

Press Release

29 August 2019

China Everbright Limited Announces 2019 Interim Results
AUM Stable and Rising, Earned Management Fee Income Increases
Significantly to HK\$486 Million
Dividend Payout Ratio up 10 Percentage Points to 33%
compared to the first half of 2018

- ***China Everbright Limited is the only listed company in China with alternative asset management as its core business***
- ***Operating income increases 18% to HK\$1,347 million***
- ***Earned management fee income significantly increases 26% to HK\$486 million (note)***
- ***AUM increases to HK\$145.4 billion against market trend, up HK\$1.9 billion compared to the end of 2018***
- ***Profit attributed to shareholders drops 34% to HK\$1,279 million, due to the short-term decline of investment projects valuation***
- ***Declared interim dividend of HK\$0.25 per share, delivering a dividend payout ratio of 33%, an increase of 10 percentage points compared to the first half of 2018***

China Everbright Limited (“Everbright” or “the Group”, stock code: 165.HK) today announced its interim results for the six months ended 30 June 2019.

In the first half of 2019, the private equity and asset management industries faced numerous challenges. As at the end of June 2019, Everbright has 64 funds with assets under management of HK\$145.4 billion, increased by HK\$1.9 billion as compared to the end of 2018. The scope of its investment covers various areas with high growth, including real estate, healthcare, elderly care, aircraft leasing, infrastructure, high-end manufacturing, high-end technology, culture and consumption, with investment projects around the globe.

The interim profit attributed to shareholders in 2019 was HK\$1,279 million, a 34% decrease compared with the same period last year, mainly due to the lack of unrealised capital gains of the Group’s investment projects. As at the end of June 2019, equity attributable to shareholders was HK\$40.754 billion, continuing its slightly upbeat trend. Due to the good level of capital liquidity, the Board of Directors declared interim dividend of HK\$0.25 per share (the interim dividend was HK\$0.26 in same period last year). The dividend payout ratio was 33%, an increase of 10 percentage points compared to 23% in the first half of 2018.

Note 2: For the purpose of resource allocation and business performance evaluation, the management of the Group adopts “Earned Management Fee Income” as an additional financial measurement index. Earned Management Fee Income refers to the management fee income received from the funds by the Group as a fund manager in accordance with

relevant fund management agreements. The Earned Management Fee Income calculated by the Group has major adjustment items compared to the figures calculated in accordance with the Hong Kong Financial Reporting Standards, mainly include: (i) for some funds, the Group acts as the fund manager, and also invested as the fund's major limited partners, these fund managers and funds are consolidated in the Group's consolidated financial statements, the management fee expenses paid by the fund and management fee income received by the fund managers would be eliminated on consolidation; (ii) the Group acts as the joint fund manager through the establishment of a joint venture company with a third party, and the management fees collected by such joint venture company shall be calculated according to the Group's share of profits from the joint venture company; (iii) Everbright Jiabao, an associate of the Group, holds 51% interest of EBA Investments. The Group holds the remaining 49% interest of EBA Investments through another subsidiary and is recognized as financial assets. The management fee income of EBA Investments is reflected in share of profits of associates of the Group.

2019 Interim Business Highlights

In the first half of 2019, despite the private equity industry facing a macroeconomic downturn, a difficult fundraising environment and decreasing project valuation amongst other challenges, the Group analysed situations, made timely adjustments to its fundraising, investment and divestment strategies, maintained strict risk controls, and focused resources and business development on industries and platforms where the Group has a comparative advantage. Business highlights during the first half of the year were as follows:

1. Successfully adapted to market changes by adjusting its fundraising strategy with continued improvements in its fundraising abilities

During the first half of 2019, against the backdrop of shrinking fundraising scale in the equity market, the Group's fundraising scale continued to grow. By the end of June 2019, the total assets under management (AUM) of Everbright's funds was HK\$145.4 billion, increased by HK\$1.9 billion as compared to the end of 2018. The Group has made improvements to its ability to raise funds from large international institutions, of which New Economy USD Fund and Overseas Infrastructure Investment Fund successfully raised close to a total of US\$100 million from two world renowned financial institutions.

2. Increased proportion of fund management fees and relating income, with income stability continuing to increase

In the first half of 2019, Earned Management Fee Income of HK\$486 million represented a rise of 26% compared with the HK\$385 million Earned Management Fee Income over the same period last year. Considering that the management fee income for private equity investment fund lags behind the growth of fund size, the rise in management and performance fees brought about by the rapid growth of fund size over the past few years has begun to emerge and increase the Group's income stability.

3. In keeping with market trends, product innovation capabilities were constantly enhanced

In the face of a fast-changing market environment, Everbright swiftly caught on to changes occurring in the market. The Group's EBA Investments successfully issued "EBAM-EBA Investments Commercial

Real Estate ABS for Phase I of Jing'an IMIX Park” products, the first such shelf-registered commercial REITs to be issued in Mainland China. The size of the product issuance was RMB4.3 billion, attracting overwhelming subscriptions from different kinds of investors, including commercial banks, insurance institutions and securities companies.

4. Investment projects were strictly selected and divestment was accelerated to secure investment returns for the best interests In view of market volatility, Everbright slowed down its pace of investment except for those made for strategic industry platforms in the first half of 2019. The amount invested by Everbright during the period under review was about HK\$3.2 billion, a fall of 63% compared to the same period last year. Everbright recorded about HK\$4.8 billion cash returns by divesting projects such as EBA Investment Shanghai Hutai Road Real Estate Project, multiple structure financing projects, Beijing Genomics Institute under Everbright Medical of Healthcare Fund, e-commerce operator Wish under CEL New Economy USD Fund and semi-conductor manufacturer Aquantia. In the first half of 2019, Everbright recorded an income of HK\$797 million in realised gain on projects divestment, an increase of 24% compared to the same period last year.

5. Making more sector-focused investments and diverting resources to the four key industry platforms

In the first half of 2019, Everbright diverted more resources on the four key industry platforms, namely aircraft leasing, AIoT, elderly care and real estate, to further optimise its business model to boost business development. During the period under review, Everbright's China Aircraft Leasing Group Holdings Limited (CALC)'s fleet size continued to increase while making remarkable progress in the infrastructure of its post-aircraft-leasing and full value chain businesses. The AIoT platform, Chongqing Terminus Technology Ltd., "Terminus", incubated by Everbright, experienced rapid growth, becoming a benchmark company in the industry. Everbright enhanced its investment in elderly care. In the first half of 2019, Everbright completed the business restructuring process for its two elderly care brands, with a constant increase in the number of elderly care facilities and bed numbers. Everbright's associate company, Everbright Jiabao Co., Ltd. and its subsidiary EBA Investments continued to develop steadily. The real estate fund managed by EBA Investments has been ranking first place in the "Top 10 Funds in terms of Comprehensive Strength among China Real Estate Funds" for a fifth consecutive year, coming out as a leader in the market.

6. Stringent risk controls and project management

Since 2018, Everbright has strictly controlled its gearing ratio, strengthened its risk controls on liquidity and maintained all of its risk related parameters at a steady level. Everbright conducts systematic and constant risk monitoring on its existing funds and investment projects. In the first half of 2019, there were no major risk incidents, and the investment risk was in general under control.

Strategies and Outlook

Looking ahead to the second half of the year, the global economy's downward pressure is increasing. Uncertainty in China-US relations have led to greater uncertainties within the global investment community which has shown increased propensity for risk aversion. The falling pressure on China's economy has also increased further due to the changing external environment. Subject to macro-economic control by the government which has instituted a new round of structural economic adjustments, there is relatively little room for policy to hedge further. Economic growth is expected to remain under pressure in the second half of the year.

Under such internal and external environment, China's private equity industry continues moving forward on a path of "the strong get stronger", ushering changes in spite of a challenging environment.

In order to embrace the opportunities and face the challenges ahead, Everbright will actively promote the following initiatives in the second half of the year:

1. Integrate resources to foster business development and to strengthen internal management for transformation

Such initiatives include the integration of institutional sales resources, creating cross-selling and collaborative opportunities in-house to enhance fundraising efficiency. With FoFs as the principal carrier, the Group will leverage on its sector focused team's excellent reputation and proven investment track record to meet the needs of local governments and other institutions in developing local industries and diversifying their asset allocation, securing large investors in spite of challenges and difficulties in a tough fundraising environment.

2. Actively promote synergistic initiatives across the board within the Everbright Group to formulate an Everbright alliance

Under the synergy building strategy advocated by the Everbright Group, Everbright is seeking collaboration opportunities with China Everbright Bank, Everbright Securities, Sun Life Everbright Life Insurance, Everbright International to achieve complimentary synergies. These initiatives includes collectively acquiring strategic customers, making investments, building sales channels for fund products as well as integrating life insurance and medical sector operations.

3. Accelerate the growth of the four key strategic industries and incubate new sector-specific fund products by leveraging the company's industry expertise and capabilities

Everbright continues its support for CALC in expanding its fleet size, building its full-value-chain capabilities with an asset-light operating model, and setting up the "Air Silk Road Fund" with fund management expertise from Everbright. The Group also supported Terminus to realise its mass AIoT applications in property management, public safety management in key cities and regions such as Beijing, Shanghai and Chongqing and to extend upstream and downstream in its industry chain with the aid of fund; assisting Everbright Senior Healthcare in introducing

strategic investors, extending its presence into the Greater Bay Area as well as enlarging its market; supporting EBA Investments in offering innovative products such as commercial REITs as a shelf-registration facility as well as collaborating with other strategic real estate partners for a sustainable growth in AUM.

4. Continue to unleash its cross-border asset management capabilities and competitive advantages

After 20 years of development, Everbright has amassed valuable cross-border fundraising experience in US dollars, acquiring technology companies overseas and helping global companies setting up businesses in Mainland China. With its headquarters based in Hong Kong, Everbright will take full advantage of its locale straddling both “domestic” and “overseas” markets. The company will closely follow and act on China’s national policies of encouraging Chinese enterprises to “venture out” and “bring in” overseas companies, as well as taking advantage of opportunities arising from the “Belt and Road” initiative, development of the three strategic regions of “Great Bay Area, Yangtze River Delta, Beijing-Tianjin-Hebei”, ultimately transforming its expertise in cross-border asset management into continuous AUM growth and better results.

Mr. Zhao Wei, Executive Director & Chief Executive Officer of China Everbright Limited said, “Everbright continues to pay close attention to the value investment opportunities within China’s shifting landscape and that of the global economy, as well as the evolution in division of labors among business sectors globally. Despite the tumultuous investment environment in the first half of the year, Everbright has maintained a prudent approach and proactively adjusted its strategy, strictly adhering to its strategy of ‘examining situations carefully and exiting in an orderly manner; investing with caution and acute judgement; and striving to create synergies and to enhance fundraising’. Under the guidance of our parent company, Everbright Group, Everbright will increase its synergistic coordination, strengthen its management capabilities, and reinforce its investment footprint in strategic and emerging industries, maintaining the Group’s overall steady and orderly trajectory of growth, moving closer to its goal of becoming a top cross-border asset management and investment company in China.”

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The 2019 Interim Results Announcement is available on the Company’s official website: www.everbright.com.