

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**ANNOUNCEMENT ON
THE RE-APPOINTMENT OF ACCOUNTING FIRMS**

The Board agreed to re-appoint Ernst & Young Hua Ming LLP and Ernst & Young as the external auditors of the Company for the year of 2023.

The Company will convene the 2023 first extraordinary general meeting (the “**EGM**”) and submit the matters regarding the re-appointment of accounting firms to the shareholders of the Company (the “**Shareholders**”) for their consideration. The circular and notice of the EGM will be despatched to the Shareholders on or about July 20, 2023.

As the external auditors of Everbright Securities Company Limited (the “**Company**”) for the year of 2022, Ernst & Young Hua Ming LLP (“**EYHM**”) and Ernst & Young (“**EYHK**”) were able to follow the professional standards of independence, objectivity and impartiality in performing their duties, and have successfully carried out the relevant audit and review work for the Company in 2022. The twenty-seventh meeting of the sixth session of the Board of Directors (the “**Board**”) of the Company agreed to re-appoint EYHM and EYHK as the external auditors of the Company for the year of 2023. Such re-appointment of accounting firms shall be subject to consideration and approval at the general meeting of the Company.

I. BASIC INFORMATION ON ACCOUNTING FIRMS PROPOSED TO BE RE-APPOINTED

(I) Information about the Firms

1. Ernst & Young Hua Ming LLP

- (1) Basic information. Ernst & Young Hua Ming LLP was founded in September 1992 and completed the localization conversion in August 2012 from a Sino-foreign cooperative joint venture with limited liability to a special general partnership. EYHM is headquartered in Beijing, and its registered address is Room 01-12, 17/F, Ernst & Young Tower, Oriental Plaza, No.1 East Chang'an Avenue, Dongcheng District, Beijing. As of the end of 2022, EYHM had 229 partners, and the chief partner is Mr. Mao Anning. EYHM has always attached great importance to the cultivation of talents. EYHM has 1,818 practicing certified public accountants as of the end

of 2022, including more than 1,500 practicing certified public accountants with experience in securities-related business services and more than 400 certified public accountants who had signed audit reports on securities service business. The total operating revenue of EYHM for the year 2021 was RMB5.49 billion, of which revenue from audit business was RMB5.282 billion (including revenue from securities business of RMB2.27 billion). In 2021, EYHM audited annual reports of 116 A share listed companies for total auditing fees amounting to RMB0.763 billion. These listed companies mainly engage in industries including manufacturing, finance, wholesale and retail trading, information transmission, software and information technology services, real estate, etc. EYHM provides audit services to 20 listed companies in the same industry of the Company.

- (2) Investor protection capability. EYHM has outstanding investor protection capability and has drawn occupational risk fund and purchased professional liability insurance which covers its Beijing headquarters and all branches in accordance with relevant laws and regulations. The sum of cumulative compensation cap of accrued occupational risk fund drawn and professional liability insurance purchased by EYHM has exceeded RMB0.2 billion. In the past three years, EYHM has not been subject to any civil liabilities due to civil litigation related to its practice.
- (3) Integrity record. In the past three years, EYHM and its employees have not been subject to any criminal punishment, administrative punishment, or any self-regulatory measures and disciplinary sanctions of self-regulatory organizations such as industry associations due to its practice. EYHM has received the Decision on Issuing Warning Letter from the securities regulatory authorities twice, involving 13 employees. The aforesaid Decision on Issuing Warning Letter is a regulatory measure instead of an administrative punishment. EYHM has received the Self-regulatory Measures on Issuing Written Warning from the Shenzhen Stock Exchange to its two employees once, involving no penalty. According to the provisions of relevant laws and regulations, the above regulatory measures and self-regulatory measures will not affect EYHM's ability to continue to undertake or conduct securities service business and other business.

2. Ernst & Young

Ernst & Young is a partnership firm established under the laws of Hong Kong and is wholly owned by its partners. EYHK has been providing auditing, taxation and consulting and other professional services in Hong Kong since 1976, and has provided auditing services for many Hong Kong listed companies, including banking, insurance, securities and other financial institutions. EYHK has been a member firm of Ernst & Young global network since its establishment, and each of EYHK and EYHM is an independent legal entity.

Since October 1, 2019, EYHK has been registered as a public interest entity auditor under the Financial Reporting Council Ordinance in Hong Kong. In addition, EYHK has been approved by the Ministry of Finance of the People's Republic of China to obtain a temporary audit business license in Mainland China, and is an accounting firm registered with the US PCAOB and the Japanese Financial Services Authority to engage in related auditing business. EYHK maintains professional liability insurance annually in accordance with relevant laws and regulations.

Since 2020, the Hong Kong Financial Reporting Council has conducted inspections of EYHK as a public interest entity auditor every year. Prior to this, the Hong Kong Institute of Certified Public Accountants conducted similar independent inspections of EYHK every year. No matters that had a significant impact on the audit business of EYHK were found in the practice quality inspection in the past three years.

(II) Information about the Engagement

1. Basic information.

Engagement partner/signatory certified public accountant is Mr. Chen Qi, who obtained the qualification as a certified public accountant in China in 2009, and has been engaged in audit-related business and services for listed companies since 2007. Mr. Chen Qi has been practicing at EYHM since 2007 and has been providing audit services to the Company since 2020. Mr. Chen Qi has signed or reviewed the annual report/internal control auditing of one listed company in the past three years, covering industries including the finance industry.

Signatory certified public accountant is Ms. Wei Huanhuan, who obtained the qualification as a certified public accountant in China in 2012, and has been engaged in audit-related business and services for listed companies since 2009. Ms. Wei Huanhuan has been practicing at EYHM since 2009 and has been providing audit services to the Company since 2021. Ms. Wei Huanhuan has signed or reviewed the annual report/internal control auditing of one listed company in the past three years, covering industries including the finance industry.

Engagement quality control reviewer is Mr. Zhu Baoqin, who obtained the qualification as a certified public accountant in China in 2006, and has been engaged in audit-related business and services for listed companies since 2002. Mr. Zhu Baoqin has been practicing at EYHM since 2007 and has been providing audit services to the Company since 2019. Mr. Zhu Baoqin has signed or reviewed the audit reports of five listed companies in the past three years, covering industries including the finance industry.

2. Integrity record. In the past three years, the engagement partner, signatory certified public accountants and engagement quality control reviewer have not been subject to any criminal punishment or administrative punishment or regulatory measures imposed by the China Securities Regulatory Commission or its local branches or competent authorities in the industry or self-regulatory measures and disciplinary sanctions of self-regulatory organizations such as stock exchanges or industry associations due to their practice.
3. Independence. EYHM and the above engagement partner, signatory certified public accountants and engagement quality control reviewer have not violated the independence requirements of the China Code of Ethics for Certified Public Accountants.
4. Audit fees. The Company is an A+H-share listed company. According to domestic and overseas regulatory requirements, EYHM and EYHK will be responsible for providing relevant audit services and review services for the financial statements of the Company prepared in accordance with the Chinese Accounting Standards for Business Enterprises and International Financial Reporting Standards, respectively. The Company's domestic and overseas audit and review fees for the year 2023 will be RMB4.58 million in total (including audit fees for internal control of RMB0.35 million), representing a year-on-year increase of approximately 9.57%, which have been determined after negotiation with the auditors in accordance with the principle of fair and reasonable pricing. The Company will propose that the general meeting authorize the operating management to enter into contracts related to the re-appointment of accounting firms.

II. PROCEDURES PERFORMED ON THE PROPOSED RE-APPOINTMENT OF ACCOUNTING FIRMS

(I) Upon consideration and approval at the nineteenth meeting of the Audit and Related Party Transaction Control Committee under the Board, the Audit and Related Party Transaction Control Committee considered that EYHM and EYHK possess required professional competence, investor protection ability, independence and good status of integrity, and agreed that the proposal be tabled to the Board of the Company for consideration.

(II) Prior Approval and Independent Opinions of Independent Non-executive Directors

The independent non-executive Directors of the Company have granted prior approval and issued independent opinions in respect of this matter as follows:

1. EYHM and EYHK possess the experience and the competence to provide audit services for listed companies over the years, and are able to satisfy the Company's demand for relevant domestic and overseas audit services in 2023; and
2. The appointment of accounting firms complies with relevant laws and regulations, and the relevant deliberation procedures are in compliance with laws and regulations and the Articles of Association of the Company. There were no circumstances prejudicial to the interests of the Company and its Shareholders. They agreed that the proposal be tabled to the general meeting of the Company for consideration.

(III) The Resolution on the Re-appointment of External Auditors for the Year of 2023 has been considered and approved at the twenty-seventh meeting of sixth session of the Board. It was agreed to re-appoint EYHM and EYHK as the external auditors of the Company for 2023.

(IV) The re-appointment of accounting firms shall be subject to consideration and approval at the general meeting of the Company and will take effect from the date of approval at the general meeting of the Company.

The Company will convene the 2023 first extraordinary general meeting and submit the matters regarding the re-appointment of external auditors to the Shareholders for their consideration. The circular and notice of the EGM will be despatched to the Shareholders on or about July 20, 2023.

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

Shanghai, the PRC
July 19, 2023

As at the date of this announcement, the Board of the Company comprises Mr. Zhao Ling (Chairman, Executive Director), Mr. Liu Qiuming (Executive Director, President), Mr. Song Bingfang (Non-executive Director), Mr. Yin Yanwu (Non-executive Director), Mr. Chan Ming Kin (Non-executive Director), Mr. Xie Song (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).