

Press Release

27 August 2020

China Everbright Limited Announces 2020 Interim Results

Fundraising Growth Counters Trend, Stable Progression of AUM

Financial Highlights of 2020 Interim Results

- Growth of fundraising amid adversity. CEL realised new AUM of HK\$9.554 billion.
- The AUM of the Group increased to HK\$157.2 billion. On a constant currency basis, the AUM increased by HK\$3.7 billion, as compared with the end of 2019.
- The AUM of Non-RMB denominated funds under the fund management business of CEL reached an amount equivalent to HK\$45.4 billion, accounting for 29% of AUM, continuously showcasing its cross-border advantages.
- The profit attributable to shareholders of the Company for the period was HK\$765 million.
- The Board declared an interim dividend of HK\$0.14 per share

China Everbright Limited (“CEL” or “the Group”, stock code: 165.HK) today announced its interim results for the six months ended 30 June 2020 (“reporting period”).

In the first half of 2020, under the impact of COVID-19 pandemic and complicated international status, the global economy was in down trend. The asset management sector has suffered from unprecedented challenges. In the bearish market environment, CEL made adjustment to cope with the situation, making the best of its leading advantages in the private equity industry by collecting resources and making allocation proactively. CEL offset the impact of the external environment, showcasing stable and recovery momentum in various areas.

During the reporting period, CEL achieved stable progression in its asset under management (AUM). It realised new AUM of HK\$9.554 billion, including the Belt & Road Green Fund and

Domestic Mezzanine Fund III. The AUM of the Group increased to HK\$157.2 billion. On a constant currency basis, the AUM increased HK\$3.7 billion compared with the end of 2019. There were a total of 74 funds under management, and a total of 193 post-investment projects.

During the reporting period, although the profit attributable to shareholders of the Company exceeded the expectations of the Group under the pessimistic scenario, there was nonetheless a decline as compared with that of the same period last year. The profit attributable to shareholders of the Company for the period was HK\$765 million and the Board declared an interim dividend of HK\$0.14 per share.

Business Review Highlights for the 2020 Interim Results

In the first half of 2020, under the challenges of COVID-19 pandemic, macro-economic fluctuations, geopolitics, and other extreme factors, CEL examined the situation carefully, adhering to its strategy of “enhancing the fundraising; investing with caution; strengthening management; and divesting in an orderly manner”. CEL strictly mitigated and controlled risks, proactively ensuring CEL’s smooth and long-term success.

1. Stable growth of fundraising, further improve products allocation

Amid the relatively challenging external environment in the first half of 2020, CEL was able to maintain the stability of the overall AUM and further improved the products allocation, by leveraging its extensive development experience and its customer base in the fund management industry established over the years. CEL achieved an increase in AUM by HK\$9.554 billion.

During the period under review, CEL successfully established the Everbright Belt & Road Green Fund, and created a Chinese “Belt & Road” and ESG (environmental, social and governance) investment flagship brand; the mezzanine fund team has earned the trust of insurance investors with sound fund management experience and outstanding investment performance, and completed the establishment of the Mezzanine Fund III and the feeder fund; and funds-of-funds further promoted the collaborations by solidifying the relationship with investors.

CEL has achieved a record high in its AUM abroad. As of 30 June 2020, the AUM of Non-RMB denominated funds under the fund management business of CEL reached an amount equivalent to HK\$45.4 billion, accounting for 29% of AUM, representing an increase of 3 ppt as compared

with that of the end of 2019

2. Invest with a prudent and balanced approach, accelerate divestments to secure profits

In terms of investment, CEL maintained a prudent approach, striving for a balance between investments and divestments. The Group's Fund Management Business and Principal Investments Business invested and/or further invested in 32 projects, involving investments of approximately HK\$2.25 billion, of which most projects are in the fields of new economy, new infrastructure, people's livelihood and big health.

At the same time, CEL disposed of mature projects at the right time to capture returns, with a total of 36 exited/partially exited projects, and realised cash inflow of approximately HK\$3.65 billion. CEL's main focuses, being education, healthcare and technology segments, achieved outstanding performance. The 3 major projects, including Hope Education, LifeTech Scientific and Yusys Technologies, achieved good performance in the capital market and generated a total income of HK\$1 billion.

3. Manage risks with strict standards, strengthen empowerment management

In the face of challenges in the market, CEL has paid more attention to the post-investment enabling of the investee companies, with an aim to tide over difficulties and grow together with the investee companies. During the pandemic, it also strengthened the management of funds under management and investee companies, and reviewed the risks of 193 post-investment projects under the Group's Fund Management Business on a regular basis. No major risk events occurred in the first half of 2020, and the overall risk is within control.

4. Sound development of Strategic Industry Platforms, active development of focused sectors

Over the same period, the Principal Investments Business of CEL maintained a steady growth, and the 4 strategic industry platforms (EBA Investments/Everbright Jiabao, CALC, Everbright Senior Healthcare, Terminus) showed stability in their development.

CALC survived the impact of the pandemic towards the aviation industry, and recorded a profit of HK\$319 million, representing a year-on-year increase of 2%;

Upon the consolidation of Everbright Senior Healthcare, it has a total number of 23,000 beds, which ranked in the market leading position, realising an income of RMB159 million during the reporting period, representing a year-on-year increase of 116%;

Terminus leveraged the advantage of the smart city initiative, which accelerated its internationalisation progress and became Expo 2020 Dubai's Premier Partner, the only Chinese company among the 12 Premier Partners. Terminus realised an income of RMB450 million during the reporting period, representing a year-on-year growth of 325%.

5. Effective prevention and control of the pandemic, reflecting our corporate social responsibility of a state-owned enterprise

During the pandemic, CEL strengthened its management and control, and took an active approach to prevent the spread of pandemic. Among approximately 5,000 employees of the Group and its strategic platform enterprises, there was no diagnosed or suspected cases, achieving a record of zero infections and zero incidents. Everbright Senior Healthcare strengthened prevention and control in its facilities, and no infection was recorded. Meanwhile, CEL showed empathy to the severely affected areas at the heart of the pandemic, where a donation of more than RMB6 million was made by the Group.

Strategies and Outlook

Looking ahead to the second half of 2020, the global economic situation and social environment are expected to remain complex. The geopolitical environment tensions have resulted in uncertain business environment, together with the prolonged impact of the pandemic.

To the private equity industry, against the backdrop of an overall economic downturn and industrial structural adjustment, the private equity sector development might further polarise. With the deepening capital market reform in China, a new development pattern will gradually be created whereby domestic and foreign markets can boost each other, with the domestic market as the mainstay, and the private equity industry will gain opportunities for development.

CEL will adhere to the principle of “making progress while maintaining stability, seeking opportunity in changes, and moving forward with innovation”, continuously promote and deepen

strategic transformation, to deliver better operational performance, actively mitigate risks, striving for the best returns for investors.

In specific terms, firstly, CEL will continuously promote strategic transformation, strengthening investment in key areas along with the country's strategies such as "new infrastructure construction, new types of urbanization, and major transportation and water conservancy projects" and 5G, particularly in the aspects of technology innovation, transformation and upgrading and the real economy.

Secondly, CEL will focus on the strategy on international development, transform the business into cross-border asset management, make deployment in Greater Bay Area, and support the domestic and international development of Everbright Belt & Road Green Fund.

Thirdly, in the area of aircraft leasing, CEL will support CALC in expanding its whole industry chain advantage, and help it become the world's leading one-stop aircraft full industry chain solutions provider.

Fourth, in terms of big health, CEL will support Everbright Senior Healthcare to become a first-class domestic elderly care service provider by precise management.

Fifth, for new technology, CEL will guide Terminus in maintaining its momentum of proactive development, so as to strengthen its leading position in the fields of AIoT and smart city.

Mr. Zhao Wei, Executive Director and Chief Executive Officer of CEL said, "The year 2020 is destined to be remembered in history. Under the strategic guidance of Everbright Group, CEL will continue to live up to Everbright spirits, strongly hold on to its belief of "becoming the world's leading cross-border asset management company", striving to turn the pandemic impact into opportunities and seek new growth points. At the same time, CEL will explore opportunities in risks and seek innovation under changes, and build alternative asset management systems and competitive advantage, with a view to getting over this extraordinary year with our investment partners."

The 2020 Interim Results Announcement is available on the Company's official website: www.everbright.com.