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## **Everbright Securities Company Limited**

**光大證券股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 6178)**

### **ANNOUNCEMENT DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION TRANSFER OF CLASS C PREFERENCE SHARES OF ESR CAYMAN LIMITED**

#### **TRANSFER OF CLASS C PREFERENCE SHARES OF ESR CAYMAN LIMITED**

On August 1, 2019 (after trading hours), ESISF (an indirectly wholly-owned subsidiary of the Company) entered into the Preference Shares Transfer Agreement with Luckfield, pursuant to which, ESISF agreed to transfer 32,714,641 Class C Preference Shares in the Target held by it to Luckfield at a total consideration of US\$44,746,624, and Luckfield agreed to accept the above transfer.

#### **IMPLICATIONS OF THE LISTING RULES**

The highest applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under Preference Shares Transfer Agreement exceed 5% but are less than 25%, as such, it constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules, and subject to the reporting and announcement requirements but are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, Everbright Group directly and indirectly holds approximately 46.45% interest in the total issued share capital of the Company. To the best knowledge, information and belief of the Directors after making all reasonable enquiries, as at the date of this announcement, Everbright Group holds approximately 49.74% interest in the total issued share capital of Everbright Limited through its wholly-owned subsidiary, Everbright Hong Kong. Luckfield is an indirect non-wholly owned subsidiary of Everbright Limited. Therefore, Everbright Limited and Luckfield are connected persons of the Company under the Listing Rules, and the transaction contemplated under the Preference Shares Transfer Agreement constitutes a connected transaction of the Company under the Chapter 14A of the Listing Rules. Moreover, the transaction contemplated under the Preference Shares Transfer Agreement is part of the ordinary business of the Company under the "New Everbright Group Financial Products and Services Framework Agreement", which was approved by the 2018 Second Extraordinary General Meeting of the Company on December 18, 2018. Considering the total consideration for the transaction contemplated under the Preference Shares Transfer Agreement, the total cash inflow from the trading of securities and financial products under the "New Everbright Group Financial Products and Services Framework Agreement" does not exceed the 2019 annual cap as approved at the 2018 Second Extraordinary General Meeting as at the date of this announcement.

## Preference Shares Transfer Agreement

On August 1, 2019 (after trading hours), ESISF (an indirect wholly-owned subsidiary of the Company) entered into the Preference Shares Transfer Agreement with Luckfield, pursuant to which, ESISF agreed to transfer 32,714,641 Class C Preference Shares in the Target held by it to Luckfield at a total consideration of US\$44,746,624, and Luckfield agreed to accept the above transfer.

The principal terms of the Preference Shares Transfer Agreement are as follows:

Date August 1, 2019

Parties (1) ESISF (as Transferor); and  
(2) Luckfield (as Transferee)

ESISF is an indirect wholly-owned subsidiary of the Company. Luckfield is an indirect non-wholly owned subsidiary of Everbright Limited. As at the date of this announcement, Everbright Group directly and indirectly holds approximately 46.45% interest in the total issued share capital of the Company. To the best knowledge, information and belief of the Directors after making all reasonable enquiries, as at the date of this announcement, Everbright Group holds approximately 49.74% interest in the total issued share capital of Everbright Limited through its wholly-owned subsidiary, Everbright Hong Kong. Luckfield is an indirect non-wholly owned subsidiary of Everbright Limited. Therefore, Everbright Limited and Luckfield are connected persons of the Company under the Listing Rules.

Subject of transfer Luckfield agreed to acquire 32,714,641 Class C Preference Shares in the Target held by ESISF, such Class C Preference Shares represents approximately 1.12 % of total issued share capital of the Target (assuming that all preference shares can be converted into ordinary shares at a ratio of 1:1).

|               |   |
|---------------|---|
| Consideration | <p>The total consideration was US\$44,746,624, equivalent to (x) return on finance costs as at the completion date in respect of the target shares less (y) any amount received by the Transferor in respect of the target shares on the completion date.</p>   |
|               | <p>The amount of return on finance costs will be equivalent to the US dollar amount calculated on the determination date based on the total internal rate of return of 11% on the subscription price per Class C Preference Share paid in respect of the Class C Preference Shares of the Target, and after deduction of certain taxes.</p> |
|               | <p>Such consideration has been determined and agreed by both parties after arm's length negotiations and taking into consideration various factors including the financial return expected to be received by the target shares.</p>   |

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| Completion | The acquisition will be completed on or before August 1, 2019. |
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## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION**

The transaction contemplated under the Preference Shares Transfer Agreement is a part of ordinary activities of ESISF, we can recover the investment in advance and further improve the fund use efficiency.

The Company is of the view that the terms of the Preference Shares Transfer Agreement are fair and reasonable, and the transaction contemplated thereunder will be conducted on normal commercial terms in the ordinary and usual course of the Company and are in the interest of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION**

### **Information about the Company**

The Company is a joint stock company incorporated in the PRC with limited liability, its H shares are listed on the main board of the Stock Exchange (stock code: 6178) and its A shares are listed on the Shanghai Stock Exchange (stock code: 601788).

The principal business of the Group includes securities brokerage, securities investment consulting, financial consulting relating to securities trading and securities investment, securities underwriting and sponsorship, proprietary trading of securities, intermediary referral business for futures companies, sales agent of securities investment funds, margin financing and securities lending business, sales agent of financial products, market making of stocks and options and other businesses approved by the China Securities Regulatory Commission.

## Information about ESISF

ESISF is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. The principle business activities of ESISF are investment business operations of equities and debts etc., including investment, post-investment management and divestment.

## Information about Luckfield

Luckfield is a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary of Everbright Limited.

## Information about Everbright Limited

Everbright Limited is principally engaged in the provision of financial services through its subsidiaries and associates, and adheres to the cross-border greater asset management strategy by focusing on the development of funds and investment businesses including primary market investment, secondary market investment, structural financing and investment, as well as aircraft leasing business.

## Information about the Target

The Target is a company incorporated in the Cayman Islands with limited liability, it is a logistics and real estate platform focusing on the Asia Pacific region that develops and manages modern logistics facilities to satisfy the needs of e-commerce companies, third-party logistics providers, bricks-and-mortar retailers, manufacturers, cold chain logistics providers and other parties in the Asia Pacific region.

The financial information of the Target is set out below:

The audited profit (before and after taxation) of the Target for the two years ended December 31, 2017 and 2018 are as follows:

|                        | <b>For the year ended<br/>December 31, 2018<br/>(Audited)<br/>US\$'000</b> | <b>For the year ended<br/>December 31, 2017<br/>(Audited)<br/>US\$'000</b> |
|------------------------|--|--|
| Profit before taxation | <b>270,843</b>   | 273,534  |
| Profit after taxation  | <b>213,134</b>   | 201,194  |

As of December 31, 2018, the audited net asset value of the Target was approximately US\$2,318,636,000.

## **FINANCIAL IMPACT OF THE TRANSACTION**

After completion of the transaction contemplated under the Preference Shares Transfer Agreement, ESISF will cease to own any Class C Preference Shares in the Target.

For the purpose of illustration only, total internal rate of return of 11% on the subscription price per Class C Preference Share is expected to be achieved upon the completion of the transaction contemplated under the Preference Shares Transfer Agreement, meanwhile, the Company will recover cash to improve the liquidity of the Company. The unaudited total internal rate is calculated based on the consideration of the relevant transaction and after taking into account the relevant costs.

## **USE OF PROCEEDS**

The Company intends to apply all of the net proceeds from the transaction contemplated under the Preference Shares Transfer Agreement for general working capital.

## **IMPLICATIONS OF THE LISTING RULES**

The highest applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under Preference Shares Transfer Agreement exceed 5% but are less than 25%, as such, it constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules, and subject to the reporting and announcement requirements but are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, Everbright Group directly and indirectly holds approximately 46.45% interest in the total issued share capital of the Company. To the best knowledge, information and belief of the Directors after making all reasonable enquiries, as at the date of this announcement, Everbright Group holds approximately 49.74% interest in the total issued share capital of Everbright Limited through its wholly-owned subsidiary, Everbright Hong Kong. Luckfield is an indirect non-wholly owned subsidiary of Everbright Limited. Therefore, Everbright Limited and Luckfield are connected persons of the Company under the Listing Rules, and the transaction contemplated under the Preference Shares Transfer Agreement constitutes a connected transaction of the Company under the Chapter 14A of the Listing Rules. Moreover, the transaction contemplated under the Preference Shares Transfer Agreement is part of the ordinary business of the Company under the "New Everbright Group Financial Products and Services Framework Agreement", which was approved by the 2018 Second Extraordinary General Meeting of the Company on December 18, 2018. Considering the total consideration for the transaction contemplated under the Preference Shares Transfer Agreement, the total cash inflow from the trading of securities and financial products under the "New Everbright Group Financial Products and Services Framework Agreement" does not exceed the 2019 annual cap as approved at the 2018 Second Extraordinary General Meeting as at the date of this announcement.

## DEFINITIONS

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

|                                 |   |
|---------------------------------|---|
| “Board” or “Board of Directors” | the Board of Directors of the Company   |
| “Everbright Group”              | China Everbright Group Limited (中國光大集團股份公司), a joint stock company incorporated under PRC law, which is the holder of the entire equity interest in Everbright Hong Kong  |
| “Everbright Hong Kong”          | China Everbright Holdings Company Limited (中國光大集團有限公司), a limited company incorporated under the laws of Hong Kong, which is the indirect controlling shareholder of Everbright Limited   |
| “Company”                       | Everbright Securities Company Limited (光大證券股份有限公司), a joint stock company incorporated in the PRC with limited liability and whose H Shares and A Shares are listed on the main board of the Stock Exchange (stock code: 6178) and the SSE (stock code: 601788), respectively |
| “Class C Preference Shares”     | Class C preference shares in the share capital of the Target with a par value of US\$0.001 per share  |
| “Director(s)”                   | directors of the Company  |
| “Target”                        | ESR Cayman Limited, a company incorporated in the Cayman Islands with limited liability   |
| “Everbright Limited”            | China Everbright Limited(中國光大控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 165).   |
| “ESISF”                         | China Everbright Securities International Structured Finance Company Limited (中國光大證券國際結構融資有限公司), an indirect wholly-owned subsidiary of the Company   |
| “connected person”              | has the meaning ascribed to it under the Listing Rules  |
| “Group”                         | the Company and its subsidiaries  |
| “Hong Kong”                     | Hong Kong Special Administrative Region of the PRC  |
| “HK\$”                          | the lawful currency of Hong Kong  |

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| “Luckfield”  | Luckfield Global Limited (運暉環球有限公司), a wholly-owned subsidiary of the Everbright Limited   |
| “Listing Rules”  | The Rules Governing the Listing of Securities on the Stock Exchange, as revised from time to time  |
| “New Everbright Group Financial Products and Services Framework Agreement” | the New Everbright Group Financial Products and Services Framework Agreement approved by the 2018 Second Extraordinary General Meeting of the Company on December 18, 2018, the details of which are set out in the Company’s announcement dated August 28, 2018 and notice of the 2018 Second Extraordinary General Meeting dated October 31, 2018. |
| “Preference Shares Transfer Agreement”                                     | the preference shares transfer agreement entered into between ESISF (as Transferor) and Luckfield (as Transferee) on August 1, 2019, the principal terms of which are set out in the section “Preference Shares Transfer Agreement” of this announcement   |
| “Shareholders”   | the shareholders of the Company, including A Shareholders and H Shareholders   |
| “Shares”   | shares of the Company, including A Shares and H Shares   |
| “Stock Exchange”   | The Stock Exchange of Hong Kong Limited  |
| “US\$”   | the lawful currency of the United States of America  |
| “%”  | per cent   |

By order of the Board  
**Everbright Securities Company Limited**  
**Yan Jun**  
*Chairman*

Shanghai, the PRC  
August 1, 2019

*As at the date of this announcement, the Board of the Company comprises Mr. Yan Jun (Chairman, Executive Director), Mr. Ju Hao (Non-executive Director), Mr. Song Bingfang (Non-executive Director), Mr. Yin Lianchen (Non-executive Director), Mr. Chan Ming Kin (Non-executive Director), Mr. Xue Keqing (Non-executive Director), Mr. Meng Xiangkai (Non-executive Director), Mr. Xu Jingchang (Independent Non-executive Director), Mr. Xiong Yan (Independent Non-executive Director), Mr. Li Zheping (Independent Non-executive Director), Mr. Au Sing Kun (Independent Non-executive Director) and Mr. Wang Yong (Independent Non-executive Director).*