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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)

EVERBRIGHT SECURITIES COMPANY LIMITED
ANNOUNCEMENT ON UPDATE OF LITIGATION IN
RELATION TO THE SUBORDINATE COMPANY

This announcement is made by Everbright Securities Company Limited (the “**Company**”) pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09(2) and Rule 13.10B of the Listing Rules.

Reference is made to the announcement of the Company dated 1 February 2019 on an important matter of a wholly-owned subsidiary, the announcement dated 20 March 2019 in relation to the provisions for estimated liabilities and asset impairment, the announcement dated 31 May 2019 on update of important matters relating to a wholly-owned subsidiary and litigation involved, the announcement dated 27 August 2019 in relation to the provisions for estimated liabilities and assets impairment, the announcement dated 22 January 2020 in relation to the provisions for estimated liabilities and assets impairment, and the announcement dated 11 May 2020 on update of related arbitration in relation to the sub-sub-subsidiary of Everbright Securities Company Limited, the update of the relevant matter is hereby announced as follows:

Everbright Capital Investment Co., Ltd. (“**Everbright Capital**”) is a wholly-owned subsidiary of the Company, and its subordinate company, Everbright JinHui Investment Management (Shanghai) Co., Ltd. (光大浸輝投資管理(上海)有限公司) (“**Everbright Jinhui**”), serves as an executive partner of Shanghai JinXin Investment Consultancy Partnership Enterprise (Limited Partnership) (上海浸鑫投資諮詢合夥企業(有限合夥)) (“**JinXin Fund**”).

China Merchants Bank Co., Ltd. (招商銀行股份有限公司) (“**Merchants Bank**”), an interested party of one senior-tranche partner of JinXin Fund, filed a lawsuit against Everbright Capital due to the Letter of Makeup of Shortfall on the grounds of other contract disputes (as detailed in the Company’s announcement dated 31 May 2019). Everbright Capital received the Paper of Civil Judgement of first instance from the Shanghai Financial Court that Everbright Capital shall pay RMB3,115,778,630.04 and the interest loss from 6 May 2019 to the date of actual payoff to Merchants Bank, and bear part of the litigation fee, property preservation fee and other fee. Currently, such judgment is still within the validity of appeal.

Shanghai Huarui Bank Co., Ltd. (上海華瑞銀行股份有限公司) (“**Huarui Bank**”), an interested party of the other senior-tranche partner of JinXin Fund, filed a civil lawsuit against Everbright Capital due to the Letter of Makeup of Shortfall on the grounds of other contract disputes (as detailed in the Company’s announcement dated 1 February 2019 and 2018 annual report). Everbright Capital received the Paper of Civil Judgement of first instance from the Shanghai Financial Court that Everbright Capital shall pay to Huarui Bank RMB400 million of the original capital of its investment and the investment income from 1 January 2018 to the date of actual fulfillment, and bear the litigation fee, preservation fee and other fee. Currently, such judgment is still within the validity of appeal. Huarui Bank once initiated an arbitration against Everbright Jinhui in respect of the same matter, an judgment has been issued in relation to such case (as detailed in the Company’s announcement dated 11 May 2020), with receipt of the Enforcement Notice the other day. Under the above-mentioned Paper of Civil Judgement, if Huarui Bank receives the original capital of its investment and the income due to the enforcement of the outcome of arbitration, the payment obligation of Everbright Capital under the above judgment will be decreased correspondingly.

The Company will procure the relevant subsidiaries to, in accordance with the judicial procedures, fulfill the relevant duties, and earnestly protect the interests of the Company and investors. The Company has made corresponding provisions for the estimated liabilities and assets impairment in connection with the above matter (as detailed in the Company’s announcements dated 20 March 2019, 27 August 2019, 22 January 2020 and 2019 annual report). At present, the operation and management of the Company are all under the normal operation with the sound financial position and sufficient liquidity. The above matter will not materially affect the Company.

The Company wishes to remind the investors that they shall refer to the relevant announcements published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and on the designated information disclosure medias, such as China Securities Journal, Shanghai Securities Journal, Securities Times and Securities Daily, for relevant information. Investors are advised to exercise caution when making investment and be aware of investment risks.

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

Shanghai, the PRC
9 August 2020

As at the date of this announcement, the Board of the Company comprises Mr. Yan Jun (Chairman, Executive Director), Mr. Liu Qiuming (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. 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).