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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)

PROPOSED ESTABLISHMENT OF LIMITED PARTNERSHIP FUND AND CONNECTED TRANSACTION

This announcement is made by the Company pursuant to Rules 13.09(2) and 13.10B of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

OVERVIEW OF THE PROPOSED ESTABLISHMENT OF THE FUND

The Board would like to announce that on 27 October 2023, the twelfth meeting of the fifth session of the Board considered and approved the Resolution on the Establishment of Guolian CMS Tech Fund and Related Party Transaction (《關於設立國聯招證科創基金暨關聯交易的議案》). Guolian International, an indirect wholly-owned subsidiary of the Company, proposed to enter into a partnership agreement as a limited partner with Surrich International (as a limited partner), Twin Bays Investments (as a general partner), CMS Investment (as a limited partner) and other investors (as limited partners), to jointly establish a limited partnership fund. The size of the Fund is US\$100 million, of which, US\$20 million, US\$30 million and US\$30 million are proposed to be contributed by Guolian International, Surrich International and CMS Investment, respectively. Guolian International Asset Management and CMS Capital (HK) proposed to provide asset management services to the Fund and Surrich Capital proposed to provide consultancy services to the Fund.

The Fund will primarily invest in the shares, debentures and notes of high-growth stage companies in the strategic emerging industries such as hard technology, ESG and thematic investment, and may also invest a small amount in the early-stage companies in the foregoing industries, participate in secondary market placements or allotments or invest in other funds.

The parties proposed to participate in the establishment of the Fund and the size of their capital contribution are set out below:

Nature	Name	Method of capital contribution	Subscribed capital contribution (US\$0'000)	Contribution ratio (%)
General partner	Twin Bays Investments Limited	–	–	–
Limited partners	Guolian Securities International Co., Limited	Cash	2,000	20
	Surrich International Company Limited	Cash	3,000	30
	China Merchants Securities Investment Management (HK) Co., Limited	Cash	3,000	30
	Other investors	Cash	2,000	20

Capital contributions from other investors will be raised by the Fund from investors on a market-based basis. The specific capital contributors and the amount of their capital contributions are uncertain.

The Fund is proposed to be jointly established by each of the capital contributors by way of cash contribution, with a management fee and consultancy fee of 2% per annum of the total subscribed capital contribution to the Fund. The Fund will be distributed on the principles of principal first before income and limited partners first before other entities.

REASONS FOR AND BENEFITS OF THE PROPOSED ESTABLISHMENT OF THE FUND

The establishment of the Fund to jointly develop project resources can bring certain investment returns, which is beneficial to expanding the scale of the offshore asset management business of the Company, enhancing the strength in the offshore securities business of the Company and improving the brand awareness of the Company. The investment has followed the principles of fairness, impartiality and openness and has no adverse impact on the operations of the Company.

IMPLICATIONS OF LISTING RULES

As at the date of this announcement, as Guolian Group directly and indirectly holds 48.60% of the shares of the Company, it is a Controlling Shareholder of the Company as defined under the Listing Rules. As Surrich International is directly held as to 100% by Guolian Group, Twin Bays Investments is indirectly held as to 30% by Guolian Group through Surrich Capital, a wholly-owned subsidiary of Surrich International, therefore, Surrich International, Surrich Capital and Twin Bays Investments are Connected Persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the proposed establishment of the Fund may constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, the other parties proposed to participate in the establishment of the Fund other than Surrich International and Twin Bays Investments and their respective ultimate beneficial owners are third parties independent of the Company and its associates (as defined under the Listing Rules).

As at the date of this announcement, the Company has not yet executed any agreement in relation to the proposed establishment of the Fund and the Company will subsequently fulfil its information disclosure obligations in a timely manner in accordance with the progress of the transaction.

GENERAL INFORMATION

Information of the Company

The Company 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, and securities (limited to treasury bonds, policy financial bonds, debt instruments issued by non-financial enterprises) underwriting business.

Information of Guolian International

Guolian International is principally engaged in investment business and is an indirect wholly-owned subsidiary of the Company.

Information of Guolian International Asset Management

Guolian International Asset Management is principally engaged in asset management business, licensed by the Securities and Futures Commission of Hong Kong to carry out Type 9 (asset management) regulated activities, and is an indirect wholly-owned subsidiary of the Company.

Information of Twin Bays Investments

Twin Bays Investments is principally engaged in investment business, and held as to 30%, 30% and 40% by Guolian International, Surrich Capital and CMS Nominees (BVI) Limited respectively. Among which, Guolian International is an indirect wholly-owned subsidiary of the Company, Surrich Capital is an indirect wholly-owned subsidiary of Guolian Group and CMS Nominees (BVI) Limited is an indirect wholly-owned subsidiary of China Merchants Securities Co., Ltd. (600999.SH, 6099.HK).

Information of Guolian Group

Guolian Group is a wholly state-owned enterprise group established in the PRC. Guolian Group is principally engaged in capital and assets operation; external investment with proprietary funds; trade consultancy; and enterprise management service. Its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the Municipal People's Government of Wuxi.

Information of Surrich International

Surrich International is principally engaged in investment business and is a wholly-owned subsidiary of Guolian Group.

Information of Surrich Capital

Surrich Capital is principally engaged in investment business, and is a wholly-owned subsidiary of Surrich International and an indirect wholly-owned subsidiary of Guolian Group.

Information of CMS Investment

CMS Investment is principally engaged in proprietary investment trading business and is an indirect wholly-owned subsidiary of China Merchants Securities Co., Ltd. (600999.SH, 6099.HK).

Information of CMS Capital (HK)

CMS Capital (HK) is principally engaged in fund management services and is an indirect wholly-owned subsidiary of China Merchants Securities Co., Ltd. (600999.SH, 6099.HK).

The establishment of the Fund is at the preparation stage and the Partnership Agreement has not yet been executed. The transaction, as well as the amount and timing of the capital contribution related to the transaction, are subject to uncertainty. The investment has a long investment cycle, and will also be subject to the influences of various factors, such as macro-economy, industry cycle, and the operation management of investment targets during the course of the investment, and thus will be facing certain investment risks. Investors are advised to pay attention to investment risks.

DEFINITIONS

“Board”	the board of Directors of the Company
“CMS Capital (HK)”	CMS Capital (HK) Co., Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of China Merchants Securities Co., Ltd. (600999.SH, 6099.HK)
“CMS Investment”	China Merchants Securities Investment Management (HK) Co., Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of China Merchants Securities Co., Ltd. (600999.SH, 6099.HK)

“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, whose H shares are listed on the Stock Exchange and A shares are listed on the main board of Shanghai Stock Exchange
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Fund”	a limited partnership fund to be jointly established by Guolian International and Surrich International, Twin Bays Investments, CMS Investment and other investors through the proposed entering into of the Partnership Agreement
“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 wholly state-owned limited liability company established in the PRC and is the Controlling Shareholder of the Company
“Guolian HK”	Guolian Securities (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company
“Guolian International”	Guolian Securities International Co., Limited, a company incorporated in Hong Kong with limited liability, which is held as to 100% by Guolian HK and is an indirect wholly-owned subsidiary of the Company

“Guolian International Asset Management”	Guolian Securities International Asset Management Co., Limited, a company incorporated in Hong Kong with limited liability, which is held as to 100% by Guolian HK and is an indirect wholly-owned subsidiary of the Company
“Hong Kong”	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
“Partnership Agreement”	the partnership agreement proposed to be entered into between Guolian International, Surrich International, Twin Bays Investments, CMS Investment and other investors for jointly promoting the establishment of the Fund
“PRC”	The People’s Republic of China
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Surrich Capital”	Surrich Capital Co., Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Surrich International and an indirect wholly-owned subsidiary of Guolian Group
“Surrich International”	Surrich International Company Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Guolian Group

“Twin Bays Investments”	Twin Bays Investments Limited, a company incorporated in Hong Kong with limited liability, which is held as to 30%, 30% and 40% by Guolian International, Surrich Capital and CMS Nominees (BVI) Limited respectively
“US\$”	U.S. dollars, the lawful currency of the United States
“%”	per cent

By order of the Board
Guolian Securities Co., Ltd.
Ge Xiaobo
Chairman

Wuxi, Jiangsu Province, the PRC
27 October 2023

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. Hua Weirong, Mr. Zhou Weiping, Mr. Wu Weihua, Ms. Li Suo and Mr. Liu Hailin; and the independent non-executive directors of the Company are Mr. Wu Xingyu, Mr. Chu, Howard Ho Hwa and Mr. Gao Wei.