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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

I. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

**II. PROPOSED GENERAL MANDATE TO ISSUE ONSHORE DEBT
FINANCING INSTRUMENTS**

AND

III. CONVENING THE 2017 SECOND EXTRAORDINARY GENERAL MEETING

This announcement is made pursuant to the Inside Information Provision under Part XIVA of the Securities and Futures Ordinance (Cap 571) (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the “**Hong Kong Listing Rules**”) and Rule 13.09 of the Hong Kong Listing Rules.

The board of directors (the “**Board**”) of Everbright Securities Company Limited (the “**Company**”) hereby announces that:

I. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In light of the establishment of PPP (public-private-partnership)-specialized subsidiaries by the Company and the specific recommendations on the amendments to certain articles of the articles of association of the Company (the “**Articles of Association**”) made by China Securities Investor Services Corporation Limited (“**CSISCL**”) pursuant to the requirements of relevant documents including the Opinions of the General Office of the State Council on Further Strengthening the Work for Protection of Legitimate Rights and Interests of Minority Investors in the Capital Markets (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》)(Guo Ban Fa [2013] No. 110) (the “**Opinions on Further Strengthening the Work for Protection of Legitimate Rights and Interests of Minority Investors**”) and the Guidelines on the Articles of Association of Listed Companies (as amended in 2014)(《上市公司章程指引》(2014年修訂)) (the “**Guidelines on the Articles of Association of Listed Companies**”) promulgated by the China Securities Regulatory Commission (the “**CSRC**”), which were transmitted by the Shanghai Stock Exchange, the Company proposes to amend certain articles of the Articles of Association. Details of the articles involved and relevant contents are as follows:

1. The resolution in relation to the establishment of private equity subsidiaries specializing in PPP-related businesses has been considered and approved at the 23rd meeting of the fourth session of the Board, and the Company is now going through the relevant

procedures for establishment. Recently, the Shanghai Securities Regulatory Bureau has approved the establishment of private equity subsidiaries specializing in PPP-related businesses by the Company, and also raised specific requirements requiring the Company to clarify in the Articles of Association that the Company could establish subsidiaries to carry on public-private-partnership related businesses. As such, the Board proposed to amend the relevant article of the Articles of Association as follows (underlined sentence means addition to the original article):

Before amendment	After amendment	Basis for amendment
<p>Article 13 With the approval from the CSRC, the Company may be engaged in direct investment business through its subsidiaries.</p> <p>The Company may establish subsidiaries to be engaged in financial products investment business.</p>	<p>Article 13 With the approval from the CSRC, the Company may be engaged in direct investment business through its subsidiaries.</p> <p>The Company may establish subsidiaries to be engaged in financial products investment business.</p> <p><u>The Company may establish subsidiaries to be engaged in public-private-partnership related business.</u></p>	<p>Specific requirements from the regulatory authorities</p>

2. On June 7, 2016, the Company received the Letter on Transmitting the ‘Letter of Recommendation for Shareholders’ Issued by China Securities Investor Services Corporation Limited (《關於轉發中證中小投資者服務中心有限責任公司<股東建議函>的函》) (Shang Zheng Gong Han [2016] No. 0731) from the Shanghai Stock Exchange. CSISCL made specific recommendations on the amendments to certain articles of the Articles of Association in accordance with the Opinions on Further Strengthening the Work for Protection of Legitimate Rights and Interests of Minority Investors and the Guidelines on the Articles of Association of Listed Companies. CSISCL is a not-for-profit financial institution established with the approval of the CSRC. The principal responsibilities of CSISCL are to provide minority investors with legal, technological and other services, enabling them to safeguard their legitimate rights independently.

In order to better protect the interests of the majority of investors, especially those of the minority investors, the Company intends to adopt the recommendations of the Shanghai Stock Exchange and CSISCL to explicitly state in the Articles of Association that the votes by minority investors should be separately counted and also to explicitly state in the Articles of Association that no limitation should be imposed related to the minimum shareholding percentage on the solicitation of voting rights. Details of the article involved and relevant contents are as follows:

Before amendment	After amendment	Basis for amendment
<p>Article 106 When a shareholder (including the proxy of such shareholder) exercises voting rights with respect to the number of the voting rights shares which such shareholder represents, each share shall have one vote.</p> <p>The Company shares held by the Company do not carry voting rights. When calculating the total number of the voting rights shares for the general shareholders' meeting, such portion of the shares shall not be counted.</p> <p>The Board, independent directors and the shareholders who comply with the relevant regulations may solicit voting rights from shareholders.</p>	<p>Article 106 When a shareholder (including the proxy of such shareholder) exercises voting rights with respect to the number of the voting rights shares which such shareholder represents, each share shall have one vote.</p> <p><u>When the shareholders' general meeting considers matters that could materially affect the interest of minority investors, the Company shall count the votes by minority investors separately. The results of such separate vote counting shall be disclosed promptly.</u></p> <p>The Company shares held by the Company do not carry voting rights. When calculating the total number of the voting rights shares for the general shareholders' meeting, such portion of the shares shall not be counted.</p> <p>The Board, independent directors and the shareholders who comply with the relevant regulations may solicit voting rights from shareholders. <u>While soliciting votes from shareholders, sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are being solicited. No consideration or other form of de facto consideration shall be offered for soliciting voting rights from shareholders. The Company shall not impose any limitation related to the minimum shareholding percentage on the solicitation of voting rights.</u></p>	<p>(1) Article 4 of the Opinion of the General Office of the State Council on Further Strengthening the Work for Protection of Legitimate Rights and Interests of Minority Investors in the Capital Markets (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》) (Guo Ban Fa [2013] No.110)</p> <p>(2) Article 78 of the Guidelines on the Articles of Association of Listed Companies (as amended in 2014) (《上市公司章程指引》(2014年修訂)) promulgated by the CSRC</p>

The Board agrees to submit the following resolutions to the extraordinary general meeting of the Company for consideration and approval:

- (1) to amend Articles 13 and 106 of the Articles of Association;
- (2) to agree to authorize the Board and agree the Board to delegate its authority to the management of the Company, to adjust and amend Articles 13 and 106 of the Articles of Association, both considered and adopted at the extraordinary general meeting of the Company, and go through relevant procedures in accordance with the provisions of domestic and foreign laws and regulations or the requirements and recommendations of relevant domestic and foreign government agencies and regulatory agencies; and
- (3) to agree to revise the relevant terms of the Terms of Reference of General Meeting of the Company in accordance with the revised Article 106 of the Articles of Association.

The above resolution is still subject to the approval at the extraordinary general meeting as a special resolution, and to the approval of and filing with the CSRC and the completion of any changes to the filing with the administration for industry and commerce.

II. PROPOSED GENERAL MANDATE TO ISSUE ONSHORE DEBT FINANCING INSTRUMENTS

Background

The Company has completed the non-public offering of its A shares in 2015 and the listing of its H shares in 2016, through which the net assets of the Company were further increased while financial leverage was further lowered. In order to carry on relevant financing activities smoothly, capture the market opportunities promptly and adjust its debt structure, the Company is now applying for the issuance of the company onshore debt financing instruments by way of an one-off or multiple issuances or multi-tranche issuances of RMB onshore debt financing instruments (the “**Company Onshore Debt Financing Instruments**”), including but not limited to RMB corporate bonds and other RMB debt financing instruments which may be issued by the Company as approved by or filed with the CSRC and other relevant authorities in accordance with the relevant regulations.

The resolution regarding granting general mandate to issue the Company Onshore Debt Financing Instruments has been approved by the Board, the details of which are as follows:

1. Issuer, Issue Size and Issue Method:

The Company will act as the issuer of the Company Onshore Debt Financing Instruments. The Company Onshore Debt Financing Instruments shall be issued on an one-off or multiple issuances or multi-tranche issuances basis through public offering upon approval by or filing with the CSRC and other relevant authorities in accordance with relevant regulations, or through private placement to qualified investors in accordance with the relevant regulations of the CSRC.

The aggregate issue size of the Company Onshore Debt Financing Instruments shall be not more than RMB80 billion (inclusive and based on the balance outstanding on the instruments issued), and shall be in compliance with the requirements prescribed in the relevant laws and regulations on the maximum amount of the specific debt financing instruments to be issued.

A resolution will be proposed by the Board at the extraordinary general meeting of the Company to authorize the Board, and agree the Board in turn to authorize the management of the Company to determine, at their sole discretion, the details including the issuer, issue size, number of tranches and issue method in accordance with relevant laws and regulations as well as the advices and recommendations of regulatory authorities, the Company's actual needs for funding and the then prevailing market conditions at the time of issuance, in order to maximize the interest of the Company.

2. *Types of Debt Financing Instruments:*

The Company Onshore Debt Financing Instruments will include (as the case may be) corporate bonds, subordinated bonds, subordinated debts, short-term corporate bonds of securities firms, short-term financing bills of securities firms, structured notes and other types permitted to be issued by regulatory authorities.

The subordinated debts and subordinated bonds to be issued under the Company Onshore Debt Financing Instruments do not contain any provision for conversion into shares.

A resolution will be proposed at the extraordinary general meeting of the Company to authorize the Board, and agree the Board in turn to authorize the management of the Company to determine the type of the Company Onshore Debt Financing Instruments and details of priorities for repayment of creditors in accordance with the relevant regulations and the then prevailing market conditions at the time of issuance.

3. *Term of Debt Financing Instruments:*

The term of the fixed-term Company Onshore Debt Financing Instruments shall be no longer than 10 years (inclusive). It may have single or multiple maturities; the non-fixed-term Company Onshore Debt Financing Instruments are not subject to the aforementioned requirement on the term. A resolution will be proposed at the extraordinary general meeting of the Company to authorize the Board, and agree the Board in turn to authorize the management of the Company to determine the details including the term and size of each type of the Company Onshore Debt Financing Instruments in accordance with the relevant regulations and the then prevailing market conditions at the time of issuance.

4. *Interest Rate of Debt Financing Instruments:*

A resolution will be proposed at the extraordinary general meeting of the Company to authorize the Board, and agree the Board in turn to authorize the management of the Company and underwriting institutions (lead underwriters, if any) to determine the interest rate of the Company Onshore Debt Financing Instruments as well as the method of calculation and payment thereof in accordance with the then prevailing domestic market conditions at the time of issuance and the relevant rules on interest rate management for debt financing instruments.

5. *Security and Other Arrangements:*

The Company will act as the issuer of the Company Onshore Debt Financing Instruments. A (counter) guarantee (if required) will be provided and a letter of support (if required) will be issued by the Company and/or third party(ies) depending on the structure of each issuance. A resolution will be proposed at the extraordinary general meeting of the Company to authorize the Board, and agree the Board in turn to authorize the management of the Company to determine the specific arrangement in relation to the provision of (counter) guarantee and issue of letters of support depending on the structure of each issuance.

6. *Use of Proceeds:*

The proceeds raised from the issuance of the Company Onshore Debt Financing Instruments shall be used to fund the Company's business development, improve the debt structure of the Company, supplement the working capital of the Company and/or make project investment. A resolution will be proposed at the extraordinary general meeting of the Company to authorize the Board, and agree the Board in turn to authorize the management of the Company to determine the details including the use of proceeds in accordance with the funding needs of the Company.

7. *Issue Price:*

A resolution will be proposed at the extraordinary general meeting of the Company to authorize the Board, and agree the Board in turn to authorize the management of the Company to determine the issue price of the Company Onshore Debt Financing Instruments in accordance with the then prevailing market conditions at the time of issuance and relevant laws and regulations.

8. *Issue Target and Arrangements on Placement to Shareholders of the Company:*

The issue target of the Company Onshore Debt Financing Instruments shall be the onshore institutional investors and/or individual investors which meet the conditions for subscription in case of public offering or qualified investors in case of private placement.

The Company Onshore Debt Financing Instruments may be placed to the shareholders of the Company. A resolution will be proposed at the extraordinary general meeting of the Company to authorize the Board, and agree the Board in turn to authorize the management of the Company to determine the details of the arrangements on placement (including whether to make such placement and the proportion of placement, etc.) in accordance with the then prevailing onshore market conditions and other matters in connection with the issuance and the laws.

9. *Listing of Debt Financing Instruments:*

A resolution will be proposed at the extraordinary general meeting of the Company to authorize the Board, and agree the Board in turn to authorize the management of the Company to apply for listing of the Company Onshore Debt Financing Instruments in accordance with the actual conditions of the Company.

10. *Safeguard Measures for Repayment of the Company Onshore Debt Financing Instruments:*

In respect of application for the issuance of the Company Onshore Debt Financing Instruments, a resolution will be proposed at the extraordinary general meeting of the Company to authorize the Board, and agree the Board in turn to authorize the management of the Company to adopt the following measures in accordance with laws, regulations or mandatory requirements of regulatory documents if applicable in the event that it is expected that the Company will be unable to repay the principal and interests of the bonds as scheduled, or the Company shall fail to repay the principal and interests of the bonds when they become due:

- (1) increase the proportion of any surplus reserves and the proportion of general risk reserves during the duration of the bonds in order to reduce the solvency risk.
- (2) no dividend shall be distributed to the Shareholders.
- (3) suspend the implementation of projects that incur capital expenditure such as material external investments, acquisitions and mergers.
- (4) payment of salary and bonus of the Directors and senior management of the Company shall be reduced or ceased.
- (5) key responsible personnel accountable for such event shall not be allowed for re-designation.

11. *Validity Period of Resolution:*

The shareholders' resolutions passed at the extraordinary general meeting of the Company regarding the issuance of the Company Onshore Debt Financing Instruments shall be valid for a period of 36 months from the date of the resolutions being passed at the extraordinary general meeting of the Company. After the resolutions become effective, the validity of the authorization in respect of the Renminbi-denominated onshore debt financing instrument of RMB50 billion as set out in the Resolution regarding the General Mandate of Issuance of Onshore Debt Financing Instruments by the Company (《關於公司發行境內債務融資工具一般性授權的議案》) which was passed at the sixth meeting of the fourth session of the Board and the annual general meeting of 2014 of the Company will terminate automatically and the approved but outstanding issuance amounts as well as the amounts in issue but not repaid in respect of the debt financing instruments issued under such authorization will be included in the issuance amounts under the authorization for this issuance.

Where the Board and/or the management of the Company have, during the term of the authorization, decided the issuance or partial issuance of the Company Onshore Debt Financing Instruments, and provided that the Company has also, during the term of the authorization, obtained the approval or license from or completed filing or registration (if applicable) with regulatory authorities on the issuance, the Company may, during the validity period of such approval, license, filing or registration, complete the issuance or relevant partial issuance of the Company Onshore Debt Financing Instruments.

12. Authorization for the Issuance of the Company Onshore Debt Financing Instruments:

To ensure effective coordination of the issuance of the Company Onshore Debt Financing Instruments and other matters in connection with the issuance, a resolution will be proposed at the extraordinary general meeting of the Company to authorize the Board, and agree the Board in turn to further authorize the management of the Company to deal with, at its sole discretion, all matters in connection with the issuance of the Company Onshore Debt Financing Instruments in accordance with the relevant laws and regulations as well as the advices and recommendations from regulatory authorities, within the framework and under the principles approved at the extraordinary general meeting of the Company, in order to maximise the interest of the Company:

- (1) formulation and adjustment of the details of the proposal for the issuance of the Company Onshore Debt Financing Instruments in accordance with the applicable laws, regulations and relevant provisions from regulatory authorities as well as resolutions passed at the extraordinary general meeting of the Company, and based on the actual conditions of the Company and the specific conditions of the relevant debt market, including without limitation, the determination of the suitable timing of issue, details of issue size and method, terms of issue, issue targets, maturity, whether to issue on an one-off, multiple issuances, multi-tranche issuances or multiple-category issuances basis and, if on multiple issuances, multi-tranche issuances or multiple-category issuances basis, the issue size and term of each issuance, tranche and category, the methods in which the nominal value and interest rate are determined, pricing method, issuance arrangements, guarantee arrangements, rating arrangement, details of subscription method, whether to incorporate terms of repurchase or redemption, details of placement arrangements, use of proceeds, registration, listing of the Company Onshore Debt Financing Instruments and place of listing, measures to mitigate repayment risks, measures to ensure debt repayment, etc. and all matters in connection with the issuance of the Company Onshore Debt Financing Instruments.
- (2) determining and engaging intermediary agency, signing, implementing, amending and completing all agreements and documents relating to the issuance of the Company Onshore Debt Financing Instruments, including without limitation, the sponsor agreement, underwriting agreement, letter of (counter) guarantee or (counter) guarantee agreement (if required), letter of support (if required), bond indenture (if required), engagement letter with intermediary agency, trust agreement, settlement management agreement, registration and custody agreement, listing agreement and other legal documents, etc., and disclosing the relevant information in accordance with the relevant laws, regulations and the listing rules of the securities markets on which the Company's securities are listed (including without limitation, the preliminary and final offering memoranda of the debt financing instruments, and all announcements and circulars, etc. in relation to the issuance of the Company Onshore Debt Financing Instruments).

- (3) selecting and engaging trustee manager(s) and settlement manager(s) for the issuance of the Company Onshore Debt Financing Instruments, signing the trustee agreement(s) and settlement management agreement(s) and (if applicable) formulating rules for meetings of the holders of the debt financing instruments.
- (4) undertaking all applications and filings as well as listing matters in connection with the issuance of the Company Onshore Debt Financing Instruments, including without limitation, preparing, revising and submitting relevant application and filing materials relating to the issuance and listing of the Company Onshore Debt Financing Instruments and application and filing materials in respect of (counter) guarantee or letter of support to be provided by the Company, the issuer(s) and/or third party(ies), and signing the relevant application and filing documents and other legal documents.
- (5) making relevant adjustments to matters relating to the issuance of the Company Onshore Debt Financing Instruments according to the advice of and changes in the policies of regulatory authorities or the changes in market conditions, or determining whether to continue with all or part of the work in respect of the issuance of the Company Onshore Debt Financing Instruments in accordance with the actual conditions, unless re-approval by the shareholders at the general meeting of the Company is otherwise required pursuant to the relevant laws, regulations and the Articles of Association.
- (6) dealing with other relevant matters in connection with the issuance of the Company Onshore Debt Financing Instruments.

The above authorizations shall remain valid and effective on and from the date when the shareholders at the extraordinary general meeting of the Company have approved and passed the resolutions to the date when the resolutions passed at the extraordinary general meeting approving the Company Onshore Debt Financing Instruments cease to be effective or to the date when matters authorized above have been completed (depending on whether the issuance of all the Company Onshore Debt Financing Instruments has been completed).

The issuance of the Company Onshore Debt Financing Instruments are subject to approval by the shareholders of the Company at the extraordinary general meeting of the Company and the obtaining of the approvals from the relevant government authorities or regulatory authorities of the PRC. Shareholders and potential investors of the Company should exercise caution when dealing in the shares and other securities of the Company.

III. CONVENING THE 2017 SECOND EXTRAORDINARY GENERAL MEETING

The Company will convene the 2017 second extraordinary general meeting for the purpose of, among other matters, considering and approving (if thought fit) the Resolution regarding the Amendments to the Articles of Association (《關於修訂公司章程的議案》) and the Resolution regarding the General Mandate of Issuance of Onshore Debt Financing Instruments by the Company (《關於公司發行境內債務融資工具的一般性授權的議案》).

A circular of the Company containing further information relating to the details on the above resolutions and the notice of the 2017 second extraordinary general meeting will be despatched to the shareholders of the Company in due course.

By order of the Board
Everbright Securities Company Limited
Xue Feng
Chairman, President

Shanghai, the PRC
February 28, 2017

As at the date of this announcement, the Board of the Company comprises Mr. Gao Yunlong (Non-executive Director), Mr. Xue Feng (Chairman, Executive Director, President), Mr. Yin Lianchen (Non-executive Director), Mr. Chan Ming Kin (Non-executive Director), Mr. Yang Guoping (Non-executive Director), Mr. Zhu Ning (Independent Non-executive Director), Mr. Xu Jingchang (Independent Non-executive Director), Mr. Xiong Yan (Independent Non-executive Director), Mr. Li Zheping (Independent Non-executive Director) and Mr. Au Sing Kun (Independent Non-executive Director).