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光大證券股份有限公司
Everbright Securities Company Limited

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6178)

POTENTIAL CONNECTED TRANSACTION

LEASE AGREEMENT

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The Board announces that as the leases of certain office premises of the Company's Hong Kong subsidiaries will expire in 2023, in order to ensure the normal operation of its daily office and business, CEBSI (as the lessee) intends to enter into a lease agreement with Everbright Centre Company (as the lessor) to lease the Leased Properties located in Wanchai, Hong Kong for a term of three years, and it will have the priority to renew the lease within seven years upon its expiry. The estimated total rent will be approximately HK\$32.86 million per year (taking into consideration of rent-free period). The commencement date of the lease is subject to the definitive Lease Agreement.

As of the date of this announcement, the above matter has been approved by the Board and are subject to further negotiation between the parties and the execution of the Lease Agreement.

LISTING RULES IMPLICATIONS

Everbright Centre Company is a non-wholly owned subsidiary of Everbright Group. As of the date of this announcement, Everbright Group directly and indirectly holds an aggregate of approximately 45.88% interest in the Company and is the controlling shareholder of the Company. Accordingly, Everbright Centre Company, being an associate of Everbright Group, is a connected person of the Company and therefore the Lease Agreement, if entered into, will constitute a connected transaction of the Company under the Listing Rules.

In accordance with HKFRS 16 “Leases”, the Group will recognise the value of right-of-use assets in its consolidated statement of financial position for Leased Properties under the Lease Agreement.

It is expected that once the Lease Agreement has been entered into, one or more of the applicable percentage ratios in respect of the transaction under the Lease Agreement (consolidated with the transactions under the 2021 Everbright Group Property Leasing Framework Agreement) will exceed 0.1% but all of them will be lower than 5% and therefore the entering into of the Lease Agreement will be subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but exempt from independent shareholders’ approval requirement.

The Lease Agreement has not yet been formally executed. The Company will make further announcements on the connected transaction under the Lease Agreement in due course in accordance with the requirements of the Listing Rules.

INTRODUCTION

The Board announces that as the leases of certain office premises of the Company’s Hong Kong subsidiaries will expire in 2023, in order to ensure the normal operation of its daily office and business, CEBSI (as the lessee) intends to enter into a lease agreement with Everbright Centre Company (as the lessor) to lease the Leased Properties located in Wanchai, Hong Kong for a term of three years, and it will have the priority to renew the lease within seven years upon its expiry. The estimated total rent will be approximately HK\$32.86 million per year (taking into consideration of rent-free period). The commencement date of the lease is subject to the definitive Lease Agreement.

As of the date of this announcement, the above matters have been approved by the Board of the Company and are subject to further negotiation between the parties and the execution of the Lease Agreement.

LEASE AGREEMENT

The principal terms of the proposed Lease Agreement are as follows:

Parties

- (a) CEBSI (the lessee); and
- (b) Everbright Centre Company (the lessor).

Term

The validity period of the Lease Agreement will be three years, while CEBSI has the priority to renew the lease within seven years upon its expiry. The commencement date of the lease is subject to the definitive Lease Agreement.

Leased Properties and Rent

The Leased Properties are located on 10/F, 12/F and 31-33/F of Everbright Centre at 108 Gloucester Road, Wanchai, Hong Kong, with an estimated total area of approximately 50,000 square feet. The estimated total rent is approximately HK\$32.86 million per year (taking into consideration rent-free period). The final rent is subject to the relevant provisions in the Lease Agreement.

The Leased Properties will be used for office premises.

The abovementioned rent is initially determined after arm's length negotiations between the parties with reference to the prevailing market rent and the rent analysis report on the Leased Properties prepared by Jones Lang LaSalle, an independent property valuer engaged by CEBSI.

The payment of the rent will be funded by the Group's internal resources.

REASONS FOR AND BENEFITS OF THE LEASE AGREEMENT

Everbright Centre is located in the prime area of Wanchai, Hong Kong, which is in close proximity to the core business districts such as Central and Admiralty, facilitating the daily communication between Hong Kong subsidiaries of the Group and the financial peers and corporate clients. Everbright Centre is a property owned by Everbright Group, which provides the Hong Kong subsidiaries of the Group with a long-term and stable operating environment. The relocation to Everbright Centre is conducive to the synergistic cooperation between Hong Kong subsidiaries of the Group and other Hong Kong subsidiaries of Everbright Group and the enhancement of business development. In addition, upon execution of the Lease Agreement, both the office space leased by Hong Kong subsidiaries of the Group and the related rent will be reduced, which will help save the daily expenses.

After reviewing the relevant materials, the Directors (including the Independent Non-executive Directors) are of the view that the terms of the Lease Agreement are fair and reasonable, the transaction under the Lease Agreement are on normal or better commercial terms for the Company entered into, and the entering into of the Lease Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. Mr. Zhao Ling and Mr. Liu Qiuming, being executive Directors of the Company, Mr. Song Bingfang, Mr. Fu Jianping, Mr. Yin Yanwu and Mr. Chan Ming Kin, being non-executive Directors, by virtue of their positions in Everbright Group or its subsidiaries, are deemed to be materially interested in the above connected transaction contemplated between the Group and Everbright Group and have abstained from voting at the Board meeting to consider and approve this resolution. Save for the aforesaid, none of the other Directors has a material interest in such transaction and therefore did not abstain from voting on the above resolution at the Board meeting.

GENERAL INFORMATION

The Group and CEBSI

The Group is a leading securities finance group with strong comprehensive competitiveness in China, with strong innovation capabilities and an integrated domestic and overseas business platform. As one of the core financial service platforms of Everbright Group, the Group benefits from the Group's synergies and brand advantages. The Group provides comprehensive financial products and services to a large and diversified customer base including enterprises, financial institutions, governments and individuals. The Group's main business lines include brokerage and wealth management, credit business, institutional securities services, investment management and overseas economic operations.

CEBSI is a limited company incorporated under the laws of Hong Kong and is a wholly-owned subsidiary of the Company. CEBSI is principally engaged in wealth management, corporate finance and capital markets, institutional business, asset management and investment management business.

Everbright Group and Everbright Centre Company

Everbright Group is a state-owned enterprise incorporated under the laws of the PRC on November 12, 1990. It was promoted and established by the Ministry of Finance and Central Huijin Investment Ltd. (中央匯金投資有限責任公司). Currently, its businesses cover the finance and industry in Hong Kong and Mainland China, and it has established agencies and business presence at home and abroad. It has a complete set of financial services licenses and featured businesses related to environmental protection, tourism, healthcare and high-tech industry. Everbright Group is a state-owned largescale comprehensive finance holding group characterized by its overall finance, the integration of industry and finance and the combined advantages of Mainland China and Hong Kong.

Everbright Centre Company is a limited company incorporated under the laws of Hong Kong and is a non-wholly owned subsidiary of Everbright Group. Everbright Centre Company is principally engaged in property leasing.

LISTING RULES IMPLICATIONS

Everbright Centre Company is a non-wholly owned subsidiary of Everbright Group. As of the date of this announcement, Everbright Group directly and indirectly holds an aggregate of approximately 45.88% interest in the Company and is the controlling shareholder of the Company. Accordingly, Everbright Centre Company, being an associate of Everbright Group, is a connected person of the Company and therefore the Lease Agreement, if entered into, will constitute a connected transaction of the Company under the Listing Rules.

In accordance with HKFRS 16 "Leases", the Group will recognise the value of right-of-use assets in its consolidated statement of financial position for Leased Properties under the Lease Agreement.

It is expected that once the Lease Agreement has been entered into, one or more of the applicable percentage ratios in respect of the transaction under the Lease Agreement (consolidated with the transactions under the 2021 Everbright Group Property Leasing Framework Agreement) will exceed 0.1% but all of them will be lower than 5% and therefore the entering into of the Lease Agreement will be subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but exempt from independent shareholders' approval requirement.

The Lease Agreement has not yet been formally executed. The Company will make further announcements on the connected transaction under the Lease Agreement in due course in accordance with the requirements of the Listing Rules.

DEFINITIONS

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

“2021 Everbright Group Property Leasing Framework Agreement”	the property leasing framework agreement entered into by the Company and Everbright Group with a term from January 1, 2022 to December 31, 2024, the details of which are set out in the announcement of the Company dated August 26, 2021
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“CEBSI”	China Everbright Securities International Company Limited, a limited company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
“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 of Hong Kong Limited (stock code: 6178) and the Shanghai Stock Exchange (stock code: 601788), respectively
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	directors of the Company
“Everbright Centre Company”	Everbright Centre Company Limited, a limited company incorporated under the laws of Hong Kong and a non-wholly owned subsidiary of Everbright Group

“Everbright Group”	China Everbright Group Corporation Limited (中國光大集團股份公司) (previously known as China Everbright Group Limited (中國光大(集團)總公司)), a state-owned company incorporated under the laws of the PRC on November 12, 1990 and a controlling shareholder of the Company. Everbright Group was converted into a joint stock company and renamed China Everbright Group Corporation Limited (中國光大集團股份公司) on December 8, 2014
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	the lawful currency of Hong Kong
“Independent Non-executive Directors”	the independent non-executive Directors of the Company
“Lease Agreement”	the lease agreement to be entered into between CEBSI and Everbright Centre Company for the purpose of leasing the Leased Properties
“Leased Properties”	premises on 10/F, 12/F and 31-33/F, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong
“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 which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan

“Shareholders”

shareholders of the Company, including A Shareholders and H Shareholders

By order of the Board
Everbright Securities Company Limited
Zhao Ling
Chairman

Shanghai, the PRC
January 19, 2023

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhao Ling (Chairman, Executive Director), Mr. Liu Qiuming (Executive Director, President), Mr. Song Bingfang (Non-executive Director), Mr. Fu Jianping (Non-executive Director), Mr. Yin Yanwu (Non-executive Director), Mr. Chan Ming Kin (Non-executive Director), Mr. Tian Wei (Non-executive Director), Mr. Yu Mingxiong (Non-executive Director), Mr. Wang Yong (Independent Non-executive Director), Mr. Po Wai Kwong (Independent Non-executive Director), Mr. Ren Yongping (Independent Non-executive Director), Mr. Yin Junming (Independent Non-executive Director) and Mr. Liu Yunhong (Independent Non-executive Director).