

Press Release

30 March 2015

Everbright announces FY2014 annual results

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Net profit rises 90.1% to HK\$2.56 billion AUM increases significantly, ventures into overseas M&As

Results Highlights (HK\$ million)	FY 2014	FY 2013	Change
Operating income	1,688	1,162	+45%
- Management fee income	225	187	+21%
- Consultancy fee income	185	116	+59%
- Interest income	454	283	+61%
- Dividend income	716	574	+25%
Other net income	1,312	1,138	+15%
Profit attributable to equity shareholders	2,560	1,347	+90%
Earnings per share (HK\$)	1.514	0.783	+93%
Full year dividend per share (HK\$)	0.48	0.31	+55%
- Interim dividend	0.15	0.11	+36%
- Final dividend	0.33	0.20	+65%

China Everbright Limited ("Everbright", stock code: 165.HK) today announced its audited annual results for the year ended 31 December 2014.

In 2014, Everbright's operating income increased by 45.2% to HK\$1.69 billion. Other net income, mainly investment income, grew by 15.4% to HK\$1.31 billion. Profit attributable to equity shareholders was HK\$2.56 billion, up 90.1% year on year. Earnings per share was HK\$1.514, an increase of 93.4% year on year. Asset management fees grew by 20.6% over 2013 to reach HK\$225 million. Consulting fees grew by 59.2% to HK\$185 million. Interest income amounted to HK\$454 million, a year-on-year increase of 60.6%. Everbright's share of Everbright Securities' profit contribution amounted to HK\$870 million, a significant increase of 912% year on year. China Everbright Bank contributed a dividend income after tax of HK\$320 million, representing year-on-year growth of 165%. Everbright also sold 112 million shares of China Everbright Bank A-shares to China Everbright Group, realising an investment gain of HK\$252 million.

The Board has resolved to recommend a final dividend of HK\$0.33 per share for the year ended 31 December 2014 (2013: HK\$0.20 per share). Together with the interim dividend of HK\$0.15 per share, the full year dividend for 2014 is HK\$0.48 per share (2013: HK\$0.31 per share), an increase of 54.8% year on year.

China Everbright Group completed its restructuring during the period under review, laying a solid foundation for a well-defined shareholding structure and the release of asset value. Synergies between China Everbright Group's sister companies were realised through the cross-selling of investment products from China Everbright Limited with China Everbright Bank, Everbright Securities and Sun Life Everbright Life. To further enhance operational efficiency, Everbright also engaged an internationally renowned management consultancy firm to help it reorganise the management structure, optimise the fundraising, investment, management and exit abilities of the asset management business.

Business Review

Core Business – Cross-Border Macro Asset Management: As at the end of 2014, Everbright's cross-border macro asset management business managed a total of 24 funds. The total amount of capital raised was HK\$50.3 billion, at a compound annual growth rate of 56% from 2009 to 2014. Approximately 81% of this was attributable to external funding, representing an increase of 4 percentage points over the previous year.

Primary Market Investment Business: AUM for the growing Primary Market Investment business was HK\$38 billion, with 72 investment projects and a pre-tax profit of HK\$720 million, representing a 8% decrease over 2013.

During the period under review, the Medical and Healthcare Fund and China Special Opportunities Fund collaborated on a joint investment in Kunming Jida Pharmaceutical and submitted A-share prospectus for the project. The Kunming Jida Pharmaceutical investment represents increased potential for further collaborations among internal funds. In 2014 Everbright also began participating in privatisation projects, helping iSoftStone complete its transition. To capitalise on opportunities brought by Chinese enterprises venturing overseas, Everbright launched the CEL Catalyst China Israel Fund and acquired a controlling stake in Lamina Technologies. In addition, Everbright is developing its Global M&A Fund and using the company's own capital to acquire a car services company, Burke E. Porter, in the United States.

During the year, Anhui Yingliu Electromechanical, a project under the Special Opportunities Fund series, and CECEP-Wind Power Corporation, under Everbright's Venture Capital Funds, were listed on the Shanghai Stock Exchange. Beijing Leili Marine Bioindustry and several other investment projects of Everbright's Venture Capital Funds, were listed on the New Over The Counter Bulletin Board ("New OTCBB") in China for public trading. Investment in the Singapore-listed, Chongqing-based commercial property developer Ying Li International Real Estate Limited ("Ying Li") was completed. Everbright becomes its second-largest and strategic shareholder. This investment has also significantly raised Everbright's investment capabilities in real estate. Everbright Medical and Healthcare Fund I has essentially completed its first phase of investment, and the investment team is now in the project management and exit stage. It has also filed A-share prospectus for invested companies Betta Pharmaceuticals and Kunming Jida Pharmaceutical. The Everbright Medical and Healthcare Fund II team is already in place and has essentially completed its fundraising of RMB 1 billion. Jiangsu Turbine Seal High-Technology Co., Limited, a project under investment of the New Energy Fund, was listed on the New OTCBB for public trading. Everbright also partnered with Shandong Hi-Speed Group and jointly set up the Shandong Hi-Speed Everbright Industrial Fund, with a target size of RMB 5 billion.

Secondary Market Investment Business: In 2014, the AUM of Everbright's Secondary Market amounted to HK\$6.3 billion, up 163% from the previous year. The segment also registered a profit of HK\$61 million, representing a substantial increase of HK\$112 million over 2013.

In the Traditional Asset Management business, Everbright added QFII and RQFII products and participated in PIPE projects from listed companies to expand its offerings and reach onshore and offshore clients. To pave the way for new products and investments in the future, the Secondary Market Investment Business applied for an additional US\$300 million QFII quota (totalling US\$400 million) and received a license to invest in China's interbank bond market. The Absolute Return Investment team has built a strong institutionalised platform within Everbright to provide support in trade operations, risk control, compliance, trade reports and marketing for a series of investment strategies. Based on the Absolute Return Investment team's growing track record of accomplishments, the team is ready for external fundraising.

Structured Financing and Investment Business: In 2014, the interest income from loans and bonds plus management fees generated from managed projects totalled HK\$282 million, representing a year-on-year increase of 36%. Investment income was HK\$246 million, representing an increase of 17% year on year. After the provision of HK\$210 million made to certain investment projects, under an extremely prudent manner, the segment realised a profit of approximately HK\$188 million. In 2014, riding the strong growth of the Mainland's high-tech industry, the team progressively drove a structural reorganisation project within the industry. It also became the first to enter into discussions with insurers to introduce their funds into projects, representing a new milestone for Everbright's fundraising strategy. In addition, Everbright's RMB Mezzanine Fund continued to satisfy the diverse onshore and offshore mezzanine financing needs of Mainland enterprises through its RMB Mezzanine Fund I, which had a total AUM of HK\$800 million as at the end of the year. RMB Mezzanine Fund I has essentially completed its investments, and the team has begun preparatory work to raise funds for a USD Fund to meet the increasingly high demand for offshore structured financing and investment.

Everbright Prestige: To satisfy clients' increasingly diverse offshore investment needs, Everbright acquired a stake in Everbright Prestige, a platform to access China's high-net-worth individuals (HNWIs) for financing. The investment in Everbright Prestige has enhanced its fundraising capability, made product issuance more efficient, secured more systematic sales and distribution channels for client integration, and created organic synergies. Through Everbright Prestige, China Everbright Limited can also now directly collaborate with banking, securities and insurance subsidiaries under China Everbright Group. Given the continued synergistic growth between wealth management and asset management, the company believes Everbright Prestige will grow to become the leading RMB asset management institution in mainland China.

Aircraft Leasing Business: Everbright is the largest shareholder in China Aircraft Leasing Group Holdings Limited (CALGH) with a 36.74% stake. CALGH was officially listed on the main board of the Hong Kong Stock Exchange in 2014. The total amount of funds raised was approximately HK\$729 million. As at 31 December 2014, CALGH's share price was HK\$11.5, an increase of 108% from the listing price. In 2014 CALGH delivered 19 aircrafts, expanding its fleet to 44 in total. Income continues to grow rapidly, and the business' after-tax profit contribution to Everbright reached HK\$122 million, a year-on-year increase of 49% (excluding the one-off gain of HK\$140 million from the listing of CALGH.)

During the reporting period, Everbright helped CALGH adopt a business model of asset securitisation and package its accounts receivable – e.g. aircraft leases – for sale. This has helped CALGH achieve good return on investment and quick return of capital. During the reporting period, CALGH sold 4 aircrafts to large financial institutions in mainland China through asset securitisation. In December 2014, CALGH and the Municipal Government of Harbin signed a memorandum of understanding to invest in and build China's largest aircraft disassembly base. This signified the start of CALGH's expansion into downstream business, an important step in building a business model that includes a service platform for the whole life cycle of an aircraft.

Strategy and Outlook

The global economy in 2015 will face two major uncertainties: the risk of global deflation, which could result from the plunges in energy and commodity prices; and the imminent rise of interest rates in the United States, which will not only speed up the repatriation of capital from around the world, but also increase the financing costs of USD-denominated debt. Meanwhile, China's economic slowdown is expected to continue in 2015. To prevent the economy from decelerating too quickly, interest rates may be further reduced and fiscal stimulus measures expanded as cross-border capital flows become more volatile.

China Everbright Limited will gradually exit from the passive investments that it holds following the restructuring of China Everbright Group. The strong finances not only will support for nurturing and supporting the development of the fund business, but also for market investment. These measures will bring about more long-term gains for China Everbright Limited and maximise the value of its capital to the greatest extent possible. The fund management business, as Everbright's core business, will continue to raise long-term funds, expand the scale of its operations and improve its deployment of resources.

As the need for high-value-added wealth management services among Mainland investors – particularly HNWIs – becomes more obvious, and as more Chinese companies plan to launch or expand overseas business and engage in mergers and acquisitions, Everbright believes there is strong market demand for high-quality cross-border asset management. The company believed the industry's growth potential is especially high considering that the penetration rate of the asset management industry in mainland China is still far lower than in developed markets. Everbright will seek more fundraising opportunities through the secondary market. The company will also invest in overseas enterprises capable of generating synergistic effects with growing market demand in China by setting up more diverse global M&A funds.

Everbright's Executive Director and Chief Executive Officer, Mr. Chen Shuang, said, "China Everbright Limited enjoyed a successful year in 2014, we must continue to strive for excellence and enhance our management capability and efficiency, committing ourselves to building Everbright into a leading cross-border asset management platform. This way, as we face more challenges and opportunities in the future, we will be able to fully leverage our strength and advantages, maximising the tremendous potential of cross-border investment. We will continue to develop quality products that meet our clients' needs and drive the company's performance to new heights."

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Senior Managements of China Everbright Limited announced its 2014 Annual Results.
(From left) Mr. Richard Tang, Executive Director and Chief Financial Officer, Mr. Chen Shuang, Executive Director and Chief Executive Officer and Mr. Frederick Tsang, Chief Risk Officer.

About China Everbright Limited

China Everbright Limited (“Everbright”, stock code: 165.HK) has woven huge cross-border social and business networks in Hong Kong and the Mainland. China Everbright Limited, being a member of China Everbright Group, is a diversified financial services enterprise operating in Hong Kong and Mainland China. It is the second largest shareholder of Everbright Securities (stock code: 601788.SH) and third largest shareholder of China Everbright Bank (stock code: 601818.SH, 6818.HK) in the Mainland. China Everbright Group is the holding company of Everbright.

Established in 1997 at Hong Kong, Everbright persistently pursues its “Macro Asset Management” strategy, with specific focuses being placed on fund management and investment businesses, namely Primary Market Investment, Secondary Market Investment and Structured Financing and Investment.

Moreover, being a substantial shareholder of China Aircraft Leasing Group Holdings Limited (stock code: 1848.HK), Everbright is actively developing aircraft leasing business in China and emerging markets. In addition, by leveraging the advantages in cross-border fee-based business of an associate, Everbright Securities, Everbright also participates in the development of investment banking (corporate financing) and brokerage services (wealth management) businesses in Hong Kong.

Over the past years, Everbright has developed solid bases in various sector markets. It manages series of private equity funds, venture capital funds, sector focus funds and hedge funds as operated via an international management platform, and provides overseas investors with opportunities to explore and invest in companies with fast growing potential in the Mainland China. On the other hand, Everbright also seeks investment opportunities from overseas and provides diversified financial services for its clients in Mainland China.

Through upholding the philosophy of “Making Wealth Simple”, Everbright leverages on its own substantial financial strength, as well as the position and influence of China Everbright Group and its affiliated companies in the financial industry in China, and has successfully built huge cross-border social and business networks in Hong Kong and the Mainland, and established a reputable image in the market.