Everbright's RMB Mezzanine Fund completes investment in Sichuan Dekang, raising the stake in AI agriculture industry

28 December 2018 – **China Everbright Limited** ("Everbright", stock code: 165.HK)'s RMB Mezzanine Fund II ("Everbright Mezzanine Fund") has reached another milestone through its latest investment in the service sector. Everbright Mezzanine Fund makes a successful second-round equity investment in Sichuan Dekang Agriculture Technology Limited ("Sichuan Dekang"), which will support Sichuan Dekang's growth in the modern agriculture industry and help to establish a diversified ecosystem with the core value of "quality food".

Sichuan Dekang was founded in 2006 by Mr. Degen Wang , with the support of Mr. Yuxin Chen, Chairman of Huaxi Hope Group, together with an outstanding professional management team. Sichuan Dekang's main business is hog farming, supplemented with quality chicken farming. The hog farming business has achieved development dramatically in recent years. With sufficient reserve capacity and constantly uplifted efficiency, the annual output has been increased from the level of 10-thousands in 2015 to the level of millions in 2018, which enables the company to achieve the largest scale, the fastest growing speed, and the lowest composite costs in Southwest China.

In February 2018, Sichuan Dekang has reached a cooperation with Alibaba Cloud Computing to conduct research on the application of AI (artificial intelligence) technology to precise feeding, intelligent fertilization, disease prevention and productivity prediction. This is to improve the production efficiency and guarantee the delicacy management of large-scale farming. The application of AI is mainly based at either computer vision technology or acoustic characteristic analysis. The application of AI based on computer vision technology refers to the image detection technology that captures real-time picture or video of pig farm through movable camera equipment to realize the capabilities of disease warning, body temperature monitoring, heartbeat detection, and respiratory frequency monitoring. The application of AI based on acoustic characteristic analysis uses omni-directional sound collector to collect and analyze the sound of pig all day long and build the sound model for infected pigs.

A large amount data, in the form of videos, sound and sensor, provide foundation to conduct data analysis that can improve the sow reproductive performance and decrease the mortality rate. In the early stage of hypothesis testing, AI technology improved the sow reproductive performance by three baby pigs and decreased the mortality rate by 3%. In addition, AI farming technology can achieve full traceability of food production process, which is of more significance to the food safety. It provides the company with technology innovation to compete in Food Industry and creates a differentiated brand of Sichuan Dekang in the future.

Since the outbreak of African swine fever, the government has set limit on the transportation of live pigs to cut off the transmission path of the virus and prevent the spread of the disease. The blocked circulation has enlarged the pork price difference between the production area and sales area and leads to the largest record in the history. According to the Sichuan Husbandry and Food Network, the pork price in Sichuan province has been increased from 10.27 RMB/kg in May 2018 to 18.26 RMB/kg in Dec 2018. Therefore, Sikuan Dekang has benefited from a relatively higher pork price in the sales area, before the situation is changed by another potential policy.

Sichuan Dekang has achieved great performance and received several awards in 2018. Its subsidiary Zigong Dekang Husbandry Limited has been selected as the national pig breeding farm. It is the only one company from Sichuan province among the 9 listed companies. In 2018, Sichuan Dekang was also awarded as "2017 Most Socially Responsible Poverty Alleviation Enterprise" and "the Fifth Outstanding Enterprise of China Husbandry Industry". The company is actively preparing for stock reform and IPO in the A-share market.

Everbright Mezzanine Fund is managed by China Everbright Limited. It aims at safe equity investment, and creates revenue return with controllable risk. Focusing on Education and Food industries, which are weak cyclical and have strong cash flows, Sports and Farming industries, which have huge potential of market integration, Everbright RMB Mezzanine Fund is dedicated to provide customized investment and financial plans to Chinese domestic companies of great growth potential.

About China Everbright Limited

Everbright is the largest cross-border asset management and investment platform of China Everbright Group. As of 30 September 2018, Everbright managed 59 funds and completed fundraising of scale of HKD143.8 billion. Through both fund management and principal investment business, Everbright has invested in a total of over 300 portfolio companies in China and globally, covering fields including real estate, healthcare, new energy, infrastructure, advanced technology, high-level manufacturing, financial technology and consumption. Of these, more than 150 companies have been listed in China or overseas, or from which Everbright has exited successfully through mergers and acquisitions. For more information of Everbright, please visit: www.everbright.com.