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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 ESTABLISHMENT OF LIMITED PARTNERSHIP FUND**

Reference is made to the announcement of the Company dated 27 October 2023 in relation to the proposed establishment of the limited partnership fund. The Board announces that on 8 December 2023, Guolian International, an indirect wholly-owned subsidiary of the Company (as a limited partner), has entered into a partnership agreement with Surrich International (as a limited partner), Twin Bays Investments (as a general partner) and CMS Investment (as a limited partner), to jointly establish a limited partnership fund.

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, and the establishment of the Fund constitutes 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 to the Partnership Agreement 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 the highest applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the transaction is more than 0.1% but less than 5%, the establishment of the Fund is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempted from the independent Shareholders' approval requirements.

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## **PARTNERSHIP AGREEMENT**

The principal terms of the Partnership Agreement are summarized as follows:

Date of Entering into the Partnership Agreement:	8 December 2023
Name of the Fund:	Guolian CMS Tech Fund I LPF (國聯招證科創基金一期有限合夥基金)
Investment Purpose and Policies:	The Fund primarily invests 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.
Term and Investment Period:	The term of the Fund shall be from the date of establishment of the Fund until the 8th anniversary of the First Closing Date, subject to two extensions, each for a period of one year, at the discretion of the general partner. The investment period of the Fund shall be from the First Closing Date until the 4th anniversary of the First Closing Date, or until such other date as may be determined by the general partner and approved by the investment committee.

**Size of the Fund:** It is the intention that the Fund will raise a total of US\$100 million of committed capital contribution from the limited partners, with the general partner reserving the right to increase or decrease the size of the Fund. Of which, the capital contribution of US\$20 million, US\$30 million and US\$30 million will be committed by Guolian International, Surrich International and CMS Investment, the limited partners, while the capital contribution committed by the remaining limited partners will be raised from investors on a market-based basis, with a minimum committed capital contribution of US\$1 million.

The committed capital contribution is determined after an arm's length negotiation among the parties with reference to the strategy and the estimated capital requirements of the Fund. The committed capital contribution of Guolian International will be financed by the Group's internal resources.

**Payment of Committed Capital Contribution:** Limited partners shall pay their committed capital contribution pursuant to a drawdown notice, which shall be issued at least 5 business days prior to the payment date. A limited partner with a committed capital contribution of less than US\$10 million shall pay its committed capital contribution in full on the date when it becomes a limited partner.

**Operation and Management of the Fund:** The general partner of the Fund is responsible for the operation of the Fund and has engaged Guolian International Asset Management and CMS Capital (HK) to provide asset management services and engaged Surrich Capital to provide consultancy services.

Management Fee and  
Consultancy Fee:

During the investment period, the sum of the management fee and consultancy fee payable by each limited partner for each year shall be 2% of such limited partner's committed capital contribution. Upon the termination of the investment period, the sum of the management fee and consultancy fee payable by each limited partner for each year shall be 2% of such limited partner's committed capital contribution after deducting the cost of investments in respect of withdrawn or written off projects. The management fee and consultancy fee were determined after an arm's length negotiation among the parties with reference to market standards and industry practices.

The management fee and consultancy fee form part of the limited partners' committed capital contribution.

The management fee receivable by Guolian International Asset Management under the Partnership Agreement is within the annual caps of the Securities and Financial Framework Agreement entered into between the Company and Guolian Group.

Investment Restrictions:

Without the prior approval of the investment committee, the Fund shall not make the following investments:

- (1) the Fund shall not at any time invest more than 20% of the total committed capital contribution of the Fund in any single portfolio entity;
- (2) the Fund shall not invest in a portfolio entity that is principally engaged in the real estate development and sales business.

The investment committee initially consists of 4 members, of which 2 members were appointed by Guolian International Asset Management and 2 members were appointed by CMS Capital (HK), with subsequent adjustments to be made in accordance with the actual situation. Investment-related proposals shall be subject to the approval of the investment committee by a unanimous vote.

Distribution of the Fund's  
Income:

All income relating to the investments of the Fund shall, after deducting of relevant expenses, be distributed in principle in the following order:

- (1) 100% shall be distributed to a limited partner until it has been distributed an amount equal to its unreturned paid-up capital contribution;
- (2) 100% shall be distributed to a limited partner until it has been paid an amount equal to the preferred return (the amount of interest calculated on the outstanding paid-up capital contribution at an annual simple rate of 8%);
- (3) 100% shall be distributed to the carried interest recipients until they have received a total amount equal to 25% of the preferred return with respect to such limited partner;
- (4) 80% and 20% shall be distributed to such limited partner and the carried interest recipients, respectively.

Carried interest recipients refer to Guolian International Asset Management, CMS Capital (HK) and Surrich International.

Jurisdiction Law and  
Dispute Resolution:

The laws of Hong Kong shall be applicable and disputes are resolved through arbitration by the Hong Kong International Arbitration Centre.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

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.

The terms of the Partnership Agreement are made after an arm's length negotiation among the parties thereto. The Directors (including independent non-executive Directors) consider that the terms of the Partnership Agreement are entered into in the ordinary and usual course of business of the Group on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. As Mr. Hua Weirong, Mr. Wu Weihua, Ms. Li Suo and Mr. Zhou Weiping, all being Directors of the Company, hold positions in Guolian Group and its subsidiaries, the aforesaid Directors have abstained from voting in respect of the relevant resolution of the Board. Save as disclosed above, none of the Directors has abstained from voting in respect of the resolution of the Board to approve the Partnership Agreement and the transactions thereunder.

## **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, and the establishment of the Fund constitutes 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 to the Partnership Agreement 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 the highest applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the transaction is more than 0.1% but less than 5%, the establishment of the Fund is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempted from the independent Shareholders' approval requirements.

## **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 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
“First Closing Date”	the date as of which the total capital commitments of the limited partners of the Fund reach 80% or above of the target commitment of the Fund and approved by the general partner, or such other date as determined by the general partner to hold the first closing of the Fund
“Fund”	the Guolian CMS Tech Fund I LPF, a limited partnership fund established in accordance with the Partnership Agreement and registered under the Limited Partnership Fund Ordinance (Cap. 637 of the Laws of Hong Kong)

“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 Guolian CMS Tech Fund I LPF Partnership Agreement (《國聯招證科創基金一期有限合夥基金合夥協議》) entered into by Guolian International, Surrich International, CMS Investment and Twin Bays Investments on 8 December 2023 for jointly promoting the establishment of the Fund
“PRC”	The People’s Republic of China
“Securities and Financial Framework Agreement”	the securities and financial framework agreement dated 18 December 2020 entered into between the Company and Guolian Group, as detailed in the Company’s announcement dated 18 December 2020

“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  
8 December 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.*