

## **Everbright divests 51% interest of Everbright Securities (International) to Everbright Securities**

**China Everbright Limited** (“Everbright” or “the Group”, HKSE code: 00165) has entered an agreement with China Everbright Securities for its divestment of its 51% interest in Everbright Securities (International) to Everbright Securities at a consideration of HK\$891 million. Everbright Securities (International) is primarily responsible for investment banking, securities and wealth management businesses, and this divestment exercise is expected to generate an expected gain of HK\$675 million for Everbright in the fiscal year 2011. This is calculated upon the sum of the consideration for the divestment and the fair value appreciation of 49% equity interest at HK\$344 million and HK\$331 million respectively. Upon completion of the transaction, Everbright Securities (International) will become a 49%-owned affiliate of the Group, and its Board of Directors will be composed of two nominees from the Group and three from Everbright Securities.

Everbright Securities (International) is principally engaged in securities, futures, forex and bullion trading services, wealth management, investment banking and research business in Hong Kong, via its subsidiaries of China Everbright Securities (HK) Limited, China Everbright Forex & Futures (HK) Limited, China Everbright Bullion Investment Limited, China Everbright Wealth Management Limited, China Everbright Research Limited and China Everbright Capital Limited. In 2010, Everbright Securities (International) reported a profit and net asset value of HK\$110 million and HK\$536 million respectively.

This transaction provides solid foundation to Everbright Securities (International) for its rapid growth. Given this unified structure, Everbright Securities’ extensive network and customer base in China will further flourish its cross-border securities business. Leveraging the opportunities arising from the internationalization of RMB, Everbright Securities is well positioned to expand its fee-based business and product range as well as its market share in Hong Kong. Upon completion of this transaction, in addition to the remained 49% stake of Everbright Securities (International), the Group could still enjoy the profit sharing from its 33.33% share of Everbright Securities, by which controls 51% stake in Everbright Securities (International). It is believed that the integration will create more long-term benefits for Everbright’s shareholders.

After the transactions, Everbright will further focus its resources on expanding the scale of its macro asset management businesses, namely private equity funds, venture capital funds, asset investments and hedge funds, generating more solid returns to the shareholders. As of 31 March 2011, the Group manages 11 funds, reaching the fund raising scale of HK\$10.7 billion.