Underwriting Agreement are set out as follows.

Date: 2 December 2016

Parties: (1) Wuxi Huaguang;

(2) Hua Ying Securities; and

(3) Dongxing Securities

Subject Matter: Wuxi Huaguang has engaged Hua Ying Securities and Dongxing Securities as the joint lead underwriters in relation to its proposed non-public issue of A shares.

Underwriting Commission: Pursuant to the Underwriting Agreement, Hua Ying Securities and Dongxing Securities agreed to underwrite the non-public issue of the A shares of Wuxi Huaguang with an underwriting commission fee of RMB13 million (inclusive of tax) and RMB3 million (inclusive of tax), respectively. The underwriting commission fee is determined based on arm's length negotiation between the parties and consistent with market rates. In the event that the A shares to be issued by Wuxi Huaguang under the proposed non-public issue are not fully subscribed for, Hua Ying Securities and Dongxing Securities shall have no obligation to take up or procure purchasers to purchase those unsubscribed shares.

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE FINANCIAL ADVISORY AGREEMENT AND THE UNDERWRITING AGREEMENT

Hua Ying Securities is mainly engaged in providing financial advisory services and underwriting and sponsorship for securities issuance in the PRC. The transactions contemplated under the Financial Advisory Agreement and the Underwriting Agreement are all among the principal business activities of Hua Ying Securities. The Board considers 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 Financial Advisory Agreement and the Underwriting Agreement were entered into in the ordinary and usual course of business of the Group and the terms contained therein are normal commercial terms and the Financial Advisory Agreement and the Underwriting Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Since Mr. Hua Weirong and Mr. Zhou Weiping, both being non-executive Directors, serve as the president of Guolian Group and the chairman of the board of directors of Guolian Trust Co., Ltd.* (國聯信託股份有限公司), a non-wholly owned subsidiary of Guolian Group, respectively, both of Mr. Hua Weirong and Mr. Zhou Weiping have abstained from voting on the Board resolution approving the Financial Advisory Agreement and the Underwriting Agreement due to conflict of interests.

Save as disclosed above, no other Director has a material interest in the Financial Advisory Agreement or the Underwriting Agreement and none of the Directors has abstained from voting on the relevant Board resolution approving the Financial Advisory Agreement or the Underwriting Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Guolian Group is the controlling shareholder of the Company and therefore a connected person of the Company. Wuxi Huaguang is held as to 45.12% by Guolian Environmental. Guolian Environmental is a wholly-owned subsidiary of Guolian Group. Accordingly, Wuxi Huaguang is an associate of Guolian Group under Rule 14A.12(1)(c) and hence a connected person of the Company under the Listing Rules.

Hua Ying Securities is a non-wholly owned subsidiary of the Company.

Accordingly, the transaction under each of the Financial Advisory Agreement and the Underwriting Agreement constitutes a connected transaction of the Group under the Listing Rules.

Since the Financial Advisory Agreement and the Underwriting Agreement were entered into on the same date, and the Financial Advisory Agreement is related to the Underwriting Agreement, the transactions under the Financial Advisory Agreement and the Underwriting Agreement shall be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) as calculated in accordance with Chapter 14 of the Listing Rules in respect of the Financial Advisory Agreement and the Underwriting Agreement is less than 5% but the aggregate consideration payable to Hua Ying Securities under the Financial Advisory Agreement and the Underwriting Agreement exceeds HK\$3,000,000, the Financial Advisory Agreement and the Underwriting Agreement are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules, but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION OF WUXI HUAGUANG, HUA YING SECURITIES, DONGXING SECURITIES AND THE GROUP

Wuxi Huaguang is a joint stock company established in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 600475). Wuxi Huaguang is mainly engaged in the research, development and manufacturing of the core equipment in energy and environment-friendly industry, engineering comprehensive services and investment operation.

Hua Ying Securities is a Sino-foreign joint venture company established in the PRC with limited liability, and a non-wholly owned subsidiary owned as to 66.700% by the Company. Hua Ying Securities is mainly engaged in providing financial advisory services and underwriting and sponsorship for securities issuance in the PRC.

Dongxing Securities is a joint stock company established in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601198). The main business of Dongxing Securities mainly includes securities brokerage, securities investment consultancy, financial advisory in relation to securities trading and securities investment activities, securities underwriting and sponsoring, securities investment fund sales, proprietary securities trading, securities asset management, margin financing and securities lending, agency sale of financial products, public raising of securities investment management.

To the best knowledge of the Directors and having made all reasonable enquiries, each of Dongxing Securities and its controlling shareholder(s) is a third party independent of the Company and connected person of the Company.

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, securities underwriting and sponsorship and direct investment.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Guolian Securities Co., Ltd. (國聯證券股份有限公司), a joint stock company established in the PRC with limited liability, the H Shares of which are listed on the Main Board of the 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
“Dongxing Securities”	Dongxing Securities Co., Ltd.* (東興證券股份有限公司), a joint stock company established in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601198)
“Financial Advisory Agreement”	the agreement dated 2 December 2016 entered into between Wuxi Huaguang and Hua Ying Securities, pursuant to which, Wuxi Huaguang has engaged Hua Ying Securities as its financial adviser in relation to the proposed major assets reorganisation
“Group”	the Company and its subsidiaries
“Guolian Environmental”	Wuxi Guolian Environmental Group Co., Ltd.* (無錫國聯環保能源集團有限公司), a limited liability company established in the PRC, a wholly-owned subsidiary of Guolian Group which is also regarded as a controlling shareholder of the Company by reason of Guolian Group’s control of it

“Guolian Group”	Wuxi Guolian Development (Group) Co., Ltd.* (無錫市國聯發展(集團)有限公司), a wholly state-owned limited liability company established in the PRC, the controlling shareholder of the Company
“H Share(s)”	the overseas listed foreign ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“Hua Ying Securities”	Hua Ying Securities Co., Ltd.* (華英證券有限責任公司), a Sino-foreign joint venture company established in the PRC with limited liability, and subsidiary owned as to 66.700% by the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 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
“Underwriting Agreement”	the agreement dated 2 December 2016 entered into among Wuxi Huaguang, Hua Ying Securities and Dongxing Securities, pursuant to which, Wuxi Huaguang has engaged Hua Ying Securities and Dongxing Securities as the joint lead underwriters in respect of its proposed non-public issuance of A shares

“Wuxi Huaguang”

Wuxi Huaguang Boiler Co., Ltd.* (無錫華光鍋爐股份有限公司), a joint stock company established in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 600475). Wuxi Huaguang is owned as to 45.12% by Guolian Environmental

“%”

per cent

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

Wuxi, Jiangsu Province, the PRC
2 December 2016

As of the date of this announcement, the executive directors of the Company are Mr. Yao Zhiyong and Mr. Peng Yanbao; the nonexecutive directors of the Company are Mr. Hua Weirong, Mr. Zhou Weiping, Mr. Liu Hailin and Mr. Zhang Weigang; and the independent non-executive directors of the Company are Mr. Wang Wei, Ms. Chen Qingyuan and Mr. Lee Pak Hay.

* For identification purpose only