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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF THE EQUITY INTERESTS IN ZHONGRONG FUND

EQUITY TRANSFER AGREEMENT

Reference is made to the announcement of the Company dated 7 February 2023 in relation to the Company's proposed acquisition of the 100% equity interests in ZhongRong Fund. On 14 February 2023, the Company entered into the Equity Transfer Agreement with Shanghai Rongsheng, pursuant to which, subject to the Company's acquisition of the 51% equity interests in ZhongRong Fund held by Zhongrong Trust, the Company will acquire 24.5% of the 49% equity interests in ZhongRong Fund held by Shanghai Rongsheng at a price of RMB722,408,544.

As the remaining 24.5% equity interests in ZhongRong Fund held by Shanghai Rongsheng are still under pledge, the Equity Transfer Agreement stipulates that if the aforesaid pledge of equity interests is discharged within 5 working days from the date of execution of the Equity Transfer Agreement, the Company will continue to acquire such portion of equity interests at a price of RMB722,408,544 in accordance with the terms and conditions of the Equity Transfer Agreement, otherwise the Company has the right not to acquire the remaining 24.5% equity interests in ZhongRong Fund held by Shanghai Rongsheng.

As at the date of this announcement, ZhongRong Fund is owned as to 51% and 49% by Zhongrong Trust and Shanghai Rongsheng, respectively. Upon the completion of the Transaction, the Company will hold a maximum of 49% equity interests in ZhongRong Fund. Upon the completion of the transaction in relation to the acquisition of the 51% equity interests in ZhongRong Fund from Zhongrong Trust, ZhongRong Fund will become a wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the Transaction and the transaction in relation to the acquisition of the 51% equity interests in ZhongRong Fund from Zhongrong Trust are expected to be conducted within 12 months and are connected to each other, such acquisitions are required to be aggregated. As the highest applicable percentage ratios (as defined in the Listing Rules) after aggregated exceed 5% but are less than 25%, such acquisitions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the completion of such acquisitions is subject to the satisfaction of conditions precedent such as the effectiveness of the contract of property rights transaction entered into between the Company and Zhongrong Trust in relation to its acquisition of the 51% equity interests in ZhongRong Fund held by Zhongrong Trust by way of tender on the assets and equity exchange, and the approval of the PRC regulatory authorities, shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

Reference is made to the announcement of the Company dated 7 February 2023 in relation to the Company's proposed acquisition of the 100% equity interests in ZhongRong Fund. On 14 February 2023, the Company entered into the Equity Transfer Agreement with Shanghai Rongsheng, pursuant to which, subject to the Company's acquisition of the 51% equity interests in ZhongRong Fund held by Zhongrong Trust, the Company will acquire 24.5% of the 49% equity interests in ZhongRong Fund held by Shanghai Rongsheng at a price of RMB722,408,544.

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EQUITY TRANSFER AGREEMENT

Date

14 February 2023

Parties

- (i) Shanghai Rongsheng (as the transferor); and
- (ii) the Company (as the transferee)

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, Shanghai Rongsheng and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Nature of the Transaction

Pursuant to the Equity Transfer Agreement, subject to the Company's acquisition of the 51% equity interests in ZhongRong Fund held by Zhongrong Trust, the Company will acquire the 24.5% equity interests in ZhongRong Fund held by Shanghai Rongsheng at a price of RMB722,408,544. If the pledge of the remaining 24.5% equity interests in ZhongRong Fund held by Shanghai Rongsheng is discharged within 5 working days from the date of execution of the Equity Transfer Agreement, the Company will continue to acquire such portion of equity interests at a price of RMB722,408,544 in accordance with the terms and conditions of the Equity Transfer Agreement.

Consideration

The consideration for the 24.5% equity interests in ZhongRong Fund is RMB722,408,544. If the pledge of the remaining 24.5% equity interests in ZhongRong Fund held by Shanghai Rongsheng is discharged within 5 working days from the date of execution of the Equity Transfer Agreement, the Company will continue to acquire such portion of equity interests at a price of RMB722,408,544 in accordance with the terms and conditions of the Equity Transfer Agreement. The consideration for the Transaction was determined by the parties after arm's length negotiations and with reference to the Valuation Report determined by the filing of the state-owned assets valuation.

On 14 February 2023, the filing procedures of the state-owned assets valuation for the asset valuation project in relation to the Company's proposed acquisition of the 100% equity interests in ZhongRong Fund were completed (No.: Xi Guo Lian Ping Bei Zi (2023) No. 3). Based on the results of the filing of valuation, the valuation value of the entire shareholders' equity of ZhongRong Fund was RMB2,699,000,000, representing an increase of RMB2,000,000 from the initial valuation value of RMB2,697,000,000.

Payment

The transaction price of the Equity Transfer Agreement is to be paid by installments. The initial payment is approximately RMB500 million, and the remaining equity transfer price shall be paid within 5 working days upon the satisfaction of the contractual conditions. At the same time of the execution of the Equity Transfer Agreement, both parties shall execute a fund custody agreement with a bank jointly designated by them, and open a fund custody account with the bank in the name of the Company.

Conditions Precedent

The Equity Transfer Agreement shall take effect on the date when the contract of property rights transaction entered into between the Company and Zhongrong Trust in relation to its acquisition of the 51% equity interests in ZhongRong Fund held by Zhongrong Trust by way of tender on the assets and equity exchange is valid and the Transaction is approved by CSRC.

Closing

1. Preconditions for the closing of the equity transfer:

The Equity Transfer Agreement has been executed and taken effect. The equity transfer has been implemented and obtained the consents, approvals or authorisations (if necessary) from other required regulatory authorities, and such consents, approvals or authorisations do not require any amendments to the Equity Transfer Agreement that cannot be mutually acceptable to the parties to the Equity Transfer Agreement or the creation of any additional or different obligations that cannot be mutually acceptable to the parties to the Equity Transfer Agreement.

2. Both parties shall use their best endeavours to assist ZhongRong Fund in completing the registration procedures for industrial and commercial changes in relation to the transfer of the target equity to the Company within 10 working days from the commencement date of the closing.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The acquisition of ZhongRong Fund by the Company enables the quick acquisition of a matured public offering licence, which is beneficial to the Company in leveraging its existing resources, promoting business integration and upgrading as well as the transformation of pan-wealth management, thereby further enriching the means of customer services, improving the comprehensive financial service system and forming new profit growth points.

The Directors (including the independent non-executive Directors) consider the terms of the Equity Transfer Agreement are fair and reasonable and the Transaction is on normal or better commercial terms and is in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in the Transaction or is required to abstain from voting on the Board resolutions for considering and approving the same pursuant to the articles of association of the Company.

INFORMATION ON ZHONGRONG FUND

As at the date of this announcement, ZhongRong Fund is owned as to 51% and 49% by Zhongrong Trust and Shanghai Rongsheng, respectively. It's a company established in the PRC with limited liability, and is principally engaged in fund raising, fund sales, specific customers asset management, asset management and other business permitted by CSRC.

The following table sets out the financial information of ZhongRong Fund for the years ended 31 December 2020 and 2021 and for the nine months period ended 30 September 2022, which are prepared in accordance with the China Accounting Standards for Business Enterprises. The 2020 and 2021 financial statements of ZhongRong Fund have been audited by WUYIGE Certified Public Accountants LLP (大信會計師事務所(特殊普通合夥)), and a standard unqualified audit report has been issued. The financial data for the nine months period ended 30 September 2022 have not been audited.

	For the year ended 31 December 2020 (RMB0'000)	For the year ended 31 December 2021 (RMB0'000)	For the nine months ended 30 September 2022 (RMB0'000) (Unaudited)
Net profit/(loss) before taxation	6,707.90	9,644.62	534.41
Net profit/(loss) after taxation	5,613.37	7,654.47	624.92

The unaudited total assets and net assets of ZhongRong Fund as at 30 September 2022 that are prepared in accordance with the China Accounting Standards for Business Enterprises are RMB1,228,850,900 and RMB1,106,223,900 respectively.

INFORMATION ON THE COMPANY

The Company is engaged in the following principal activities: securities brokerage, securities investment consultation, financial advisory in relation to securities trading and securities investment activities, proprietary securities trading, securities assets management, the sales of securities investment funds on commission basis, margin financing and securities lending business, provision of intermediary business for futures companies, the sales of financial products on commission basis, and securities (limited to treasury bonds, policy financial bonds, debt instruments issued by non-financial enterprises) underwriting business.

INFORMATION ON SHANGHAI RONGSHENG

Shanghai Rongsheng is a company established in the PRC with limited liability, which is principally engaged in industrial investment, consultancies for investment, corporate management and business information, asset management and marketing planning. Its ultimate beneficial owner is Mr. Xie Zhikun¹.

LISTING RULES IMPLICATIONS

As the Transaction and the transaction in relation to the acquisition of the 51% equity interests in ZhongRong Fund from Zhongrong Trust are expected to be conducted within 12 months and are connected to each other, such acquisitions are required to be aggregated. As the highest applicable percentage ratios (as defined in the Listing Rules) after aggregated exceed 5% but are less than 25%, such acquisitions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the completion of such acquisitions is subject to the satisfaction of conditions precedent such as the effectiveness of the contract of property rights transaction entered into between the Company and Zhongrong Trust in relation to its acquisition of the 51% equity interests in ZhongRong Fund held by Zhongrong Trust by way of tender on the assets and equity exchange, and the approval of the PRC regulatory authorities, shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

¹ *To the best of the Company's knowledge after having made reasonable enquiry, Mr. Xie Zhikun passed away in December 2021, and his estate is currently undergoing estate liquidation procedures in accordance with applicable PRC laws.*

DEFINITIONS

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

“Transaction”	the acquisition of the equity interests in ZhongRong Fund from Shanghai Rongsheng by the Company pursuant to the Equity Transfer Agreement
“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 established in the PRC with limited liability, the H shares of which are listed on the main board of the Stock Exchange (stock code: 01456), and the A shares of which are listed on Shanghai Stock Exchange (stock code: 601456)
“connected person(s)”	have the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 14 February 2023 entered into between the Company and Shanghai Rongsheng in relation to the transfer of the equity interests in ZhongRong Fund
“North Asia”	Beijing North Asia Asset Assessment Firm (Special General Partnership) (北京北方亞事資產評估事務所(特殊普通合夥)), an independent third-party valuer appointed by the Company for the valuation of the Transaction

“Shanghai Rongsheng”	Shanghai Rongsheng Investment Co., Ltd. (上海融晟投資有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding the Hong Kong Special Administrative Region of the People’s Republic of China, the Macao Special Administrative Region of the People’s Republic of China and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Valuation Benchmark Date”	31 May 2022, being the benchmark date used in the Valuation Report
“Valuation Report”	the valuation report issued by North Asia, an independent third-party valuer, for the valuation of the equity interests of ZhongRong Fund on Valuation Benchmark Date, which selected the market approach as the base of valuation
“ZhongRong Fund”	ZhongRong Fund Management Company Limited (中融基金管理有限公司), a company established in the PRC with limited liability. As at the date of this announcement, ZhongRong Fund is owned as to 51% and 49% by Zhongrong Trust and Shanghai Rongsheng, respectively

“%”

per cent

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

Wuxi, Jiangsu Province, the PRC
14 February 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.