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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 RENEWAL OF FRAMEWORK AGREEMENTS OF CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 18 December 2020 in relation to the entering into of the Securities and Financial Framework Agreement and the renewal of Property Leasing and Related Services Framework Agreement between the Company and Guolian Group.

In view of the fact that the existing Securities and Financial Framework Agreement and Property Leasing and Related Services Framework Agreement will expire on 31 December 2023, the Company renewed the Securities and Financial Framework Agreement and the Property Leasing and Related Services Framework Agreement with Guolian Group on 27 December 2023.

### **SECURITIES AND FINANCIAL FRAMEWORK AGREEMENT**

#### **Principal terms**

Date:	27 December 2023
Parties:	The Company and Guolian Group
Term:	The validity period of the Securities and Financial Framework Agreement is three years, commencing on 1 January 2024 and expiring on 31 December 2026, and renewable under the premises of mutual agreement and compliance with the Listing Rules.

## **Content of the transactions**

### ***1. Securities and financial products services***

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

According to the requirements of the Group, Guolian Group and its associates shall provide the Group with a series of financial services, including management of trust plans, futures brokerage, futures investment consultancy, commercial insurance and other financial services approved by China Securities Regulatory Commission and the National Administration of Financial Regulation (國家金融監督管理總局).

### ***2. Securities and financial products transactions***

According to the requirements of the parties, the Group conducts securities and financial products transactions with Guolian Group and its associates, including but not limited to: subscription by Guolian Group and its associates for income certificates, bonds, asset-backed securities, pledged dealer-quoted repurchase transactions and other securities and financial products issued by the Group, subscription by the Group for the trust plans, bonds, asset-backed securities and other securities and financial products issued by Guolian Group and its associates, sales under repurchase agreements and placements from banks and other financial institutions in the inter-bank and exchanges market by the Group with Guolian Group and its associates, and financial derivatives transactions, bonds and other fixed income products transactions by the Group with Guolian Group and its associates.

## **Basis of pricing**

### **1. *Securities and financial products services***

- (1) Under the Securities and Financial Framework Agreement, the service fees or commissions received by the Group for the provision of related securities and financial products services to Guolian Group and its associates shall be determined after arm's length negotiations between the parties in accordance with the applicable laws and regulations, with reference to the then prevailing market price, level of fees or commissions received by the Group for the provision of same type of services to independent third parties and taking into account factors such as the size and complexity of the transactions.

#### *(i) Securities brokerage services*

The securities brokerage services in the market usually have transparent and standardized commission rates. The commission rates are determined after arm's length negotiations between the parties with reference to 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 after arm's length negotiations with reference to industry practices, the revenue sharing ratio of major securities companies in the PRC. According to the latest available market information, in respect of Futures IB business, the major securities companies in the PRC 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) Entrusted asset management services*

In respect of the pricing policy of service fee of the Collective Asset Management Scheme, there are a large number of clients participating in the Collective Asset Management Scheme, and the various fees such as management fees and performance-based remuneration received by the Group from Guolian Group and its associates are in line with those received from other clients of the respective collective products.

In respect of the pricing policy of service fee of the Single Asset Management Scheme, as each transaction has different target assets whose conditions vary from each other, the Group determines the management fee with reference to the price of similar transactions in the market which have similar target asset or in similar condition and historical management fee in similar transactions between the Group and independent third parties, with the rate ranging from 0.8‰ to 5‰.

*(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 in the market, therefore, the price of agency sales transactions between the Group and Guolian Trust shall be determined upon fair trade principle and with reference to market price for specific products, the price of agency sales of similar financial products of independent third parties and industry practices.

*(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 determine the price after arm's length negotiations between the parties with reference 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.

*(vi) Underwriting and sponsorship services*

The competition in securities underwriting and sponsorship service market is intense, and the commission rates and fees are typically transparent and standardized across the market. The service fees shall be determined after arm's length negotiations with reference to the prevailing market rates, 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 services shall be determined after arm's length negotiations between the parties, taking into account the content and complexity of the specific services, and with reference to the prevailing market rates or commissions for transactions with similar service content and size, as well as the fees charged for similar services provided to independent third parties.

- (2) Under the Securities and Financial Framework Agreement, the service fees or commissions received by Guolian Group and its associates for the provision of related securities and financial products services to the Group shall be determined after arm's length negotiations between the parties in accordance with the applicable laws and regulations, with reference to the then prevailing market price, fees or commissions paid by the Group to independent third parties for the same type of services and taking into account specific service content.

*(i) Management services of trust plans*

The price of management services of trust plans is determined after arm's length negotiations between the parties with reference to the price of similar management services of trust plans in the market at the rate of the management fee charged by independent third parties in similar transactions with the Group in the past.

*(ii) Futures brokerage services*

The commissions are determined after arm's length negotiations between the parties with reference to 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 negotiations 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 transactions***

- (1) Under the Securities and Financial Framework Agreement, the subscription by the Group and Guolian Group and its associates for securities and financial products shall be determined after arm's length negotiations between the parties at the then applicable market price or market rate for such type of securities and financial products.

*(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 quoted 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 Trade System & National Interbank Funding Center.

*(ii) Income certificates, bonds, asset-backed securities and other products*

The Group issues income certificates, bonds, asset-backed securities and other financing instruments based on its funding needs, the issue price, interest rate and other terms are determined based on the terms of prices and interest rates of comparable similar securities in the market during the same period. The subscription by Guolian Group and its associates for the financing instruments issued by the Group are conducted on normal commercial terms, and the subscription price is the same as that of other independent third party investors.

*(iii) Financial derivatives*

The pricing for financial derivative transactions is mainly determined with reference to financial derivative pricing models, such as Monte Carlo simulation and B-S model.

*(iv) Pledged dealer-quoted repurchase*

The Group determines the annualised yields of the “Lianlian Ying (聯聯盈)” series of pledged dealer-quoted repurchase products based on its funding needs and market prices, and all the clients of the Group can participate in the subscription for pledged dealer-quoted repurchase products. The gains that can be obtained by Guolian Group and its associates are in line with those that can be obtained by independent third parties in respect of the same type of products.

- (2) Under the Securities and Financial Framework Agreement, the subscription by the Group for the relevant securities and financial products issued by Guolian Group and its associates shall be determined after arm’s length negotiations between the parties at the then applicable market price or market rate for such type of securities and financial products.

*(i) Trust plans and other financial 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 subscription by the Group for the trust plans and other financial products issued by Guolian Group and its associates shall be determined with reference to the factors such as the expected yield of similar trust plans and other financial products in the market at that time and the net value of such financial products.

*(ii) Bonds, asset-backed securities and other products*

The subscription price is determined with reference to the valuation of financing instruments published by China Central Depository & Clearing Co., Ltd. with the same credit qualification and term and shall be in line with the subscription price for subscription by other investors.

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

### 1. *Securities and financial products services*

#### *Historical amounts*

The following table sets out the historical amounts of the securities and financial products services for the two years ended 31 December 2022 and the nine months ended 30 September 2023:

Securities and financial products services	Historical amounts		Historical
	for the year ended 31 December		amounts for the
	<i>(In RMB million)</i>		nine months ended
	2021	2022	30 September
			<i>(In RMB million)</i>
<b>Revenue received by the Group</b>	19.25	17.92	11.02
Including securities brokerage (including seat leasing), Futures IB, securities asset management, agency sales of financial products, financial advisory, underwriting and sponsorship, securities investment consultancy and other financial services approved by China Securities Regulatory Commission			
<b>Expenses incurred by the Group</b>	3.39	1.92	1.69
Including management of trust plans, futures brokerage, futures investment consultancy, commercial insurance and other financial services approved by China Securities Regulatory Commission and China Banking and Insurance Regulatory Commission			



### ***Proposed annual caps***

The following table sets out the proposed annual caps of the securities and financial products services for the three years ending 31 December 2026:

<b>Securities and financial products services</b>	<b>Annual caps for the year ending 31 December</b>		
	<i>(In RMB million)</i>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Revenue received by the Group</b>	70.80	77.30	84.80
Including securities brokerage (including seat leasing), Futures IB, entrusted asset management, agency sales of financial products, financial advisory, underwriting and sponsorship, securities investment consultancy and other financial services approved by China Securities Regulatory Commission			
<b>Expenses incurred by the Group</b>	9.75	13.80	13.85
Including management of trust plans, futures brokerage, futures investment consultancy, commercial insurance and other financial services approved by China Securities Regulatory Commission and the National Administration of Financial Regulation			

### ***Basis of the proposed annual caps***

1. When setting the above proposed annual caps for the securities and financial products 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:

Taking into account the amounts of connected transactions incurred in the past three years, the current status of existing connected transactions and future business development plans, it is intended that the annual caps for the next three years will be slightly higher than those for the years of 2021 to 2023.

2. When setting the above proposed annual caps for the securities and financial products 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:

In the context of asset management de-channeling, the Company's expenses of management of trust plans decreased. However, taking into account the year-on-year increase in the expenses of the Company's futures brokerage fees in the past three years, the expansion of the scale of the relevant business and the proposed application for the qualification as a market maker for stock index options of the China Financial Futures Exchange in the future, which would result in an increase in the corresponding fees, it is intended that the annual caps for the next three years will be increased based on those for the years of 2021 to 2023.

## 2. *Securities and financial products transactions*

### *Historical amounts*

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

The following table sets out the historical amounts of the securities and financial products transactions (excluding sales under repurchase agreements and pledged dealer-quoted repurchase transactions) for the two years ended 31 December 2022 and the nine months ended 30 September 2023:

	<b>Historical amounts for the year ended 31 December</b> <i>(In RMB million)</i>		<b>Historical amounts for the nine months ended 30 September</b> <i>(In RMB million)</i>
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Total capital inflow arising from securities and financial products 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)	4	0	0
Total capital outflow arising from securities and financial products transactions between the Group and Guolian Group and its associates	0	50	0

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

The following table sets out the historical amounts of sales under repurchase agreements and pledged dealer-quoted repurchase transactions for the two years ended 31 December 2022 and the nine months ended 30 September 2023:

	Historical amounts for the year ended 31 December <i>(In RMB million)</i>		Historical amounts for the nine months ended 30 September <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) <sup>Note</sup>	32.25	0	0

*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.

### ***Proposed annual caps***

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

The following table sets out the proposed annual caps of the securities and financial products transactions (excluding sales under repurchase agreements and pledged dealer-quoted repurchase transactions) for the three years ending 31 December 2026:

	<b>Annual caps for the year ending 31 December</b>		
	<i>(In RMB million)</i>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
Total capital inflow arising from securities and financial products 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)	1,050	1,050	1,050
Total capital outflow arising from securities and financial products transactions between the Group and Guolian Group and its associates	1,050	1,050	1,050

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

The following table sets out the proposed annual caps of sales under repurchase agreements and pledged dealer-quoted repurchase transactions for the three years ending 31 December 2026:

	Annual caps for the year ending 31 December		
	<i>(In RMB million)</i>		
	2024	2025	2026
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) <sup>Note</sup>	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 above proposed annual caps for the securities and financial products transactions, the Group referred to the following major factors:

1. As the Group is undergoing rapid development and its demand for capital continues to increase, the subscription by Guolian Group and its associates for the income certificates, bonds, asset-backed securities and pledged dealer-quoted repurchase products issued by the Group can satisfy the financing needs of the Group and also yield stable and reliable returns. In addition, Guolian Group and its associates can also provide short-term liquidity support to the Group through repurchase transactions and interbank borrowings.

2. With the development of the capital market, the securities industry is shifting from traditional directional proprietary business to risk-neutral capital intermediary business. In response to the development trend of the industry, the Company has made great efforts to develop its fixed income business and established a tiered and stable professional team, which has brought stable profits to the Company. Guolian Group and its associates, including trust, futures, insurance companies and other financial institutions, are both issuers of bonds, trusts and other securities and financial products, as well as one of the participants in market transactions. The purchase of securities and financial products issued by Guolian Group and its associates or bond transactions with Guolian Group and its associates at fair and reasonable prices when appropriate is conducive to the optimisation of the Company's asset allocation and the attainment of reasonable returns, as well as to vibrant market transactions. The equity derivatives business of the Company has achieved relatively rapid development, with its product design and transaction service capabilities continuously enhanced, the number of clients continuously increased and the client structure continuously optimised. Based on the Company's strong product design capability and transaction service capability, Guolian Group and its associates intend to conduct financial product transactions with the Company for reasonable returns. The rapid development of the aforesaid businesses has created a demand for new types of transactions, and as such transactions require a timely grasp of the timing of transactions and relatively large transaction amounts, the types of transactions such as financial derivatives transactions, bonds and other fixed income products transactions have been added, and the annual caps have been raised accordingly.
  
3. To grasp the timing for transaction and meet the investment, financing and business needs of the parties, it is proposed to enlarge the categories of certain securities and financial products transactions and to increase the annual cap of transactions accordingly.

## **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, such transactions 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. Wu Weihua, Ms. Li Suo and Mr. Zhou Weiping, the Directors of the Company, are holding offices in Guolian Group and its subsidiaries, 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:	27 December 2023
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 2024 and expiring on 31 December 2026, 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 (including leased properties and certain self-owned properties) occupied by the Group, including but not limited to providing equipment leasing, property management, security, water and electricity 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 rentals of the properties to be leased by the parties shall be determined after arm's length negotiations between the parties with reference to the prevailing market rental of properties with similar locations and sizes to the relevant leasing properties and/or the conclusion of the valuation report issued by the independent third party valuation agency engaged by the Group.

Under the Property Leasing and Related Services Framework Agreement, the fees of the related services shall be determined after arm's length negotiations between the parties with reference to the fees payable by the Group to independent third parties for similar services.

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

### *Historical amounts*

The following table sets out the historical amounts of the Property Leasing and Related Services Framework Agreement for the two years ended 31 December 2022 and the nine months ended 30 September 2023:

Property leasing and related services	Historical amounts		Historical
	for the year ended 31 December		amounts for the
	<i>(In RMB million)</i>		nine months ended
	2021	2022	30 September
			<i>(In RMB million)</i>
<b>Revenue received by the Group</b>			
Including revenue generated from property for leasing	1.12	0.59	0.54
<b>Expenses incurred by the Group</b>			
Including expenses incurred for property leasing, fee expenses of related services	23.63	22.21	14.86

*Note:* The Group has implemented IFRS 16 since 1 January 2019. The expenses incurred for property leasing include rental expenses (including interest expenses on lease liabilities) and depreciation expenses of the relevant right-of-use assets.

### ***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 31 December 2026:

Property leasing and related services	Annual caps for the year ending 31 December		
	<i>(In RMB million)</i>		
	2024	2025	2026
<b>Revenue received by the Group</b>			
Including revenue generated from property for leasing	3.00	3.00	3.00
<b>Expenses incurred by the Group</b>			
Including rental expenses incurred for property leasing/total value of right-of-use assets and fee expenses of related services	214	217	217

*Note:* The annual caps for expenses incurred by the Group as set out in the above table include: (i) (for the short-term leases and leases of low-value assets entered into with Guolian Group and/or its associates) the estimated rental expenses to be paid by the Group for the year; (ii) (for other leases entered into with Guolian Group and/or its associates) the estimated total value of right-of-use assets of the properties to be leased from Guolian Group and/or its associates during the year; and (iii) the fee expenses of related services to be paid by the Group to Guolian Group and/or its associates. The annual rental expenses corresponding to the proposed annual caps for the years 2024-2026 will be approximately RMB38,560,000, RMB55,090,000 and RMB55,090,000, respectively and the annual fee expenses of related services will be approximately RMB19,750,000, RMB23,000,000 and RMB23,000,000, respectively.

### ***Basis of the proposed annual caps***

To fully rely on the advantages of Shanghai as an international financial center, actively docking the financial, science and technological innovation and industrial resources in the region and better participate in and serve the integration construction of the Yangtze River Delta, the Group has continuously increased the investment of its resources in the Shanghai region in recent years. With the increase in the number of staff in the Shanghai region, the office premises of the Group in the Shanghai region can no longer satisfy the increasing demand for office accommodation. The Group intended to lease the property of Shanghai Hongmao Properties Co., Ltd.\* (上海虹茂置業有限公司), a subsidiary of Guolian Group, in Shanghai for office use, and some of the personnel from the Shanghai Branch of the Company, the Shanghai Branch of Hua Ying Securities Co., Ltd.\* (華英證券有限責任公司), a subsidiary of the Company, the headquarter of the Company in Wuxi and other staff in the Shanghai region will be relocated to the leased property for office use. The annual rental is expected to be approximately RMB33,062,600, in which a corresponding increase in the annual caps on the expenses for property leasing incurred by the Group is necessary.

## **Reasons for and 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 properties of Guolian Group and its associates to extend our office, which will not incur significant investment costs of the Group and is in the interests 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 properties 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 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. Wu Weihua, Ms. Li Suo and Mr. Zhou Weiping, the Directors of the Company, are holding offices in Guolian Group and its subsidiaries, 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 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, since Guolian Group directly and indirectly holds 48.60% of the shares of the Company, it is a controlling shareholder of the Company within the meaning of the Listing Rules. 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 2024, 2025 and 2026 under the Securities and Financial Framework Agreement and the Property Leasing and Related Services Framework Agreement are more than 0.1% but less than 5%, the Securities and Financial Framework Agreement, the 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 COMPANY AND GUOLIAN GROUP**

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 business, provision of intermediary business 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.

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.

## DEFINITIONS

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

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“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 the 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 wholly state-owned company established in the PRC with limited liability, being the controlling shareholder of the Company
“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 are directly and indirectly held by Guolian Group and it holds 13.78% 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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“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.**  
**Ge Xiaobo**  
*Chairman*

Wuxi, Jiangsu Province, the PRC  
27 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.*

\* *For identification purposes only*