

Press Release

27 August 2014

China Everbright Limited Announces 2014 Interim Results

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**Profit attributable to equity shareholders increases by 56.4% to HK\$1.15 billion;
HK\$40 billion funds raised and a number of investment projects listed**

Results Highlights (HK\$ million)	1 January to 30 June 2014	1 January to 30 June 2013	Change
Operating income	777	612	27%
Profit attributable to equity shareholders by Hong Kong business	621	354	76%
Profit before tax from major business segments			
- Primary Market Investment	295	205	44%
- Secondary Market Investment	(23)	(27)	15%
- Structured Financing & Investment	62	215	(71%)
- Aircraft Leasing	37	23	61%
Everbright Securities profit share*	160	339	(53%)
Everbright Bank dividends	317	121	162%
Profit attributable to equity shareholders	1,152	737	56.4%
Earnings per share (HK\$)	0.68	0.428	58.9%
Interim dividend per share (HK\$)	0.15	0.11	36.4%

*As per the financial statements of Everbright Securities

China Everbright Limited ("Everbright" or "the Group", stock code: 165.HK) today announced its interim results for the six months ended 30 June 2014.

Hong Kong's four major business segments continued to grow steadily under Everbright's active curation of a high-growth, high-return cross-border Macro Asset Management Platform with stable income and leading core competencies. As at 30 June 2014, the Group had 22 funds under its platform, with a fundraising scale totalling approximately HK\$40 billion.

In the first half of 2014 the Group posted an operating income of HK\$777 million, up 27% compared to the same period last year. Profit attributable to equity shareholders was HK\$1,152 million, representing an increase of 56.4% over the first half of 2014. The Hong Kong business reported profit attributable to equity shareholders of HK\$621 million, 76% more than the first half of 2013 and representing 54% of the profit attributable to equity shareholders. Excluding the gain of HK\$252 million from selling 112 million shares of China Everbright Bank, the Hong Kong business saw 4.4% growth in profit attributable to equity shareholders. Earnings per share was HK\$0.68, up 58.9% over the first half of 2013. The Board of Directors has resolved to declare an interim dividend of HK\$0.15 per share for the six months ended 30 June 2014 (1H 2013: HK\$0.11 per share).

The Group's share of Everbright Securities' profit contribution amounted to HK\$160 million, representing a decrease of 53% over the first half of 2013. China Everbright Bank contributed a dividend income after tax of HK\$317 million, up 162% over the first half of 2013.

Business Review

The Primary Market Investment business is the Group's most well-established business segment. During the reporting period, assets under management ("AUM") in the Primary Market Investment amounted to HK\$30.6 billion, with 68 investment projects. Profit before tax from this segment was HK\$295 million, representing an increase of 44% from the same period last year.

In Private Equity Funds, Anhui Yingliu Electromechanical was successfully listed on the Shanghai Stock Exchange during the period and was one of the first companies to go public following the Mainland resumed the doors for IPOs. Beijing Genomics Institute, Wufeng Agricultural and Yuan Cheng Logistics all recorded growth in line with expectations and are preparing for listing.

In Venture Capital Funds, among the 19 investment projects on hand, LvSan Chemistry was listed on the National Equities Exchange and Quotation system ("the New Third Board") on 20 March 2014, the CECEP Wind-Power project had gone through the approval process by the China Securities Regulatory Commission's Issuance Examination Committee, and Hanbang Gaoke and Yida Chemical were given initial approval by the Growth Enterprise Market ("GEM") Board and New Third Board respectively.

The Group has five funds in its Sector Focus Funds segment, which includes the Real Estate Fund, Infrastructure Fund, New Energy Fund, Medical & Health Care Fund and Mergers & Acquisitions Fund.

During the reporting period, the Real Estate Fund managed total assets of US\$2.5 billion. The Group announced the investment of HK\$1,761 million in ordinary shares and convertible securities in the Singapore-listed, Chongqing-based commercial property developer, Ying Li International Real Estate Limited. The completion of this deal will make the Group Ying Li's second-largest shareholder.

In the Infrastructure Fund, the Shandong Hi-Speed Everbright Industrial Fund, a joint project between the Group and Shandong Hi-Speed Group, completed its first round of fundraising of RMB 1.8 billion. The fund completed its investment in one project.

The New Energy Fund team currently manages two RMB-denominated funds, the Everbright Jiangsu New Energy (Low Carbon) Fund and Everbright Qingdao New Energy (Low Carbon) Fund. As at the end of the reporting period, the total amount of invested projects was four.

As at the end of the first half of 2014, the size of the Everbright Medical and Healthcare Fund I amounted to RMB 600 million. Having completed the investment period earlier than expected, the Fund's team is now in the project management and divestment stage. An IPO application for the Betta Pharmaceuticals project has already been filed with the China Securities Regulatory Commission, and the Beijing Genomics Institute project is also being prepared for a listing. The Group is preparing to initiate fundraising for the Everbright Medical and Healthcare Fund II in the second half of the year.

In the Mergers & Acquisitions Fund, the CEL Catalyst China Israel Fund completed its first phase of financing. As at 30 June 2014, nearly US\$85 million were raised. The fund focuses on Israel's innovative industries.

Everbright's **Secondary Market Investment Business** is currently divided into two main segments, namely traditional asset management and global absolute return funds business, which focuses on investment opportunities in overseas listed securities. Because this business is still in its development phase, and with the full impairment provision to an investment into listed debt securities made by a global return fund in 2013, it reported a loss of HK\$23 million in the first half of 2014. In traditional asset management, Everbright saw continued growth in fixed income and equity income products. The Group also built on its existing Qualified Domestic Institutional Investor (QDII) products and added Qualified Foreign Institutional Investor (QFII) and RMB Qualified Foreign Institutional Investor (RQFII) products, which enables it to participate in more cross-border investment opportunities between mainland China and Hong Kong.

The **Structured Financing and Investment Business** mainly comprises Capital Investment and Financing, and the RMB Mezzanine Fund. During the reporting period, this business segment reported a profit of HK\$62 million. This represents a decrease of 71% compared to first half of 2013, which was attributed to a drop in the fair value of part of the investment projects. The Mezzanine Fund team progressively drove a structural reorganisation project within the Mainland's high-technology industry, riding on the strong growth in the sector. It also became the first to enter into discussions with insurers to introduce their funds into the project, representing a new milestone for Everbright's fundraising strategy.

In the **Aircraft Leasing Business**, China Aircraft Leasing Group Holdings Limited (CALC), was officially listed on the main board of the Hong Kong Stock Exchange (stock code: 1848.HK) on 11 July 2014, raising a total of HK\$729 million. Following the listing, Everbright remains the major strategic shareholder of CALC, holding approximately 35% of the company. The Group will continue to support CALC's development and is very confident about its future growth. During the reporting period, the number of passenger aircrafts owned by CALC increased from 25 to 34, generating an income stream that is rapidly growing. Everbright's share of CALC's after-tax profit amounted to HK\$37.4 million, up 63% compared to the first half of 2013.

During the first half of the year the Group successfully invested in Prestige Capital Asset Management Company (renamed **Everbright Prestige Capital Asset Management Company**) ("Everbright Prestige"). Everbright Prestige, the former Asset Management Department of the China Post Fund, was established in 2011. The company mainly engages in onshore asset management for specific clients. Everbright Prestige will provide strong support to Everbright's various businesses, offering access to high-net-worth individuals in mainland China. Looking ahead, Everbright Prestige will serve as a fundraising platform for the Group's RMB funds and further consolidate Everbright's existing client sources for RMB funds. The company will also facilitate the development of products for the Group's onshore clients, and expand the source and scale of fundraising. As at 30 June 2014, the AUM of Everbright Prestige was RMB 5.38 billion.

Outlook

The Group will continue to develop its cross-border asset management business in the second half of 2014. Solid measures will include: (1) for Primary Market Investment, raising money for several funds and diversifying investors while ushering investment projects with listing potential towards the capital market to realise sustainable and strong investment returns; (2) for Secondary Market Investment, strengthening offshore fundraising efforts, and diversifying product types to achieve breakeven while reducing reliance on the Group's own capital; (3) supporting China Everbright Group's restructuring process and divesting the Group's holding in China Everbright Bank in due course; (4) completing the review and optimisation of internal structures and building a unified platform for fundraising and maintaining client relationships; and (5) further enhancing brand value by building good corporate culture and public image.

Everbright's Executive Director and Chief Executive Officer, Mr. Chen Shuang, said, "Everbright will continue to drive the development of each business segment in the second half of 2014, while laying a solid foundation on its cross-border macro asset management. The Group has been successfully transformed and its business segments grow more mature with Everbright Prestige as one of its important fundraising platforms. We are confident about Everbright's prospects and its profitability in the future."

– Ends –

The announcement of the interim results ended 30 June 2014 is available on the official website of the Company (www.everbright165.com) for reference.