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光大控股

EVERBRIGHT LIMITED

中國光大控股有限公司

CHINA EVERBRIGHT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 165)

**ANNOUNCEMENT
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

The board of directors (the “Board” or the “Director(s)”) of China Everbright Limited (the “Company” or “CEL”) announces that the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2023 together with relevant comparative figures for the previous year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Turnover	3	6,047,280	7,707,730
Income from contracts with customers	3	792,028	843,075
Net loss from investments	3	(489,491)	(5,885,695)
<i>Interest income</i>		<i>659,676</i>	<i>563,722</i>
<i>Dividend income</i>		<i>991,866</i>	<i>2,123,973</i>
<i>Realised (loss)/gain on investments</i>		<i>(13,158)</i>	<i>46,194</i>
<i>Unrealised loss on investments</i>		<i>(2,127,704)</i>	<i>(8,633,890)</i>
<i>Others</i>		<i>(171)</i>	<i>14,306</i>
Income/(loss) from other sources	3	1,102,323	(75,407)
Impairment losses		(731,691)	(982,141)
Operating expenses		(907,223)	(919,767)
Loss from operating activities		(234,054)	(7,019,935)
Finance costs		(1,643,691)	(1,109,315)
Impairment losses on investments in associates		(64,151)	(1,128,501)
Share of profits less losses of associates	8	230,823	616,886
Share of profits less losses of joint ventures	9	25,183	17,123
Loss before taxation		(1,685,890)	(8,623,742)
Income tax (expenses)/credit	4	(76,379)	923,427
Loss for the year		(1,762,269)	(7,700,315)
Attributable to:			
Equity shareholders of the Company		(1,922,639)	(7,443,299)
Holders of perpetual capital securities	19	98,066	89,284
Non-controlling interests		62,304	(346,300)
Loss for the year		(1,762,269)	(7,700,315)
Basic and diluted loss per share	7	HK\$(1.141)	HK\$(4.417)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
Loss for the year		(1,762,269)	(7,700,315)
Other comprehensive loss for the year:			
Items that will not be reclassified subsequently to profit or loss			
— Net movement in investment revaluation reserve of equity investments designated at fair value through other comprehensive income		(372,285)	(981,160)
Items that may be reclassified subsequently to profit or loss			
— Share of other comprehensive loss and effect of foreign currency translation of associates		(145,321)	(1,419,859)
— Share of other comprehensive loss and effect of foreign currency translation of joint ventures		(13,376)	(84,987)
— Other net movement in exchange reserve		(466,737)	(2,047,737)
		(997,719)	(4,533,743)
Total comprehensive loss for the year		(2,759,988)	(12,234,058)
Attributable to:			
Equity shareholders of the Company		(2,973,695)	(11,697,447)
Holder of perpetual capital securities	<i>19</i>	98,066	89,284
Non-controlling interests		115,641	(625,895)
Total comprehensive loss for the year		(2,759,988)	(12,234,058)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		31 December 2023	31 December 2022
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		463,967	521,718
Investment properties		5,584,819	4,898,173
Investments in associates	8	17,709,713	18,002,564
Investments in joint ventures	9	932,964	926,157
Equity investments designated at fair value through other comprehensive income	10	5,032,899	5,405,184
Financial assets at fair value through profit or loss	11	26,496,579	32,898,680
Advances to customers	12	–	360,891
Finance lease receivables		–	18,703
		<u>56,220,941</u>	<u>63,032,070</u>
Current assets			
Financial assets at fair value through profit or loss	11	4,315,462	2,176,224
Advances to customers	12	3,070,573	2,902,542
Inventories	13	1,529,339	1,383,814
Debtors, deposits, prepayments and others	14	1,929,105	1,984,185
Trading securities		2,916,448	4,098,142
Finance lease receivables		17,976	–
Restricted deposits		–	664,102
Cash and cash equivalents		9,588,078	8,235,532
		<u>23,366,981</u>	<u>21,444,541</u>
Current liabilities			
Trading securities		(237,500)	(532,071)
Creditors, deposits received and accrued charges	15	(2,962,495)	(3,523,042)
Bank loans	16	(10,995,928)	(11,925,501)
Bonds payable	17	(6,069,140)	(2,481,148)
Other financial liabilities		(472,414)	(441,187)
Lease liabilities		(13,273)	(35,688)
Provision for taxation		(582,592)	(585,193)
		<u>(21,333,342)</u>	<u>(19,523,830)</u>
Net current assets		<u>2,033,639</u>	<u>1,920,711</u>
Total assets less current liabilities		<u>58,254,580</u>	<u>64,952,781</u>

		31 December 2023	31 December 2022
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current liabilities			
Bank loans	<i>16</i>	(7,607,680)	(8,991,471)
Bonds payable	<i>17</i>	(7,724,360)	(9,515,580)
Other financial liabilities		(6,768,868)	(6,407,464)
Lease liabilities		(10,593)	(29,279)
Deferred tax liabilities		(2,037,293)	(2,131,886)
		<u>(24,148,794)</u>	<u>(27,075,680)</u>
NET ASSETS		<u>34,105,786</u>	<u>37,877,101</u>
CAPITAL AND RESERVES			
Share capital	<i>18</i>	9,618,097	9,618,097
Reserves		21,371,624	24,871,106
Attributable to:			
Equity shareholders of the Company		30,989,721	34,489,203
Holders of perpetual capital securities	<i>19</i>	2,209,566	2,341,083
Non-controlling interests		906,499	1,046,815
TOTAL EQUITY		<u>34,105,786</u>	<u>37,877,101</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity shareholders of the Company								Perpetual capital securities	Non- controlling interests	Total equity
	Share capital	Option premium reserve	Investment revaluation reserve	Goodwill reserve	Capital reserve	Exchange reserve	Retained earnings	Total			
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2022	9,618,097	1,242	4,979,155	(664,792)	(96,162)	2,145,494	30,953,291	46,936,325	2,341,161	1,759,044	51,036,530
Net movement by non-controlling shareholders	-	-	-	-	18,210	-	-	18,210	-	(86,334)	(68,124)
Dividends paid	6	-	-	-	-	-	(758,364)	(758,364)	-	-	(758,364)
Distribution to holders of perpetual capital securities	19	-	-	-	-	-	-	-	(89,362)	-	(89,362)
Share of capital reserve of associates	-	-	-	-	(9,521)	-	-	(9,521)	-	-	(9,521)
Loss for the year	-	-	-	-	-	-	(7,443,299)	(7,443,299)	89,284	(346,300)	(7,700,315)
Other comprehensive loss for the year	-	-	(981,160)	-	-	(3,272,988)	-	(4,254,148)	-	(279,595)	(4,533,743)
As at 31 December 2022 and as at 1 January 2023	9,618,097	1,242	3,997,995	(664,792)	(87,473)	(1,127,494)	22,751,628	34,489,203	2,341,083	1,046,815	37,877,101
Net movement by non-controlling shareholders	-	-	-	-	(131)	-	-	(131)	-	(255,957)	(256,088)
Dividends paid	6	-	-	-	-	-	(505,576)	(505,576)	-	-	(505,576)
Issuance of perpetual medium term notes	19	-	-	-	-	-	-	-	2,184,880	-	2,184,880
Redemption of senior perpetual capital securities	19	-	-	-	-	-	(21,557)	(21,557)	(2,325,540)	-	(2,347,097)
Distribution to holders of perpetual capital securities	19	-	-	-	-	-	-	-	(88,923)	-	(88,923)
Share of capital reserve of associates	-	-	-	-	1,477	-	-	1,477	-	-	1,477
Loss for the year	-	-	-	-	-	-	(1,922,639)	(1,922,639)	98,066	62,304	(1,762,269)
Other comprehensive loss for the year	-	-	(372,285)	-	-	(678,771)	-	(1,051,056)	-	53,337	(997,719)
As at 31 December 2023	9,618,097	1,242	3,625,710	(664,792)	(86,127)	(1,806,265)	20,301,856	30,989,721	2,209,566	906,499	34,105,786

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	3,176,928	4,059,563
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,618)	(4,911)
Proceeds from disposal of property, plant and equipment	291	599
Proceeds from partial disposal of an associate	–	76,649
Investment in an associate	(2,042)	–
Investments in joint ventures	–	(5,820)
Decrease/(increase) in restricted cash	232,930	(28,723)
Decrease/(increase) in restricted deposits	664,102	(664,102)
Bank interest received	172,695	97,779
Dividends received from investments	330,656	372,497
Dividends received from associates and joint ventures	309,984	485,554
NET CASH INFLOW FROM INVESTING ACTIVITIES	1,703,998	329,522
NET CASH INFLOW BEFORE FINANCING ACTIVITIES	4,880,926	4,389,085

	2023 HK\$'000	2022 HK\$'000
FINANCING ACTIVITIES		
Issuance of shares of subsidiaries to non-controlling shareholders	2,759	145,962
Redemption of non-controlling shareholders' shares	(376,660)	(341,327)
Proceeds from bank loans	19,986,431	17,395,279
Proceeds from issuance of bonds and resale of bonds repurchased	4,374,600	4,242,930
Repayment of bank loans	(22,276,922)	(18,200,113)
Repayment and repurchase of bonds	(2,422,404)	(4,017,583)
Issuance of perpetual medium term notes	2,184,880	–
Redemption of senior perpetual capital securities	(2,325,540)	–
Repayment of lease liabilities	(38,562)	(43,096)
Repayment of notes payable	–	(27,000)
Dividends paid to non-controlling shareholders	(1,056)	(26,260)
Dividends paid	(505,576)	(758,364)
Distribution to holders of perpetual capital securities	(88,923)	(89,362)
Interest paid	(1,625,732)	(1,063,451)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(3,112,705)	(2,782,385)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,768,221	1,606,700
CASH AND CASH EQUIVALENTS		
Beginning of year	7,945,641	6,894,260
Exchange rate adjustments	(182,745)	(555,319)
End of year	9,531,117	7,945,641
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash — general accounts	8,354,387	7,098,486
Non-pledged time deposits with original maturity of less than three months when acquired	1,233,691	1,137,046
Restricted cash	(56,961)	(289,891)
End of year	9,531,117	7,945,641

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial report has been prepared in accordance with Hong Kong Financial Reporting Standard (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standard (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and the Hong Kong Companies Ordinance.

The financial report, which has been reviewed by the Company’s Audit and Risk Management Committee, is prepared on a basis consistent with the accounting policies and methods adopted in the 2022 annual financial statements except for the changes in accounting policies described in note 2.

The financial information relating to the years ended 31 December 2023 and 2022 included in this preliminary announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2023 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in the financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments had no impact on the Group's financial statements.
- (d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. The amendments did not have significant impact to the Group.

3. TURNOVER, INCOME FROM CONTRACTS WITH CUSTOMERS, INVESTMENTS AND OTHER SOURCES

Turnover from operations represents the aggregate of service fee income, sales of inventories, interest income, dividend income, rental income from investment properties, rental income from finance leases and gross sale proceeds from disposal of trading securities of secondary market investments, in which the turnover of derivatives is defined as the absolute net profit or loss.

Income from contracts with customers, investments and other sources recognised during the year is as follows:

	2023 HK\$'000	2022 HK\$'000
Income from contracts with customers		
Recognised over time		
Management fee income	182,189	266,018
Rental income from investment properties	213,733	185,582
Recognised at a point in time		
Consultancy fee and performance fee income	376,838	390,477
Sales of inventories	19,268	998
	<u>792,028</u>	<u>843,075</u>
Net loss from investments		
Interest income		
Financial assets not at fair value through profit or loss		
Bank deposits	172,695	97,779
Advances to customers	361,129	350,010
Debt investments	125,852	115,933
Dividend income		
Financial assets at fair value through profit or loss and trading securities	661,210	1,751,476
Equity investments designated at fair value through other comprehensive income	330,656	372,497
Realised (loss)/gain on investments		
Net realised gain on financial assets at fair value through profit or loss	129,242	130,419
Net realised loss on trading securities	(142,400)	(84,225)
Unrealised loss on investments		
Change of unrealised loss on financial assets at fair value through profit or loss	(2,317,516)	(8,462,156)
Change of unrealised gain/(loss) on trading securities	189,812	(171,734)
Others		
Realised gain on partial disposal of an associate	–	14,306
Realised loss on disposal of a joint venture	(171)	–
	<u>(489,491)</u>	<u>(5,885,695)</u>
Income/(loss) from other sources		
Net gain/(loss) on revaluation of investment properties	760,263	(92,839)
Written back of impairment loss on inventory	179,704	–
Rental income from finance leases	4,110	5,548
Gain on disposal of property, plant and equipment	90	99
Exchange differences, net	(2,144)	(82,204)
Others	160,300	93,989
	<u>1,102,323</u>	<u>(75,407)</u>

4. INCOME TAX EXPENSES/(CREDIT)

The provision for Hong Kong profits tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is calculated at the appropriate current rates of taxation in the relevant tax jurisdictions.

The amount of taxation recognised in the consolidated statement of profit or loss represents:

	2023	2022
	HK\$'000	HK\$'000
Current taxation		
— Hong Kong profits tax	4,012	10,963
— Overseas taxation	166,461	67,207
— (Over)/under-provision in prior years	(4,676)	20,201
Deferred taxation		
— Deferred taxation relating to the origination and reversal of temporary differences	(89,418)	(1,021,798)
Income tax expenses/(credit)	76,379	(923,427)

5. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

Profit for the year of the Company attributable to equity shareholders of the Company of HK\$1,352,296,000 (2022: loss attributable to equity shareholders of the Company of HK\$969,812,000) has been dealt with in the financial statements of the Company.

6. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2023	2022
	HK\$'000	HK\$'000
— Interim dividend declared and paid of HK\$0.15 (2022: HK\$0.15) per share	252,788	252,788
— Final dividend proposed after the end of the reporting period date of HK\$0.10 (2022: HK\$0.15) per share	168,525	252,788
	421,313	505,576

The Board proposed a final dividend of HK\$0.10 per share for the year ended 31 December 2023 (2022: HK\$0.15 per share). The proposed final dividend is not reflected as dividend payable in the financial statements.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2023	2022
	HK\$'000	HK\$'000
— Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.15 (2022: HK\$0.30) per share	252,788	505,576

7. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended 31 December 2023 is based on the loss attributable to equity shareholders of the Company of HK\$1,922,639,000 (2022: loss attributable to equity shareholders of the Company of HK\$7,443,299,000) and the weighted average number of 1,685,253,712 shares (2022: 1,685,253,712 shares) in issue during the year.

8. INVESTMENTS IN ASSOCIATES

(a) Investments in associates

	2023	2022
	HK\$'000	HK\$'000
Carrying value, net (<i>note</i>)	17,709,713	18,002,564
Market value of shares listed in mainland China	17,512,550	17,515,712
Market value of shares listed in Hong Kong	1,028,806	1,227,199

Note:

As at 31 December 2023, the Group's net carrying value of its investment in Everbright Jiabao Co., Ltd ("Everbright Jiabao"), an associate of the Group, amounted to HK\$1,786,636,000 (2022: HK\$2,475,081,000).

During the year ended 31 December 2023, the Group has engaged an external specialist to estimate the value-in-use of Everbright Jiabao using a discounted cash flow model. As at 31 December 2023, the accumulated impairment losses charged to profit or loss in prior years related to Everbright Jiabao amounted to HK\$1,598,827,000 (2022: HK\$1,598,827,000).

The pre-tax discount rates applied in the cash flow projection of different key business operations of Everbright Jiabao ranged from 8.0% to 13.0% (2022: 8.0% to 12.8%) and the perpetual growth rate was 1.5% (2022: 2.0%).

(b) As at 31 December 2023, particulars of the principal investments in associates of the Group are as follows:

Name of associate	Place of incorporation/ operation	Principal activities	Percentage of equity interest held by the Company
Everbright Securities Company Limited [#] ("Everbright Securities")	The PRC	Securities operations (<i>note 1</i>)	20.73%
China Aircraft Leasing Group Holdings Limited ^{##} ("CALC")	Cayman Islands	Investment holding (<i>note 2</i>)	38.08%*
Everbright Jiabao ^{###}	The PRC	Real estate development/real estate asset management (<i>note 3</i>)	29.17%*
China Everbright Senior Healthcare Company Limited ("Everbright Senior Healthcare")	Hong Kong	Providing senior health care services (<i>note 4</i>)	49.29%* (<i>note 5</i>)

[#] Market value of the listed shares in mainland China as at 31 December 2023 was equivalent to HK\$16,267,262,000 (2022: HK\$15,914,497,000).

^{##} Market value of the listed shares in Hong Kong as at 31 December 2023 was HK\$1,028,806,000 (2022: HK\$1,227,199,000).

^{###} Market value of the listed shares in mainland China as at 31 December 2023 was equivalent to HK\$1,245,288,000 (2022: HK\$1,601,215,000).

* Held indirectly

Note 1: Everbright Securities is the Group's cornerstone investment, with an investment cost of HK\$1,497,149,000 (2022: HK\$1,497,149,000). During the year ended 31 December 2022, the Group's equity interest in Everbright Securities was decreased from 20.83% to 20.73% as a result of partial disposal.

Note 2: CALC is the Group's key investee engaged in providing full life-cycle aircraft leasing solutions. During the year ended 31 December 2022, the Group's equity interest in CALC was increased from 37.91% to 38.08% as a result of CALC's share buy-back.

Note 3: Everbright Jiabao is the Group's major investee engaged in real estate development and asset management in mainland China.

Note 4: Everbright Senior Healthcare is the Group's key investee to provide integrated senior health care services including elderly health care, geriatric treatment, rehabilitation and community services in mainland China.

Note 5: As at 31 December 2023, the Group did not control the board of directors of Everbright Senior Healthcare. Upon the completion of the procedures of share subscription by an investor with investment amount of RMB50 million, the Group's equity interest in Everbright Senior Healthcare stands at 49.29% on a fully diluted basis.

9. INVESTMENTS IN JOINT VENTURES

(a) Investments in joint ventures

	2023 HK\$'000	2022 HK\$'000
Carrying value, net	<u>932,964</u>	<u>926,157</u>

(b) As at 31 December 2023, details of the Group's principal investments in joint ventures are as follows:

Name of joint venture	Place of incorporation/ operation	Principal activities	Percentage of equity interest held by the Company
Wuxi Ronghong Guolian Capital Co., Ltd.	The PRC	Venture capital and investment advisory services (<i>note 1</i>)	50.0%*
山東高速光控產業投資基金管理有限公司	The PRC	Fund management services (<i>note 2</i>)	48.0%*
CEL Capital Prestige Asset Management Co., Ltd.	The PRC	Assets management services (<i>note 3</i>)	49.0%*

* Held indirectly

Note 1: Wuxi Ronghong Guolian Capital Co., Ltd. is a joint venture of the Group to provide investment advisory services to a joint venture fund in mainland China.

Note 2: 山東高速光控產業投資基金管理有限公司 is a joint venture of the Group to provide fund management services to an industrial sector investment fund in mainland China.

Note 3: CEL Capital Prestige Asset Management Co., Ltd. is a joint venture of the Group and an asset management institution established under approval of the China Securities Regulatory Commission.

All of the above joint ventures are accounted for using the equity method in the consolidated financial statements.

10. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023	2022
	HK\$'000	HK\$'000
At fair value:		
Listed equity securities		
— outside Hong Kong	5,032,899	5,405,184

The Group designated the investment in China Everbright Bank Company Limited (“China Everbright Bank”) as financial assets at fair value through other comprehensive income because the Group intends to hold for the long-term strategic purposes. The investment cost of the Group’s investment in China Everbright Bank is HK\$1,407,189,000 (2022: HK\$1,407,189,000).

No disposal was made during the year ended 31 December 2023, and there were no transfers of any cumulative gain or loss within equity relating to this investment (2022: Nil).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	HK\$'000	HK\$'000
Non-current assets		
At fair value:		
Unlisted equity securities/collective investment schemes*		
— outside Hong Kong	20,789,666	26,301,921
Unlisted preference shares		
— outside Hong Kong	5,361,456	6,250,280
Unlisted debt securities		
— outside Hong Kong	345,457	346,479
	26,496,579	32,898,680
Current assets		
At fair value:		
Listed equity securities		
— in Hong Kong	1,106,006	596,727
— outside Hong Kong	885,741	735,000
Unlisted equity securities/collective investment schemes*		
— outside Hong Kong	2,212,737	391,198
Unlisted debt securities		
— outside Hong Kong	110,978	453,299
	4,315,462	2,176,224

* Included in the balance of unlisted equity securities/collective investment schemes are the Group’s interests in unconsolidated structured entities amounting to HK\$18,742,839,000 (2022: HK\$21,559,069,000).

As at 31 December 2023, the Group's listed and unlisted equity securities amounting to a fair value of HK\$19,346,709,000 (2022: HK\$22,011,177,000) were investments in associates and joint ventures. The Group was exempted from applying the equity method to these investments and they were measured as financial assets at fair value through profit or loss.

As at 31 December 2023, the Group had certain unlisted financial assets at fair value through profit or loss recorded at a purchase price which was below the fair value at inception that would be determined at that date using a valuation technique. According to the Group's accounting policy, the difference yet to be recognised in the consolidated statement of profit or loss at the beginning and the end of the year is as follows:

	2023 HK\$'000	2022 HK\$'000
As at 1 January	227,136	251,951
Released during the year	(216,855)	(4,472)
Exchange adjustment	(3,152)	(20,343)
	<u>7,129</u>	<u>227,136</u>

12. ADVANCES TO CUSTOMERS

	2023 HK\$'000	2022 HK\$'000
Non-current assets		
Term loans to customers		
— secured	—	5,859
— unsecured	—	458,082
	<u>—</u>	<u>463,941</u>
Current assets		
Term loans to customers		
— secured	1,205,585	1,310,647
— unsecured	2,831,273	2,090,961
	<u>4,036,858</u>	<u>3,401,608</u>
Total term loans to customers	4,036,858	3,865,549
Less: Impairment allowance	(966,285)	(602,116)
Net carrying value	<u>3,070,573</u>	<u>3,263,433</u>

Certain term loans to customers are secured by unlisted securities or leasehold land and properties in Hong Kong and mainland China with third parties guarantees.

The movements in the impairment allowance on term loans to customers are as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 January 2022	27,050	11,140	299,996	338,186
Other changes (including new assets and derecognised assets)	<u>(15,830)</u>	<u>(4,430)</u>	<u>284,190</u>	<u>263,930</u>
As at 31 December 2022 and 1 January 2023	11,220	6,710	584,186	602,116
Other changes (including new assets and derecognised assets)	(11,207)	328,253	50,713	367,759
Exchange difference	(8)	(40)	(3,542)	(3,590)
As at 31 December 2023	<u>5</u>	<u>334,923</u>	<u>631,357</u>	<u>966,285</u>

Except for the above impairment allowance of HK\$966,285,000 (2022: HK\$602,116,000), there were no other significant loans to customers, that were aged, requiring significant impairment provision as at 31 December 2023 and 2022.

13. INVENTORIES

	2023 HK\$'000	2022 HK\$'000
Properties under development	135,079	137,038
Completed properties	<u>1,394,260</u>	<u>1,246,776</u>
	<u>1,529,339</u>	<u>1,383,814</u>

14. DEBTORS, DEPOSITS, PREPAYMENTS AND OTHERS

	2023 HK\$'000	2022 HK\$'000
Accounts receivable	832,251	746,357
Deposits, prepayments, interest and other receivables and others	<u>1,614,138</u>	<u>1,395,422</u>
	2,446,389	2,141,779
Less: Impairment allowance	<u>(517,284)</u>	<u>(157,594)</u>
	<u>1,929,105</u>	<u>1,984,185</u>

Accounts receivable are mainly amounts due from brokers, collectable in cash within one year and divestment proceeds receivable.

The carrying amount of debtors, deposits, prepayments and others approximated to their fair value as at 31 December 2023 and 31 December 2022.

Their recoverability was assessed with reference to the credit status of the debtors, and impairment allowance of HK\$517,284,000 as at 31 December 2023 (2022: HK\$157,594,000).

The movements in the impairment allowance for debtors, deposits, prepayments and others are as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 January 2022	–	–	84,723	84,723
Other changes (including new assets and derecognised assets)	<u>1,790</u>	<u>1,634</u>	<u>69,447</u>	<u>72,871</u>
As at 31 December 2022 and 1 January 2023	1,790	1,634	154,170	157,594
Other changes (including new assets and derecognised assets)	<u>(1,790)</u>	<u>28,724</u>	<u>333,311</u>	<u>360,245</u>
Exchange difference	<u>–</u>	<u>(5)</u>	<u>(550)</u>	<u>(555)</u>
As at 31 December 2023	<u>–</u>	<u>30,353</u>	<u>486,931</u>	<u>517,284</u>

15. CREDITORS, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2023 HK\$'000	2022 HK\$'000
Creditors, deposits received and accrued charges	<u>2,962,495</u>	<u>3,523,042</u>

16. BANK LOANS

	2023 HK\$'000	2022 HK\$'000
Maturity details are as follows:		
Within 1 year	10,995,928	11,925,501
1 to 2 years	5,701,040	1,657,847
2 to 5 years	1,480,539	6,920,820
Over 5 years	<u>426,101</u>	<u>412,804</u>
	<u>18,603,608</u>	<u>20,916,972</u>

As at 31 December 2023, the bank loans were secured as follows:

	2023 HK\$'000	2022 HK\$'000
Bank loans:		
— secured	2,161,399	2,325,589
— unsecured	<u>16,442,209</u>	<u>18,591,383</u>
	<u>18,603,608</u>	<u>20,916,972</u>

As at 31 December 2023, the bank loans were secured by:

- (a) Mortgage over certain investment properties with carrying value of approximately HK\$4,542 million (31 December 2022: approximately HK\$4,362 million);

- (b) There were no mortgage over property, plant and equipment to secure certain bank loans (31 December 2022: HK\$23 million);
- (c) Mortgage over certain inventories with carrying value totalling approximately HK\$230 million (31 December 2022: approximately HK\$383 million); and
- (d) The pledge of equity interests in subsidiaries with carrying value of approximately HK\$1,475 million (31 December 2022: approximately HK\$1,563 million).

17. BONDS PAYABLE

	2023 HK\$'000	2022 HK\$'000
As at 1 January	11,996,728	13,037,445
New issuance and resale of bonds repurchased during the year	4,374,600	4,242,930
Repayments and repurchase during the year	(2,422,404)	(4,017,583)
Exchange adjustment	(155,424)	(1,266,064)
	<u>13,793,500</u>	<u>11,996,728</u>

	2023 HK\$'000	2022 HK\$'000
Maturity details are as follows:		
Within 1 year	6,069,140	2,481,148
1 to 2 years	3,310,440	6,157,140
2 to 5 years	4,413,920	3,358,440
	<u>13,793,500</u>	<u>11,996,728</u>

As at 31 December 2023, the bonds payable were secured as follows:

	2023 HK\$'000	2022 HK\$'000
Bonds payable:		
— secured	—	242,188
— unsecured	13,793,500	11,754,540
	<u>13,793,500</u>	<u>11,996,728</u>

As at 31 December 2023, no restricted bank balances were used to secure certain bonds payable (31 December 2022: approximately HK\$244,000,000).

18. SHARE CAPITAL

	2023		2022	
	No. of shares ('000)	HK\$'000	No. of shares ('000)	HK\$'000
Ordinary shares issued and fully paid:				
At 1 January and at 31 December	1,685,254	9,618,097	1,685,254	9,618,097

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

19. PERPETUAL CAPITAL SECURITIES

	Principal HK\$'000	Distribution HK\$'000	Total HK\$'000
As at 1 January 2022	2,325,540	15,621	2,341,161
Profit attributable to holders of perpetual capital securities	–	89,284	89,284
Distribution to holders of perpetual capital securities	–	(89,362)	(89,362)
As at 31 December 2022 and 1 January 2023	2,325,540	15,543	2,341,083
Issuance of perpetual medium term notes	2,184,880	–	2,184,880
Redemption of senior perpetual capital securities	(2,325,540)	–	(2,325,540)
Profit attributable to holders of perpetual capital securities	–	98,066	98,066
Distribution to holders of perpetual capital securities	–	(88,923)	(88,923)
As at 31 December 2023	2,184,880	24,686	2,209,566

In 2020, the Company issued senior perpetual capital securities with the principal amount of US\$300,000,000 (equivalent to approximately HK\$2,325,540,000). The distribution rate for the senior perpetual capital securities is 3.80% per annum 3 years from the date of issuance (i.e., 27 October 2023), and subsequently the distribution rate will be reset in every 3 calendar years. On 27 October 2023, the Company redeemed all of the outstanding senior perpetual capital securities of the principal amount of US\$300,000,000. The distribution of senior perpetual capital securities is accrued in accordance with the distribution rate as set out in the subscription agreement, and such distribution shall be payable semi-annually in arrears on 27 April and 27 October of each year.

In 2023, the Company issued perpetual medium term notes with the principal amount of RMB2,000,000,000 (equivalent to approximately HK\$2,184,880,000). The distribution rate for the perpetual medium term notes is 3.60% per annum 3 years from the date of issuance (i.e., 8 September 2026), and subsequently the distribution rate will be reset in every 3 calendar years. The distribution of perpetual medium term notes is accrued in accordance with the distribution rate as set out in the subscription agreement, and such distribution shall be payable annually in arrears on 11 September of each year.

The senior perpetual capital securities and perpetual medium term notes have no maturity and the payments of distribution can be deferred into perpetuity at the discretion of the Company. The instruments could only be redeemed at the option of the Company. In substance, the senior perpetual capital securities and perpetual medium term notes were considered as perpetual capital securities.

20. MATURITY PROFILE

The maturity profile of the Group's certain financial instruments as at the end of the financial year, based on the contractual discounted payments, is as follows:

As at 31 December 2023

	Indefinite HK\$'000	On demand HK\$'000	Less than 3 months HK\$'000	3 to less than 12 months HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Liabilities							
— Bank loans	-	-	(1,139,468)	(9,856,460)	(7,181,579)	(426,101)	(18,603,608)
— Other financial liabilities	-	(436,688)	(35,726)	-	(2,766,029)	(4,002,839)	(7,241,282)
— Trading securities	(237,500)	-	-	-	-	-	(237,500)
— Bonds payable	-	-	-	(6,069,140)	(7,724,360)	-	(13,793,500)
— Lease liabilities	-	-	(3,312)	(9,961)	(10,593)	-	(23,866)
	<u>(237,500)</u>	<u>(436,688)</u>	<u>(1,178,506)</u>	<u>(15,935,561)</u>	<u>(17,682,561)</u>	<u>(4,428,940)</u>	<u>(39,899,756)</u>

As at 31 December 2022

	Indefinite HK\$'000	On demand HK\$'000	Less than 3 months HK\$'000	3 to less than 12 months HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Liabilities							
— Bank loans	-	-	(1,097,598)	(10,827,903)	(8,578,667)	(412,804)	(20,916,972)
— Other financial liabilities	-	(136,623)	(63,038)	(241,526)	(1,443,359)	(4,964,105)	(6,848,651)
— Trading securities	(356,049)	-	(176,022)	-	-	-	(532,071)
— Bonds payable	-	-	-	(2,481,148)	(9,515,580)	-	(11,996,728)
— Lease liabilities	-	-	(8,554)	(27,134)	(29,279)	-	(64,967)
	<u>(356,049)</u>	<u>(136,623)</u>	<u>(1,345,212)</u>	<u>(13,577,711)</u>	<u>(19,566,885)</u>	<u>(5,376,909)</u>	<u>(40,359,389)</u>

21. SEGMENT INFORMATION

The Group manages and conducts the majority of its business activities by business units. Operating segments are reported in a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of resource allocation and performance assessment.

Fund Management Business

Fund management business refers to the business that the Group raises funds from external investors and deploys the Group's seed capital into specific clients, applies its professional knowledge and experience to make investment decisions on the capital according to laws, regulations and the fund's prospectus, while seeking to maximise gains for investors. The fund management business is comprised of primary market investment, secondary market investment and Fund of Funds investment ("FoF").

- **Primary market investment:** Investment in unlisted equity securities or equity derivatives with equity position for participating in the ongoing management of these companies, and with an ultimate objective of capital gain on investee's equity listing or through other exit channels. Areas of investments include new economy, artificial intelligence and advanced manufacturing, new energy, medical care and senior healthcare, overseas acquisition and infrastructure, real estate, aircraft industry chain, consumer market, wealth management and others.
- **Secondary market investment:** Provides a diversified range of financial services, including asset management, investment management and investment advisory activities. Products include absolute return funds, bond funds and equity funds.
- **Fund of Funds investment or "FoF":** FoF invested in both funds initiated and managed by the Group as well as external funds with proven track records of performance and governance. FoF can provide one-stop solution that offers liquidity and potential returns for mega-size institutions.

Principal Investments Business

The Group makes full use of its own capital to make the following three types of investments to promote the development of the fund management business and to optimise its income structure. They are:

- **Key investee companies:** Focusing on aircraft leasing, artificial intelligence of things (AIoT) and elderly care industry platforms;
- **Financial investments:** Investing in equity, debts, structured products and other products; and
- **Cornerstone investments:** The Group's stake in China Everbright Bank and Everbright Securities contributing relative stable earnings and dividend income.

(a) **Business segments**

For the year ended 31 December 2023:

	Fund Management Business			Principal Investments Business			Reportable segments total	Total
	Primary Market Investments	Secondary Market Investments	Fund of Funds Investments	Key Investee Companies	Financial Investments	Cornerstone Investments		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Income from contract with customers	455,972	26,588	75,211	-	234,257	-	792,028	792,028
Income from investments	689,927	169,906	193,228	(396,881)	(1,476,327)	330,656	(489,491)	(489,491)
Income from other sources	825	1,567	-	-	1,099,931	-	1,102,323	1,102,323
Total income	<u>1,146,724</u>	<u>198,061</u>	<u>268,439</u>	<u>(396,881)</u>	<u>(142,139)</u>	<u>330,656</u>	<u>1,404,860</u>	<u>1,404,860</u>
Segment operating results	667,348	70,126	241,288	(528,002)	(887,986)	330,656	(106,570)	(106,570)
Unallocated head office and corporate expenses*								(1,835,326)
Share of profits less losses of associates	(638,126)	-	-	(12,616)	693	880,872	230,823	230,823
Share of profits less losses of joint ventures	25,580	-	31	-	(428)	-	25,183	25,183
Loss before taxation	<u>54,802</u>	<u>70,126</u>	<u>241,319</u>	<u>(540,618)</u>	<u>(887,721)</u>	<u>1,211,528</u>	<u>149,436</u>	<u>(1,685,890)</u>
Less: Non-controlling interests	(1,374)	(88,803)	-	-	27,873	-	(62,304)	
Segment results	<u>53,428</u>	<u>(18,677)</u>	<u>241,319</u>	<u>(540,618)</u>	<u>(859,848)</u>	<u>1,211,528</u>	<u>87,132</u>	
Other segment information:								
Interest income	234,020	139,379	41,852	51,025	193,400	-	659,676	
Impairment losses recognised in the statement of profit or loss	335,389	-	-	131,121	329,332	-	795,842	

* The unallocated head office and corporate expenses mainly included unallocated finance costs, employee expenses and other operating expenses. The segment expenses and the unallocated head office and corporate expenses are measured on the same basis as HKFRS.

For the year ended 31 December 2022:

	Fund Management Business			Principal Investments Business			Reportable segments total	Total
	Primary Market Investments	Secondary Market Investments	Fund of Funds Investments	Key Investee Companies	Financial Investments	Cornerstone Investments		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Income from contract with customers	557,262	54,146	25,096	–	206,571	–	843,075	843,075
Income from investments	(2,831,068)	(471,352)	378,989	(1,101,161)	(2,247,906)	386,803	(5,885,695)	(5,885,695)
Income from other sources	–	(28,332)	–	–	(47,075)	–	(75,407)	(75,407)
Total income	(2,273,806)	(445,538)	404,085	(1,101,161)	(2,088,410)	386,803	(5,118,027)	(5,118,027)
Segment operating results	(3,765,943)	(562,777)	376,265	(1,212,175)	(3,205,604)	386,803	(7,983,431)	(7,983,431)
Unallocated head office and corporate expenses*								(1,274,320)
Share of profits less losses of associates	(52,534)	–	–	(11,128)	(7,678)	688,226	616,886	616,886
Share of profits less losses of joint ventures	18,572	–	–	–	(1,449)	–	17,123	17,123
Loss before taxation	(3,799,905)	(562,777)	376,265	(1,223,303)	(3,214,731)	1,075,029	(7,349,422)	(8,623,742)
Less: Non-controlling interests	131,535	45,348	–	–	169,417	–	346,300	
Segment results	(3,668,370)	(517,429)	376,265	(1,223,303)	(3,045,314)	1,075,029	(7,003,122)	
Other segment information :								
Interest income	195,950	116,862	58,485	24,489	167,936	–	563,722	
Impairment losses recognised in the statement of profit or loss	1,354,134	–	–	111,014	645,494	–	2,110,642	

* The unallocated head office and corporate expenses mainly included unallocated finance costs, employee expenses and other operating expenses. The segment expenses and the unallocated head office and corporate expenses are measured on the same basis as HKFRS.

Other Information

As at 31 December 2023

	Fund Management Business			Principal Investment Business			Reportable segments total	Total
	Primary Market Investments	Secondary Market Investments	Fund of Funds Investments	Key Investee Companies	Financial Investments	Cornerstone Investments		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	20,334,629	3,589,116	9,945,210	2,530,207	19,138,897	5,032,899	60,570,958	60,570,958
Investments in associates	1,850,277	-	-	2,217,162	482,638	13,159,636	17,709,713	17,709,713
Investments in joint ventures	927,296	-	5,668	-	-	-	932,964	932,964
Unallocated head office and corporate assets								374,287
Total assets								79,587,922
Segment liabilities	2,497,268	1,206,826	5,052,041	-	3,510,386	-	12,266,521	12,266,521
Unallocated head office and corporate liabilities								30,595,730
Provision for taxation								582,592
Deferred tax liabilities								2,037,293
Total liabilities								45,482,136

As at 31 December 2022

	Fund Management Business			Principal Investments Business			Reportable segments total	Total
	Primary Market Investments	Secondary Market Investments	Fund of Funds Investments	Key Investee Companies	Financial Investments	Cornerstone Investments		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	19,397,815	5,224,606	10,111,206	3,210,177	21,767,112	5,451,519	65,162,435	65,162,435
Investments in associates	2,533,808	-	-	2,339,330	479,902	12,649,524	18,002,564	18,002,564
Investments in joint ventures	925,780	-	-	-	377	-	926,157	926,157
Unallocated head office and corporate assets								385,455
Total assets								84,476,611
Segment liabilities	2,508,991	1,704,811	4,820,577	-	4,152,105	6,717	13,193,201	13,193,201
Unallocated head office and corporate liabilities								30,689,230
Provision for taxation								585,193
Deferred tax liabilities								2,131,886
Total liabilities								46,599,510

(b) Geographical segments

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and investment properties, right-of-use assets, interests in associates and joint ventures ("Specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the Specified non-current assets is based on the physical locations of the asset. For interests in associates and joint ventures, the geographical location is based on the locations of operations.

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	Hong Kong & Others HK\$'000	Mainland China HK\$'000	Total HK\$'000	Hong Kong & Others HK\$'000	Mainland China HK\$'000	Total HK\$'000
Segment Revenue						
Income from contracts						
with customers	291,251	500,777	792,028	491,508	351,567	843,075
Income from investments	223,329	(712,820)	(489,491)	(401,788)	(5,483,907)	(5,885,695)
Income from other sources	(2,260)	1,104,583	1,102,323	(165,197)	89,790	(75,407)
	<u>512,320</u>	<u>892,540</u>	<u>1,404,860</u>	<u>(75,477)</u>	<u>(5,042,550)</u>	<u>(5,118,027)</u>
	31 December 2023			31 December 2022		
	Hong Kong & Others HK\$'000	Mainland China HK\$'000	Total HK\$'000	Hong Kong & Others HK\$'000	Mainland China HK\$'000	Total HK\$'000
Specified non-current assets	<u>2,498,392</u>	<u>22,193,071</u>	<u>24,691,463</u>	<u>2,622,187</u>	<u>21,726,425</u>	<u>24,348,612</u>

22. LITIGATION

Reference is made to the announcements of the Company made through The Stock Exchange of Hong Kong Limited dated 2 February 2021, 11 April 2023 and 1 June 2023 (the "Announcements"). As highlighted in the Announcements, the Group is involving in a legal proceeding (the "Litigation") and the total amount involved in the first-instance judgment was approximately RMB1.173 billion. The Company had filed an appeal within the statutory time limit and the first-instance judgment has not come into legal effect. Besides, certain amount of the Group's assets insignificant to its daily operations were preserved under the Litigation. The Company is of the view that any liabilities which may be incurred as a result of the Litigation will not have a material adverse impact on the operations, financial position and debt-paying ability of the Group. For more details, please refer to the Announcements. The Company will continue to closely monitor the progress of the Litigation and advocate its legitimate rights and interests. The Company will provide further information as and when appropriate in accordance with the applicable listing rules, laws and regulations.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

CEL is a leading cross-border asset management and Private Equity (“PE”) investment company in China, and a listed company in Hong Kong with asset management and investment of private funds as the core businesses. With more than 26 years of experience in cross-border asset management and PE investment, CEL has been assessed as one of the top PE firms in China several times. China Everbright Group Ltd. (“Everbright Group”) is the largest shareholder of the Company, indirectly holding 49.74% of the shares of CEL.

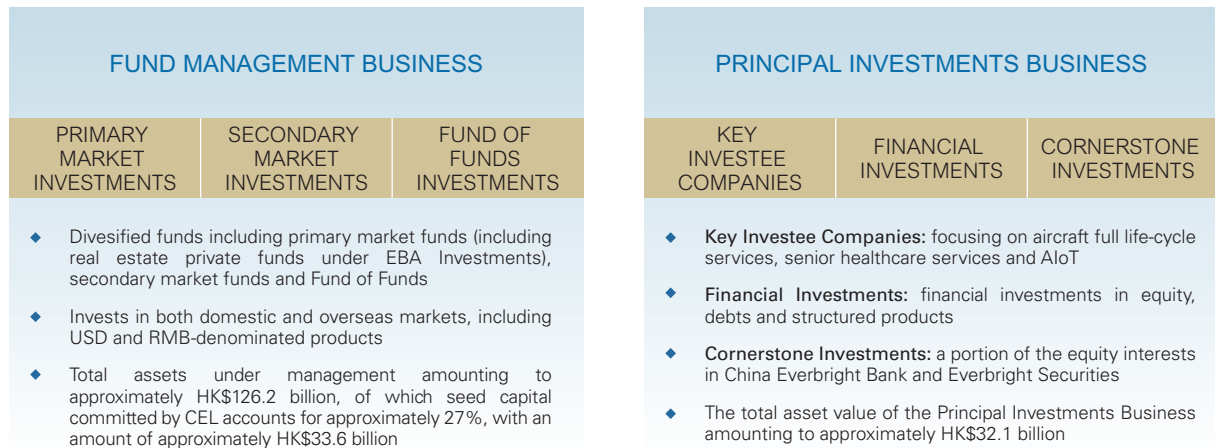
For Fund Management Business, as at 31 December 2023, total assets under management (“AUM”)¹ of CEL reached approximately HK\$126.2 billion with 73 funds. CEL has a diverse assets management product portfolio covering primary market funds, secondary market funds, Fund of Funds and Secondary Funds, nurturing many promising enterprises with high growth potential alongside with investors. CEL is positioned to serve the “Dual Circulation” new development pattern, leveraging its competitive edge on equity investment to provide direct financing and contribute to the development of the real economy.

For Principal Investments Business, CEL has nurtured China Aircraft Leasing Group Holdings Limited (“CALC”), the largest independent aircraft operating lessor in China; nurtured China Everbright Senior Healthcare Company Limited (“Everbright Senior Healthcare”), a renowned senior healthcare industrial group in China with consolidating multiple mid-to-high-end senior healthcare enterprises; and invested in Chongqing Terminus Technology Co., Ltd. (“Terminus”), a company cultivating in the Artificial Intelligence (“AI”) and Internet of Things (“IoT”) industry. Meanwhile, CEL also invests in financial assets to achieve a balance in return and liquidity in its Principal Investments Business in due course. In addition, CEL holds a portion of the equity interests of China Everbright Bank Company Limited (“China Everbright Bank”) and Everbright Securities Company Limited (“Everbright Securities”) as Cornerstone Investments.

¹ Total assets under management refer to the committed capital of fund investors (including CEL as an investor) in the case of primary market investment and Fund of Funds market investment, and refer to the net asset value of funds in the case of secondary market investment.



49.74%



REVIEW AND ANALYSIS

Macro-economic and Industry Review

Global economy experienced a downshift of growth rate in 2023, with a declining growth rate for two consecutive years. Developed economies saw a significant slowdown, while growth rates of emerging economies remained at a similar level compared to 2022. Under the spillover effect of the Federal Reserve’s interest rate hikes, the spot exchange rate of the Renminbi (“RMB”) against the US dollar (“USD”) fell by 1,406 points in 2023, representing a decline of 2.02%. Benefiting from the post-pandemic recovery of the supply chain, global inflation is cooling down in an orderly manner. Although the economic growth has slowed, it remains resilient. Faced with a complex and volatile internal and external environment, China has tightened its macro-control, adhering to the overall principle of seeking progress while maintaining stability. With various measures in place, the economic recovery in China has gradually improved. The growth rate of export-oriented economies such as the Asia-Pacific region has gradually stabilized, providing important support for the global economic recovery. As the effects of macroeconomic policies gradually unfold, China shows an ongoing economic recovery, driving a revival in trade with relevant partners with major anticipated goals achieved. The Gross Domestic Product (GDP) reached RMB126 trillion, representing an increase of 5.2% compared to 2022.

Reviewing the performance of major global stock markets in 2023, the Nasdaq index showed a gain of 44.2%, the highest among major global stock indices; the Nikkei 225 gained 28.2% during the year, ranking second with the largest annual increase since 2013; the Italian FTSE MIB index gained 28.0%, ranking third. The Chinese capital market was relatively weak, affected by multiple factors such as the Federal Reserve's monetary policy, geopolitical situations, and expectations of internal and external economic. The Shanghai Composite Index fell by 3.7% during the year, and the ChiNext Index fell by more than 19.4% during the year; the Hong Kong Hang Seng Index fell by 13.8% for the fourth consecutive year; the Hang Seng Technology Index fell by 8.8% for the third consecutive year.

The China's equity investment market continued to slump in 2023 due to macroeconomic influences. According to China Venture (投中數據), the number of funds decreased by 4.7% year-on-year, with the fundraising market continuing its downturn for years, with the subscribed capital of newly established funds decreasing by 9.4% year-on-year. The expansion and penetration for the Government guiding funds was accelerated. Investment activities also slowed, decreasing by 12% year-on-year in 2023. As for sectors that remained active, electronic information segment saw a 35% increase in investment cases. In terms of exits, 415 Chinese enterprises successfully went public domestically and abroad through IPOs, while the exit rate of return dropped to 374%.

Review of Business Highlights in 2023

In 2023, China's private equity continued to slump under pressures. Amid a complex and volatile internal and external environment, foreign capital outflow accelerated due to various factors, including high interest rates, and a lack of investor confidence, resulting in a historic low in the overall market valuation. The slump in the capital market affected the overall performance of the Company, especially unrealised losses from valuation declines. Despite the depressed market, the Company actively addressed adverse factors, conducted strategic transformation and advanced layout for future business, and therefore achieved stabilization and improvements in many aspects. During the reporting period, CEL continued to accelerate its transformation towards an "Asset-light" strategy, steadily furthering the establishment and fundraising of new funds. CEL successfully completed the establishment of CEL Yixing Fund (光控宜興基金) and the registration of CEL Kunshan Fund (光控昆山基金). Meanwhile, CEL fully exited from projects with exceptional exit opportunities, exiting HK\$7.458 billion in aggregate and recorded overall gains of approximately HK\$2.776 billion. Among these, exits from the CEL Global Investment Fund and the Walden CEL Global Fund brought in performance fee of HK\$153 million and HK\$175 million, respectively. During the year under review, with a focus on core responsibilities and business, the Company optimised its investment layout with its principle of "grasping new developing opportunities, implementing new development concepts, constructing new development patterns and promoting high-quality development" (三新一高). As such, CEL was able to adjust its existing portfolio and optimise incremental investments. During the reporting period, the Company's Fund Management Business turned losses into profits due to the improvement in performance and increased valuation of some investment projects. As of the end of 2023, there are 235 post-investment projects among the primary market funds under management, covering high-growth industries such as healthcare, new energy, semiconductors and high-end manufacturing.

During the reporting period, CEL focused on its core responsibilities and businesses, reinforced in fundraising, investment, management and exit business, strengthened internal control and continued to improve risk resistance capacity. CEL also promoted its high-quality development through gradual transformation and achieved significant progress in the following areas:

Core business

- ◆ **Proceeding fundraising steadily:** Despite difficulties in fundraising, CEL Yixing Fund was newly established and raised funds of HK\$1.324 billion successfully. The new fund will mainly focus on industries including energy conservation, environmental protection, integrated circuit, and new energy, with a vision to serving the economy of the Yangtze River Delta region.
- ◆ **Achieving a notable gain from exits:** Recouped HK\$7.458 billion in total from the exit business including Ambrx, Henan BCCY Environmental Energy, Reactor Microelectronics, Haitai New Energy, Three’s Company Media and XPENG Motors, realising an overall gain of approximately HK\$2.776 billion against costs, and recorded a multiple on invested capital (MOIC) of approximately 1.6 x.
- ◆ **Winning multiple authoritative awards:** CEL secured several annual industry awards, including “TOP8 Best Return State-Owned Direct Investment Institutions of 2023” (2023年國資直投機構最佳回報TOP8), “TOP10 Private Equity Investment Institutions Most Coveted by LPs in China”(中國最受LP關注的私募股權投資機構TOP10), “TOP30 Best PE Institutions in the Guangdong-Hong Kong-Macao Greater Bay Area”(粵港澳大灣區最佳PE機構TOP30), and “TOP20 Best Market-oriented Fund of Funds in China” (中國最佳市場化母基金TOP20).

Project reserves

- ◆ **Supporting the development of innovation and technology in Hong Kong:** The incubator at China Everbright Hong Kong Innovation Centre introduced 7 new enterprises and attracted the first foreign enterprise, exceeding the annual target. It also successfully held the “New Opportunities in Hong Kong’s Innovation and Technology & Everbright’s New Development Strategy” seminar.

- ♦ **Serving key regional development:** CEL strengthened its layouts in key industries in line with major regional developments. Continuous efforts were made to deepen the layouts in the Beijing-Tianjin-Hebei region, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, driving the high-quality development of these regions.
- ♦ **Serving national strategies:** CEL placed an emphasis on major national strategic areas such as technology, green development, manufacturing, and strategic emerging industries, increased investment in the real economy. CEL further promoted the deep integration of business chains and expanded new economic growth opportunities.

Operational capability

- ♦ **Optimizing debt structure:** In the third quarter of 2023, CEL successfully issued the first and second tranches of medium-term notes with a total issuance scale of RMB6 billion. The second tranche of medium-term notes represented the Company's first perpetual bonds issued domestically, completing the replacement of overseas US dollar-denominated perpetual capital securities, continuously optimising the capital structure.
- ♦ **Enhancing corporate governance:** CEL strengthened and improved various risk control and corporate governance frameworks, aimed at building a more robust and effective corporate governance structure. CEL also enhanced efficiency and safety during decision-making and business processes, ensuring the long-term stable development of the enterprise.

Environmental, social and governance (ESG)

- ♦ **Fulfilling social responsibilities:** Focused on Hong Kong’s “grassroots families” and “youth groups”, CEL organised volunteer activities such as “Grassroots School Sports Fun Day” (基層學校運動同樂日), “Grassroots Schools STEM Day” (基層學校STEM日), Mid-Autumn Festival gift bag distribution under the theme of “A Joyful Mid-Autumn Festival for Family Reunion” (情滿中秋團圓共樂), and “Everbright’s Care for the Community” (光大愛心進社區). CEL fully supported the Hong Kong delegation’s participation in the first National Student (Youth) Games held in Guangxi, promoting the development of sports in Hong Kong.
- ♦ **Improving ESG management policy continuously:** CEL continued improving and optimising the ESG management policy by issuing separate and self-contained ESG reports to disclose information in relation to responsible investment and TCFD. CEL’s MSCI ESG rating was promoted to BBB level, achieving continuous improvement in ESG ratings.

The Company’s Panda Bonds insurance terms during the year in 2023 are set out in the table below:

Issuance date	Financing arrangements and uses of proceeds	Issuance size (RMB)
September 2023	Issuance of 2023 second tranche perpetual medium term notes, the proceeds from which after deducting the underwriting fees for the first year were used to redeem the US\$300 million senior perpetual capital securities of the Company.	2 billion
August 2023	Issuance of 2023 first tranche medium term notes, the proceeds from which (after deducting the underwriting fee for the first year) were used for the repayment of the Company’s indebtedness and the related interest expenses.	4 billion

FINANCIAL PERFORMANCE IN 2023

Income

Key income items

<i>(in HK\$ hundred million)</i>	2023	2022	Change
Income from contracts with customers, mainly including:			
— Management fee income	7.92	8.43	(6%)
— Performance fee and consultancy fee income	1.82	2.66	(32%)
	3.77	3.90	(3%)
Net loss from investments, mainly including:			
— Interest income	(4.89)	(58.86)	92%
— Dividend income	6.60	5.64	17%
— Realised (loss)/gain on investments	9.92	21.24	(53%)
— Unrealised loss on investments	(0.13)	0.46	N/A
	(21.28)	(86.34)	75%
Income/(loss) from other sources	11.02	(0.75)	N/A
Share of profits less losses of associates	2.31	6.17	(63%)
Share of profits less losses of joint ventures	0.25	0.17	47%
Total amount of income	16.61	(44.84)	N/A

During the reporting period, the Group's income from contracts with customers decreased by 6% as a result of, among others, a decrease in net asset value of secondary market funds and certain funds entering into the exit period. In addition, total amount of income² of HK\$1,661 million in 2023 turned around since net loss from investments decreased significantly, whereas a loss of HK\$4,484 million was recorded over the same period last year.

The year-on-year change in income was mainly due to the following factors:

- (1) In 2023, the Group's income from contracts with customers was HK\$792 million, representing a decrease of HK\$51 million when compared with the same period last year. Specifically, management fee income was HK\$182 million, representing a decrease of HK\$84 million when compared with the same period last year. It was mainly because of newly established funds still in fundraising stage, cessation of management fee from certain funds since entering into exit period, redemption of secondary market funds from certain investors, and exit of certain funds, leading to the decline in AUM as well as the decline in management fee income. Additionally, performance fee and consultancy fee income were HK\$377 million, representing a decrease of HK\$13 million when compared with the same period last year.

² Total amount of income is calculated as income from contracts with customers + net loss from investments + income/(loss) from other sources + share of profits less losses of associates + share of profits less losses of joint ventures. "Total amount of income" is a measure used by the management of the Group for monitoring business performance and financial position. It may not be comparable to similar measures presented by other companies.

- (2) The Group's net loss from investments was HK\$489 million, whereas net loss from investments of HK\$5,886 million was recorded during the same period last year. Specifically, dividend income was HK\$992 million, representing a year-on-year decrease of HK\$1,132 million, which was mainly due to a non-recurring dividend income of approximately of HK\$812 million incurred from exit in early 2022. Realised loss on investments was HK\$13 million, whereas realised gain from investments of HK\$46 million was recorded during the same period last year. Unrealised loss on investments was HK\$2,128 million, representing a significant reduction of loss by HK\$6,506 million as compared with the same period last year. The loss was mainly because (i) in Principal Investments Business, the unrealised loss of HK\$1,799 million recorded from financial investments (as at the end of 2022, the carrying value of financial investments was HK\$8,640 million) mainly due to valuation decline of certain investment projects; and recorded an unrealised loss of HK\$448 million from the decrease in valuation of Key Investee Companies (as at the end of 2022, the carrying value of the Key Investee Companies was HK\$2,793 million); (ii) in Fund Management Business, unrealised loss on primary market investments was HK\$93 million which was mainly as a result of decrease in market value or valuation of certain projects invested (as at the end of 2022, the carrying value of primary market investment was HK\$15.509 billion); as affected by the increase in market price, the secondary market investments recorded an unrealised gain of approximately HK\$150 million (as at the end of 2022, the carrying value of secondary market investments was HK\$4,054 million); unrealised gain on FoFs investments was HK\$62 million (as at the end of 2022, the carrying value of FoFs investments was HK\$7,646 million).
- (3) During the reporting period, the Group's share of profits less losses of associates was HK\$231 million, representing a decrease of HK\$386 million when compared with the same period last year. The loss attributable to Everbright Jiabao increased by HK\$601 million when compared with the same period last year, while the profit attributable to Everbright Securities increased by HK\$193 million when compared with the same period last year.

Income from Key Business Segments

Income from key business segments

(in HK\$ hundred million)

	2023	2022
— Income/(loss) from Fund Management Business	10.01	(23.49)
— Income/(loss) from Principal Investments Business	6.60	(21.35)
Total amount of income/(loss)	16.61	(44.84)

By business segment, the income from Fund Management Business of the Group during the reporting period was HK\$100.1 million, whereas a loss of HK\$2,349 million was recorded during 2022. Compared with a floating loss of HK\$5,047 million in 2022, an unrealised gain of Fund Management Business of HK\$119 million was recorded in 2023, due to the good performance and increased valuation of certain investment projects held by the funds. Thus the income from Fund Management Business improved significantly. The income from Principal Investments Business was HK\$660 million (a loss of HK\$2,135 million in 2022), in which the unrealised loss decreased to approximately HK\$2,247 million from HK\$3,587 million in 2022, it was principally due to the further decline in market value and annual valuation of principal investment projects compared with last year affected by market. In addition, the dividend income from China Everbright Bank and share of profit of Everbright Securities in 2023 was HK\$1,212 million in aggregate, representing an increase of HK\$151 million as compared with the same period last year.

Earned Management ³ Fee Income <i>(in HK\$ hundred million)</i>	As presented in the financial report	Elimination	Management	Other accounting adjustments (c)	Earned Management Fee Income
		of management fee income from consolidated funds (a)	fee income received by associates/joint ventures (b)		
Primary market	1.56	0.73	1.57	0.10	3.96
Secondary market	0.13	0.25	–	0.06	0.44
FoFs	0.13	1.11	–	0.07	1.31
Management fee income	1.82	2.09	1.57	0.23	5.71

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 indicator. Earned Management Fee Income refers to the management fee income received by the Group as a fund manager in accordance with relevant agreements of fund management.

³ The Earned Management Fee Income is a measure used by the management of the Group for monitoring business performance and financial position. It may not be comparable to similar measures presented by other companies.

During the reporting period, management fee income as presented in the financial report was HK\$182 million. After making adjustments⁴ between the Earned Management Fee Income recognised by the Group for the reporting period and the management fee income presented in accordance with the Hong Kong Financial Reporting Standards (the total amount of three adjustments was HK\$389 million), Earned Management Fee Income of the Group was HK\$571 million, representing a year-on-year decrease of 26.8%. Specifically, Earned Management Fee Income of primary market was HK\$396 million, representing a year-on-year decrease of 32%; Earned Management Fee Income of secondary market was HK\$44 million, representing a year-on-year decrease of 38%; and Earned Management Fee Income of FoFs was HK\$131 million, representing a year-on-year increase of 6%. The decrease in management fee income was mainly due to combined factors, such as newly established funds still in fundraising stage, cessation of management fee from those funds entering into exit period, decline in AUM of secondary market funds as a result of decrease in net assets, and the exit of certain funds.

Profit in Key Business Segments

(in HK\$ hundred million)

	2023	2022	Change
Profit/(loss) from Fund Management Business	2.76	(38.10)	N/A
Loss from Principal Investments Business:	(1.89)	(31.93)	94%
— Key investee companies	(5.41)	(12.23)	56%
— Financial investments	(8.60)	(30.45)	72%
— Cornerstone investments	12.12	10.75	13%
Less: Unallocated corporate expenses, taxes and profit attributable to holders of senior perpetual capital securities	(20.10)	(4.40)	>100%
Loss attributable to shareholders of the Company	(19.23)	(74.43)	74%

⁴ The adjustments between the Earned Management Fee Income recognised by the Group for the current reporting period and the management fee income presented in accordance with the Hong Kong Financial Reporting Standards include (a) elimination of management fee income from consolidated funds: the Group acts as both the fund manager and the major limited partner in certain funds, where the management fee paid by the fund and the management fee income received by the fund manager is eliminated when consolidating into the Group's consolidated financial statements; (b) management fee income received by associates/joint ventures: (i) the Group acts as the joint fund manager through the establishment of a joint venture with a third party, and the management fees received by such joint venture are presented as the Group's share of profits from the joint venture; (ii) Everbright Jiabao, an associate of the Group, holds 51% interest in EBA Investments, which is included in Everbright Jiabao's scope of consolidation. The Group holds the remaining 49% interest in EBA Investments through another subsidiary and such interest is accounted for as financial assets. The management fee income of EBA Investments is reflected in the share of profits of associates of the Group; and (c) other accounting adjustments.

During the reporting period, the loss attributable to shareholders of the Company was HK\$1,923 million, whereas loss of HK\$7,443 million was recorded last year. Reasons for loss:

- (1) Gain from Fund Management Business was HK\$276 million, whereas loss of HK\$3,810 million was recorded last year, mainly because the income of investment projects held by funds turned around and amounted to HK\$119 million compared with the floating loss of HK\$5.047 billion in the same period of 2022 due to increase in the valuation of such projects.
- (2) Loss from Principal Investments Business was HK\$189 million, whereas loss of HK\$3,193 million was recorded last year. It was mainly due to the decrease of RMB1.340 billion in the unrealised loss of investment projects held by the end of 2023 compared with the same period last year, and an increase in the profit and income contribution from the Group's equity interests of Everbright Securities and China Everbright Bank respectively, offsetting the decrease in the valuation of certain projects invested.

Dividends

Per share (HK\$)	2023	2022	Change
Loss per share	(1.14)	(4.42)	74%
Interim dividend per share	0.15	0.15	–
Final dividend per share	0.10	0.15	(33%)
Total dividend per share	0.25	0.30	(17%)

Loss after tax attributable to shareholders of the Company for the period was HK\$1,923 million, and net cash inflow from operating activities and investing activities was HK\$3,177 million and HK\$1,704 million, respectively. In the reporting period, the Group recorded a significant reduction on loss, while the liquidity being sufficient and the overall financial, business and operating conditions remaining solid. Following the practice of sharing the Company's operating results with shareholders, the Board declared final dividend of HK\$0.10 per share for 2023 (2022 final dividend: HK\$0.15 per share).

Key Financial Ratios

Key Financial Data ⁵	2023	2022	Change
Gearing ratio ⁶	95.0%	86.9%	+8.1 ppt
Net gearing ratio ⁷	86.4%	81.2%	+5.2 ppt
Debt-to-asset ratio ⁸	57.1%	55.2%	+1.9 ppt
Current ratio ⁹	109.5%	109.8%	-0.3 ppt

The Group executed refined cost control to reduce carbon emissions at the operation level and boosted operating efficiency through technological and electronic methods. Operating costs¹⁰ for 2023 amounted to HK\$907 million, representing a year-on-year decrease of 1.4%.

As at the end of December 2023, the gearing ratio of the Group was 95.0%, representing an increase of 8.1 ppt compared to the end of 2022. This was mainly attributable to, among others, the exchange difference arising from the translation of financial statements due to the depreciation of RMB against the HKD, the decline in share price of its holdings in China Everbright Bank and the distribution of dividends. As at the end of December 2023, cash reserve of the Group increased. If netting off the available cash of HK\$2,927 million (HK\$2,143 million of available cash as at the end of 2022), net gearing ratio increased by 5.2 ppt to 86.4% as compared with the end of 2022. As at the end of December 2023, the Group's total equity decreased to HK\$34.1 billion from HK\$37.9 billion as at the end of last year, leading to an increase in the gearing ratio passively. Total interest-bearing liability at the end of December 2023 was HK\$32.4 billion, representing a decrease of HK\$500 million from HK\$32.9 billion at the end of last year.

As at the end of December 2023, the Group had cash and cash equivalents of approximately HK\$9.6 billion and unutilised available bank facilities of approximately HK\$14.1 billion, representing sufficient liquidity and a solid financial condition.

⁵ Gearing ratio, debt-to-asset ratio and current ratio are the measures used by the management of the Group for monitoring business performance and financial position. These may not be comparable to similar measures presented by other companies

⁶ The gearing ratio is calculated as interest-bearing debt (including bank loans + bonds payable)/total equity x 100%

⁷ Net gearing ratio is calculated as (interest-bearing debt – available cash)/total equity

⁸ Debt-to-asset ratio is calculated as total liabilities/total assets x 100%

⁹ The current ratio is calculated as current assets/current liabilities x 100%

¹⁰ Operating costs include staff costs, depreciation and amortisation expenses and other operating expenses

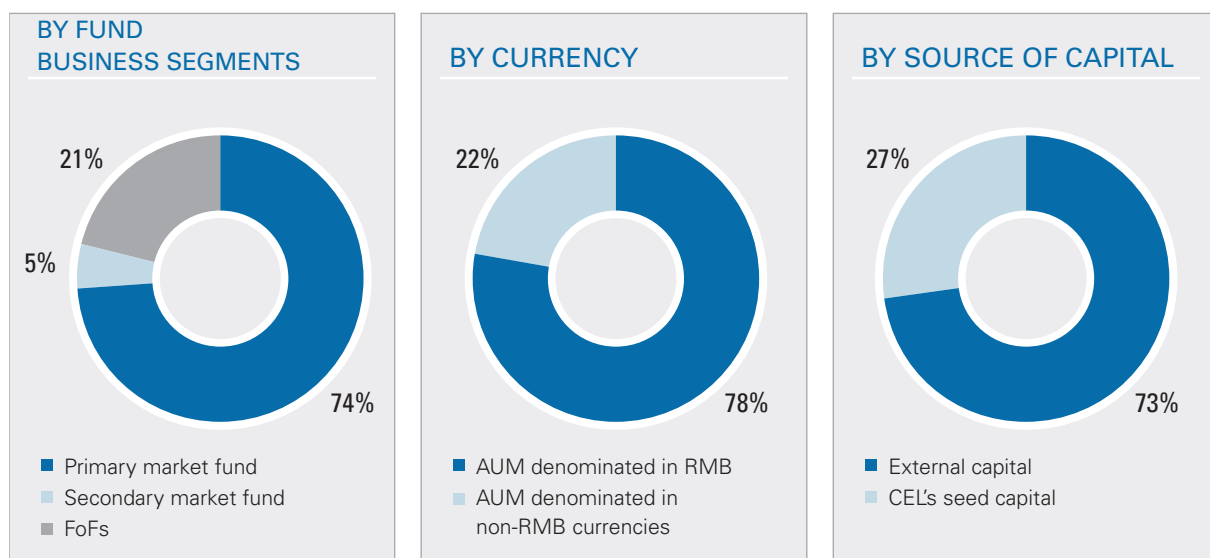
BUSINESS PERFORMANCE IN 2023

Fund Management Business

The total AUM of CEL's funds reached approximately HK\$126.2 billion as at 31 December 2023, representing a decrease of approximately HK\$39.2 billion compared to the end of last year. During the reporting period, one new fund was established, with proceeds of approximately HK\$1.324 billion. The decrease in AUM was mainly attributable to, firstly, the adjustment of statistical criteria and withdrawal due to maturity of certain funds; secondly, the AUM of secondary market funds decreased due to the impact of redemptions and the decrease in net asset value; and thirdly, the decline in the exchange rate of RMB against HKD, resulting in a decrease in AUM in Hong Kong dollar terms.

The source of funding of CEL's funds is extensive, where external investors are primarily institutional investors, with a diversified institutions covering commercial banks, insurance companies, family offices, government agencies and others. In terms of currency, funds denominated in RMB and non-RMB currencies were equivalent to approximately HK\$98.832 billion and HK\$27.388 billion, accounting for 78% and 22% of the total amount, respectively. In terms of the nature of funds, the Company's Fund Management Business included 43 primary market funds, 21 secondary market funds and discretionary accounts, and 9 FoFs products.

During the reporting period, CEL tailored to the circumstances to make prudent investment decisions to exit from prevailing projects. The Fund Management Business made capital contributions of approximately HK\$420 million to a total of 17 projects, and exited, fully or partially, from 82 projects, recording a cash inflow of approximately HK\$4.584 billion.



Primary Market Funds

As at 31 December 2023, 43 primary market fund products were under the management of CEL, with an aggregate AUM equivalent to approximately HK\$93.3 billion, investing in various industries including semiconductors, industrial internet and high-end manufacturing. CEL also actively explored potential opportunities in AI, new materials and other sectors. By currency, amounts equivalent to approximately HK\$71.5 billion and approximately HK\$21.8 billion were denominated in RMB and other currencies, accounting for 77% and 23% of the total amount, respectively. During the reporting period, CEL combined transfer, IPO and other diversified exit channels, exiting projects including Ambrx, Henan BCCY Environmental Energy, Reactor Microelectronics, Haitai New Energy, Three's Company Media and XPENG Motors to generate a favorable return on investment and cash inflow for the Company.

Leveraging the diversified fund structure and leading full value chain capabilities, CEL's primary market fund maintained a cross-border portfolio from the "Perspective of China", and invested in new industries and fields with relative low risk and high efficiency by collaborating with multiple GPs. During the reporting period, CEL was honored with various awards, including "2023 TOP50 Influential PE Investment Institutions in China" by China Venture Capital Research Institute, the "TOP50 Best Hard-Tech Private Equity Investment Institutions (最佳硬科技私募股權投資機構TOP50)" by Jiazi Gravity, and the "2023 China Best State-owned investment institutions TOP100" by China Venture.

Secondary Market Funds

As at 31 December 2023, CEL's secondary market business managed a total of 21 funds and discretionary accounts with AUM in terms of net worth of approximately HK\$6.1 billion. In terms of product categories, fixed-income products and equity products accounted for 95% and 5% of the total AUM respectively.

By leveraging on its investment capabilities, CEL's secondary market funds have built a one-stop portfolio with years of cross-border experience, which covers Asian credit bond hedge funds, Asian convertible bond hedge fund, offshore Greater China equity hedge fund, onshore A+H shares long-only strategies funds (including private fund managers and institutional investors) and investment advisory business. CEL has a well diversified fixed income products covering offshore funds, QFII managed accounts, offshore managed accounts and asset securitization products. Everbright Convertible Opportunities Fund, a flagship Asian convertible bond product, delivered sound results during the reporting period. The fund received the "Best Asian Ex-Japan Hedge Fund (5-year)", "Best Asian Ex-Japan Fixed-Income Hedge Fund (3-year)", and "Best Asian Ex-Japan Fixed-Income Hedge Fund (5-year)" awards by the 2023 I&M Professional Investment Award, demonstrating the recognition of the Company's investment capability and comprehensive strength by independent ranking agencies. Everbright Income Focus Fund, a public bond fund in Hong Kong being an investment advisor, which was awarded a five-star rating (the highest rating) by an authoritative fund rating agency, for overall rating and in five-year rating, for its superior performance and risk-adjusted returns.

Fund of Funds

CEL's FoFs not only invested in external funds with proven track records and robust governance, but also invested in funds launched and managed by the Company, and co-invested or directly invested in equity projects. As at 31 December 2023, the FoFs team managed 9 FoFs with an AUM equivalent to approximately HK\$26.816 billion. The Company's FoFs business has established an investment matrix primarily targeting information technology, biopharmaceuticals, consumption and entertainment, and technology manufacturing, with active collaborations with well-established major (white horse) managers, emerging and promising (dark horse) managers, and leading managers in specialized sectors across both domestically and internationally. As at 31 December 2023, there were 95 invested projects (sub-funds and direct investment projects) under the FoFs, and a total of 147 investees in the underlying projects of invested sub-funds and direct investment projects under the FoFs were listed. During the reporting period, 19 new enterprises were listed, all of which came from the underlying projects of sub-funds. CEL's FoFs team also promoted the listing declaration and exit of direct investment projects, dedicating to bring excellent returns to investors.

CEL's FoFs won industry recognition and various awards, further enhancing its brand and influence in the industry. During the reporting period, the Company's FoFs were awarded the "Most Popular LP among Equity Investment Institutions" by the 7th Equity Investment Golden Bull Award, "2023 Best Returns State-owned Market-oriented FoFs TOP20" China FoF, "2022-2023 Best Market-Oriented Chinese FoFs TOP20" by China Bridge, and "2023 TOP20 Best Chinese FoFs", "TOP30 Most Popular Chinese FoFs Among GPs" and "2023 TOP30 Venture Capital LPs in China" by ChinaVenture.

Real Estate Investment and Asset Management Business

As at 31 December 2023, CEL held 29.17% equity interest in Everbright Jiabao, an A-share listed company (stock code: 600622.SH), as its largest shareholder. Everbright Jiabao managed 54 projects through EBA Investments, including 21 investment management projects with a managed fund scale of approximately RMB24.443 billion (equivalent to approximately HK\$26.97 billion) and AUM of approximately RMB46.756 billion (equivalent to approximately HK\$51.59 billion). In 2023, Everbright Jiabao/EBA Investments adhered to the overall strategy of stable operation and continued to optimise the operating condition of projects under management and endeavoured to boost the operating and management standards of projects. As at the end of 2023, EBA Investments and its subsidiaries managed a total of 21 consumption infrastructure projects of IMIX Parks in mainland China through fund investment or entrusted management, primarily located in consumption center cities in various municipalities and provinces in China. In addition, EBA Investments continued to expand the business of real estate construction and management projects under the brand of "安石建管", and expanded and reserved a number of projects during the year.

In 2023, EBA Investments was ranked first in the "Top 10 Enterprises in terms of Comprehensive Strength among China Real Estate Funds" jointly appraised by the China Enterprise Evaluation Association, Property Research Institute of Tsinghua University and Beijing China Index Academy for the ninth consecutive years. It was also honoured as one of the "China's TOP 10 Real Estate Funds in terms of Competitive Strengthens" by the BRICS Forum for the eighth consecutive years. EBA (Beijing) Investment Management Co., Ltd. (光控安石(北京)投资管理有限公司), a wholly-owned subsidiary of EBA Investments, was listed for the third time on the Class A list of private equity fund managers by the Insurance Asset Management Association of China.

Principal Investments Business

CEL strives to achieve the following 3 objectives through its principal investments: (1) Key Investee Companies: investing in and fostering enterprises with synergy between industry and finance and promising development prospects; (2) Financial Investments: maintaining flexible liquidity management through investment in structured financing products and obtaining stable interest income; capitalizing on the co-investment opportunities brought by the Fund Management Business and participating in equity and related financial investments to obtain investment returns; (3) Cornerstone Investments: holding a portion of the equity interest in China Everbright Bank and Everbright Securities to obtain stable dividends and investment returns.

As at 31 December 2023, the Principal Investments Business managed 62 post-investment projects with an aggregate carrying amount of approximately HK\$32.1 billion. Among these projects, the total carrying amount of equity interest held in CALC, Everbright Senior Healthcare and Terminus was approximately HK\$4.7 billion; the fair value of Financial Investments was approximately HK\$9.2 billion; the fair value of the Cornerstone Investments in China Everbright Bank was HK\$5.0 billion, and the carrying amount of Everbright Securities accounted as an associate was HK\$13.2 billion.

Principal investments

(in HK\$ hundred million)

	2023	2022
— Key Investee Companies	47	55
— Financial Investments	92	113
— Cornerstone Investments	182	181
	<hr/>	<hr/>
Total	321	349

Key Investee Companies

CALC

As at 31 December 2023, CEL held 38.08% of the equity interest in CALC (stock code: 1848.HK), as largest shareholder. CALC is a one-stop full life-cycle solutions provider for global airlines. CALC's scope of business includes regular operations such as aircraft operating leasing, leaseback after purchase, aircraft asset portfolio transactions and asset management, and value-added services such as fleet planning, fleet upgrading, aircraft maintenance, repair and overhaul, aircraft disassembling and recycling and aircraft parts selling. It also elevates aircraft asset value through flexible aircraft asset management. At the same time, CALC has the advantages of dual-platform financing, leasing and transaction channels, as well as a strong capability and rich experience in financing both domestically and abroad. As at 31 December 2023, CALC had a fleet of 192 aircraft with an increase of 16 aircraft from the end of 2022, consisting of 165 owned aircraft and 27 managed aircraft. CALC's owned and managed aircraft are leased to 41 airlines in 20 countries and regions.

Everbright Senior Healthcare

Everbright Senior Healthcare seized the development opportunities in China's healthcare industry. In addition to effectively responding to the epidemic and fully safeguarding the health of the elderly residents and staff, it constantly optimised the three-level elderly service model featuring institutional, community-based, and home-based elderly services, improved the ability of "Medical + Senior Healthcare", "Insurance + Senior Healthcare" and "Service + Senior Healthcare", and became a first-class healthcare service provider in China with strong presence and competitiveness in the senior healthcare segment. During the reporting period, Everbright Senior Healthcare has 190 institutional and community service centers covering more than 50 cities across the country, forming a deployment covering the Beijing-Tianjin-Hebei region, Yangtze River Delta, and Chengdu-Chongqing Economic Circle, with approximately 32,000 beds under management. Everbright Senior Healthcare has a good brand reputation in the market in terms of professional senior healthcare services, stringent quality control, convenient services, and diversified senior healthcare experiences, has been highly acclaimed by its customers, its peers and the government. According to the "Integrated Business Enterprises in the Impactful Healthcare Industry for 2023" published by Guandian in 2023, it continued to rank the top position in the industry.

Terminus

During the reporting period, Terminus focused on high-growth business opportunities, continuously exploring new business scenarios and models. Its three laboratories made breakthrough research progress, with over twenty papers being included in top international academic conferences such as CVPR, ICCV and T-PAMI. It also released two new international and group standards. Furthermore, it joined hands with the Hong Kong University of Science and Technology (Guangzhou) to establish the Joint Research Center for Digital World, aiming to promote the major research and applications of Artificial Intelligence of things (AIoT). In partnership with the Chongqing Institute of Green and Intelligent Technology, Chinese Academy of Sciences, Terminus established the Chongqing key laboratory of big data and intelligent computing. The laboratory focuses on basic and key technological researches based on an application-oriented approach, driven by the major technological needs of national and Chongqing's economic and social development. Terminus was recognised as one of the Top 100 IoT Enterprises in 2023 by the China Internet Weekly, a key academic journal supervised by the Chinese Academy of Sciences, in collaboration with the eNet Research Institute (eNet研究院). It topped the list of the most commercially promising companies in the new energy and carbon neutrality sector released by the Jazz Year (甲子光年), a technological business think tank in China. It was also named among the "Top 50 AIGC Application Scenario Innovations of 2023" (「2023年度AIGC應用場景創新Top50」) by EqualOcean (億歐).

Financial Investments

CEL's financial investments funded by its own capital cover the following aspects: (1) based on the investment/co-investment opportunities brought by the Group's funds and extensive business network, investing in the equity or debt of unlisted companies; (2) investing in structured financing products with a balance in return and liquidity. As at 31 December 2023, CEL's financial investments amounted to HK\$9.2 billion in various sectors including real estate, new economy and technology, artificial intelligence, high-end manufacturing, and green investments, with the aggregate carrying value of the top 10 projects amounting to HK\$6.5 billion.

Cornerstone Investments

As at 31 December 2023, the carrying amount of a certain portion of equity interests in Everbright Securities and China Everbright Bank held by the Group as cornerstone investments each accounted for more than 5% of the Group's total assets and the two investments were regarded as significant investments of the Group. These two cornerstone investments held by the Group accounted for in aggregate 53.3% and 22.9% of the Group's net assets and total assets, respectively.

Everbright Securities (601788.SH)

Established in 1996 with headquarters in Shanghai, Everbright Securities is one of the first 3 innovative pilot securities firms approved by the China Securities Regulatory Commission. As at 31 December 2023, the Group held 956 million A-shares in Everbright Securities, representing 20.73% of its total share capital, with an investment cost of HK\$1,497 million. Everbright Securities is accounted for as an associate of the Group. The carrying value of the shares held by the Group was HK\$13.2 billion, accounting for 38.6% and 16.5% of the Group's net assets and total assets respectively. Based on the closing price of RMB15.42 per share as at 31 December 2023, the fair value of the shares in Everbright Securities held by the Group was HK\$16.3 billion. During the reporting period, the Group's share of profit from Everbright Securities as an investment in associate was HK\$881 million, representing a year-on-year increase of 28.0%.

China Everbright Bank (601818.SH)

Established in August 1992, China Everbright Bank is a national joint-stock commercial bank approved by the State Council and the People's Bank of China. As at 31 December 2023, the Group held 1.57 billion A-shares in China Everbright Bank, representing 2.66% of the total share capital of China Everbright Bank, with an investment cost of HK\$1,407 million. The shares in China Everbright Bank held by the Group are accounted for as equity investments designated at fair value through other comprehensive income. Based on the closing price of RMB2.90 per share as at 31 December 2023, the carrying amount and fair value of the shares in China Everbright Bank held by the Group amounted to HK\$5.0 billion, accounting for 14.8% and 6.3% of the Group's net assets and total assets respectively. During the reporting period, the Group's income from China Everbright Bank was HK\$331 million, representing a year-on-year decrease of 11.2%.

OUTLOOK

Looking forward to 2024, as the adverse effects of supply disruption subsiding, the economy is less likely to face a hard landing. The global economy is expected to demonstrate greater resilience subject to a balanced risk. However, due to factors such as the slow exit from tight monetary policies, sluggish global trade and intensified geopolitical risks, economic growth is expected to remain slow. Macroeconomic outlook reports for 2024 from various international institutions generally predict a slowdown in global economic development. According to latest World Economic Outlook released by the International Monetary Fund in January, China's economic growth rate is estimated to be 4.6% for 2024, representing an upward revision of 0.4 percentage points from its previous forecast. It also reflects the carry-over effect of stronger-than-expected economic growth of China in 2023. This is underpinned by the sustained effects of macroeconomic policies, full implementation of the "14th Five-Year Plan", support for the private economy, the development of emerging industries such as new energy, as well as other favourable factors which may alleviate the downward pressure on China's macroeconomy. Overall demand of China is expected to recover and expand while the macroeconomic environment will continue to be subject to relatively relaxed policies, resulting in the likelihood of normalised growth performance across all sectors. As external and internal positive factors for the currency market continue to emerge, it may lay the basis and conditions for the appreciation of RMB against the USD. With the deepening of the new development pattern and the continuous focus on new industry momentum, industries are expected to enter a phase of balanced growth, driving to an optimistic expectation and promoting a positive economic cycle.

In light of the above, CEL will capitalise on the favourable conditions in 2024 to further promote its high-quality growth. With a focus on its asset management business, the Company will develop in line with the "Dual Circulation" new development pattern, consistently bolster the core competitiveness of asset management, and persist in transitioning towards "Asset-light" strategy.

In terms of fundraising, CEL's focus will be on establishing a multi-channel financing mechanism catering to advantageous industries to enhance the quality of fundraising. By establishing diversified sources of funds, optimising the proportion of paid-in capital and management fee, CEL will be able to improve the efficiency, quality and stability of fundraising. Expanding the cross-market operations of both USD funds and RMB funds as a strategic priority will lay a solid foundation for the growth of the CEL's AUM and revenue, forming a strong market competitiveness. **In terms of investments, CEL will further develop specialised industries, strengthen industry researches and place CEL emphasis on long-term value.** With a focus on industries with competitive advantages, particularly technological innovation companies, specialised and new enterprises, consumption and environmental companies, CEL will concentrate on the core business growth potential of investees and conduct in-depth research on policies, business and industries to align with

national strategies. Efforts will be made to enhance research on market trends, improve sensitivity to industry dynamics and expand the project resource pool. CEL will also step up the due diligence of investment projects to ensure that investment decisions are made in a scientific and efficient manner in order to capture and nurture enterprises with sustainable growth potential. **In terms of management, CEL will strengthen post-investment management and build solid lines of defence against risks.** CEL will refine the management of investees and invested projects while improving asset management efficiency and transparency, so as to ensure investment projects to be “clear, manageable and rewarding”. Through regular risk assessment and monitoring, CEL will effectively prevent and control risks to ensure stable business development and avoid major risks. **In terms of exit, CEL will continue to optimise exit strategies and expedite exit initiatives.** Based on market conditions and asset characteristics, flexible exit choices for IPOs, mergers and acquisitions and equity transfers will be made available to exit from existing investment projects so as to recover funds. Focusing on the core value of each project and based on professional market analysis, CEL will capitalise on the long investment cycle of the private equity industry to formulate optimal exit plans.

In the future, CEL will continue to pursue its core business of asset management and PE investment, while actively exploring the coverage of asset management services. Based on the principle of “grasping new developing opportunities, implementing new development concepts, constructing new development patterns and promoting high-quality development” (三新一高), CEL will optimise investment layout with a key focus on developing priority areas such as technological innovation, high-end manufacturing and green development. CEL will fully leverage the adjustment period under the industry policy to carry out business transformation and upgrade, with a view to facilitating the high-quality development of cross-border asset management. With entire staff working together with cohesion, CEL will maintain stable development and perseverance to make progress in the challenging market environment, striving to share the fruits of growth of the Company with shareholders.

FINANCIAL POSITION

As at 31 December 2023, the Group’s total assets amounted to HK\$79.588 billion (31 December 2022: HK\$84.477 billion) with net assets amounting to HK\$34.106 billion (31 December 2022: HK\$37.877 billion). Equity attributable to the Company’s shareholders was HK\$30.990 billion (31 December 2022: HK\$34.489 billion) and equity attributable to shareholders of the Company per share was HK\$18.39 (31 December 2022: HK\$20.47).

FINANCIAL RESOURCES

The Group adopts a prudent approach in liquidity management to ensure liquidity risk control and reduce the cost of funds. The Group finances its operations primarily with internally generated cash flow and loan facilities from banks. As at 31 December 2023, the Group had cash and bank balances of HK\$9.588 billion (31 December 2022: HK\$8.236 billion). Currently, most of the Group’s cash is denominated in Hong Kong dollars and Renminbi.

BORROWING

As at 31 December 2023, the Group's interest-bearing borrowings amounted to HK\$32.397 billion (31 December 2022: HK\$32.914 billion). The Group will review and ensure sufficient banking facilities to reserve resources to support its business development. As at 31 December 2023, the Group had banking facilities of HK\$32.694 billion (31 December 2022: HK\$32.875 billion), of which HK\$14.090 billion (31 December 2022: HK\$11.958 billion) had not been utilised. The banking facilities were of one to twelve years terms. The Group had an outstanding bank loan of HK\$18.604 billion (31 December 2022: HK\$20.917 billion), which decreased by HK\$2.313 billion compared with 31 December 2022, of which HK\$16.442 billion (31 December 2022: HK\$18.591 billion) was unsecured. The Group had issued corporate bonds with an outstanding principal amount of HK\$13.793 billion (31 December 2022: HK\$11.997 billion). The interest bearing borrowings were denominated in Renminbi, Hong Kong dollars and United States dollars, representing 48%, 45%, 7% of the total respectively. As at 31 December 2023, approximately 56% of the Group's total principal amount of borrowing were at floating rates and the remaining 44% were at fixed rates. The maturity profile of the Group's borrowings is set out in note 20 of the Notes to the Financial Statements in this announcement.

PLEDGE OF ASSETS

As at 31 December 2023, no restricted deposits were pledged to a bank to secure a banking facility granted to the Group (31 December 2022: HK\$664 million). Restricted bank balances of HK\$57 million (31 December 2022: HK\$46 million) were pledged to the banks for sales of mortgaged properties to customers and interest reserve account on borrowings, and no restricted bank balances were used to secure certain bonds payable of the Group (31 December 2022: HK\$244 million). Investment properties, inventories and stocks with carrying values of HK\$4,542 million (31 December 2022: HK\$4,362 million), HK\$230 million (31 December 2022: HK\$383 million) and HK\$1,475 million (31 December 2022: HK\$1,563 million), respectively, and were mortgaged to secure certain bank loans granted to the Group. Pursuant to the prime brokerage agreements entered with the prime brokers of a fund held by the Group, cash and securities deposited with the prime brokers were secured against liabilities to the prime brokers. As at 31 December 2023, assets deposited with the prime brokers included HK\$1,417 million (31 December 2022: HK\$1,514 million) and HK\$16.4 million (31 December 2022: HK\$0.5 million) which formed part of the Group's trading securities and debtors respectively. Analysis on collateral of the Group's bank loans and bonds payable is set out in note 16 and note 17 of the Notes to the Financial Statements in this announcement.

EMPLOYEES

As at 31 December 2023, the Group's headquarters and wholly owned subsidiaries had 255 (31 December 2022: 273) full-time employees. The Group ensures that the remuneration packages for employees are fair and competitive and are determined by position, duties, experience and performance of employees. Other benefits to employees include medical insurance, retirement scheme and training programmes.

EBA YIDA

In August 2020, Zhuhai EBA Yida Management Centre, L.P. (“EBA Yida”) was established by EBA Investments to use appropriate channels and methods to invest in real estate projects, primarily for urban renewal, focusing on investing in first-tier cities in China as well as second- and third-tier cities with a healthy and well-developed real estate market in China. The following table sets forth information on the major projects invested by EBA Yida during the reporting period:

Name of Key Project	Business Type	Location	Investment Type
Beijing Zhongguancun Project	Commercial complex	Beijing	Convertible bonds
Chongqing Chaotianmen Project	Commercial complex	Chongqing	Fund interest investment
EBA Centre Project	Office and integrated commercial	Shanghai	Fund interest investment
Parkview Place	Office and integrated commercial	Beijing	Fund interest investment
EBA Centre Hongqiao Project	Commercial complex	Shanghai	Fund interest investment

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is of fundamental importance to the business operation of the Group. The major types of risk inherent in the Group's business are credit risk, liquidity risk, interest rate risk, currency risk and equity price risk. The Group's risk management objectives are to maximise shareholders' value and to reduce volatility in earnings while maintaining risk exposures within acceptable limits.

The Group's work in the area of risk management is executed by the Risk Management, Legal and Compliance Department and is led by the Vice President of the Group in charge of Risk Management, Legal and Compliance Department. This functional structure can assess, identify and document the Group's risk profile to ensure that the business units focus, control and systematically avoid potential risks in various business areas. The following is a brief description of the Group's approach in managing these risks.

(a) Credit risk

The Group's credit risk is primarily attributable to advances to customers, accounts receivable, debt investments and unlisted derivative financial instruments.

Credit risk management framework

The Group has formulated a comprehensive set of credit risk management policies and procedures, and appropriate credit risk limits to manage and control credit risk that may arise. These policies, procedures and credit risk limits are regularly reviewed and updated to cope with the changes in market conditions and business strategies.

The Group's organisational structure establishes a clear set of authority and responsibility for monitoring compliance with policies, procedures and limits.

The Vice President of the Group in charge of Risk Management, Legal and Compliance who reports directly to the Audit and Risk Management Committee, takes charge of credit risk management and is also responsible for the control of credit risk exposures of the Group in line with the credit risk management principles and requirements set by the Group.

Credit risk management is embedded within all business units of the Group. The first line of defense against undesirable outcomes is the business function and the respective line managers. Department heads of their own business areas take the lead role with respect to implementing and maintaining appropriate credit risk controls. Risk Management, Legal and Compliance Department, which is independent from the business units, is responsible for the management of credit risks and it is an ongoing process for identifying, measuring, monitoring and controlling credit risk to ensure effective checks and balances, as well as drafting, reviewing and updating credit risk management policies and procedures. It is also responsible for the design, development and maintenance of the Group's internal rating system and it ensures that the system complies with the relevant regulatory requirements. Credit risk is approved by the Vice President of the Group in charge of Risk Management, Legal and Compliance Department and reported to Audit and Risk Management Committee quarterly.

For advances to customers, the Group requires collateral from customers before advances are granted. The amount of advances permitted depends on the quality and value of collateral provided by the customer. Any subsequent change in value as well as quality of collateral is closely monitored in order to determine whether any corrective action is required.

Accounts receivable mainly arise from the Group's investment activities. Receivables from brokers and counterparties are normally repayable on demand. The Group has established procedures in the selection of brokers/counterparties with sound credit ratings and/or reputation.

Investments in debt instruments and unlisted derivative financial instruments are also governed by whether the issuers and the trade counterparties respectively have sound credit ratings.

The Group has well-defined policies in place on the setting and approval of trading, credit and investment position limits in order to manage its credit risk exposure and concentration. As at the end of the reporting period, the Group did not have a significant concentration of credit risk.

The maximum exposure to credit risk without taking into account any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, at the end of the reporting period, deducting any impairment allowance.

(b) Liquidity risk

The Group's policy is to regularly assess current and expected liquidity requirements and to ensure that it maintains reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

For subsidiaries with statutory liquidity requirements, the Group closely monitors their liquidity positions. To ensure strict compliance, the Group maintains adequate cash reserves to prepare for immediate fund injection if required. If there is a medium to long-term operational need, management would also consider adjusting those subsidiaries' capital structure. Subsidiaries with external equity stakeholders are generally responsible for their own liquidity management.

(c) Interest rate risk

The Group monitors its interest rate exposure regularly to ensure that the underlying risk is monitored within an acceptable range.

The Group's interest rate positions arise from treasury and operating activities. Interest rate risk arises from treasury management, customer financing and investment portfolios. Interest rate risk primarily results from the timing differences in the repricing of interest-bearing assets, liabilities and commitments. Interest rate risk is managed by the Finance and Accounting Department under the delegated authority of the Board and is monitored by the Risk Management, Legal and Compliance Department. The instruments used to manage interest rate risk include time deposits and interest rate linked derivatives, if necessary.

The Group is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In respect of the Group's interest-bearing financial instruments, the Group's policy is to mainly transact in financial instruments that mature or reprice in the short to medium term. Accordingly, the Group would be subject to limited exposure to fair value or cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates.

(d) Currency risk

The Group's exposure to currency risk primarily stems from holding of monetary assets and liabilities denominated in foreign currencies, other than Hong Kong dollars and net investment in foreign operations. As most of the Group's monetary assets and liabilities and net investment in foreign operations are denominated in Hong Kong dollars, Renminbi, United States dollars and Singapore dollars, management is aware of the likely increase in volatility in these currencies and takes a balanced view when considering the management of currency risk.

Overall, the Group monitors its currency exposure closely and would consider hedging significant currency exposure should the need arise.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities, equity investments designated at fair value through other comprehensive income (note 10) and financial assets at fair value through profit or loss (note 11). Other than unlisted securities held for medium to long-term purposes, all of these investments are listed.

The Group's investments in listed equity instruments are mainly listed on the Stock Exchange of Hong Kong, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, Nasdaq and the New York Stock Exchange. Decisions to buy or sell trading securities rest with assigned investment team professionals and each investment portfolio is governed by specific investment and risk management guidelines. Independent daily monitoring of each portfolio against the corresponding guidelines is carried out by the Risk Management, Legal and Compliance Department. Listed equity instruments held in the equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss portfolio have been chosen based on their medium to long-term growth potential and are monitored regularly for performance against expectations.

The performance of the Group's investments in unquoted equity instruments is assessed periodically, based on the information available to the Group.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK\$0.10 per share for the year ended 31 December 2023 (2022: HK\$0.15 per share). Together with the interim dividend of HK\$0.15 per share already paid, the aggregate amount of dividends for the year is HK\$0.25 per share (2022: HK\$0.30 per share).

The final dividend, subject to approval at the forthcoming annual general meeting, is expected to be paid on Friday, 14 June 2024 to those shareholders whose names appear on the register of members of the Company on Friday, 31 May 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 20 May 2024 to Thursday, 23 May 2024, both days inclusive, during which no transfer of shares will be registered. Shareholders are reminded that, in order to qualify for attendance at the annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration at the Company's Share Registrar, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 17 May 2024.

The register of members of the Company will also be closed from Thursday, 30 May 2024 to Friday, 31 May 2024, both days inclusive, during which no transfer of shares will be registered. Shareholders are reminded that, in order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration at the Company's Share Registrar, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 29 May 2024.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 23 May 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 27 October 2023, the Company completed the redemption of all of the senior perpetual capital securities in the aggregate principal amount of US\$300,000,000 (the "Securities"). The Securities were issued in October 2020 and listed on The Stock Exchange of Hong Kong Limited and Chongwa (Macao) Financial Asset Exchange Co., Limited.

Save for the redemption of the Securities as disclosed herein, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 December 2023.

CORPORATE GOVERNANCE CODE

The Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the year ended 31 December 2023.

DIRECTORS’ SECURITIES TRANSACTION

The Company has adopted its own “Code for Securities Transactions by Directors and Relevant Employees” (the “Code”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix C3 of the Listing Rules to govern the securities transactions of the Directors and relevant employees of the Company. Following a specific enquiry made by the Company, all Directors confirmed that they have complied with the required standard set out in both the Code and the Model Code throughout the year ended 31 December 2023.

REVIEW BY AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee comprises Dr. Chung Shui Ming Timpson, Dr. Lin Zhijun and Mr. Law Cheuk Kin Stephen. The committee is chaired by Dr. Chung Shui Ming Timpson. All members of the committee are independent non-executive Directors. The Audit and Risk Management Committee and the management have reviewed the accounting policies and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the financial statements of the Group for the year ended 31 December 2023.

By order of the Board
China Everbright Limited
Wan Kim Ying Kasina
Company Secretary

Hong Kong, 22 March 2024

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Lin Chun (*President*)
Ms. Wang Yun
Mr. Yin Yanwu

Non-executive Directors:

Mr. Yu Fachang (*Chairman*)
Ms. Pan Wenjie
Dr. Qin Hongyuan

Independent Non-executive Directors:

Dr. Lin Zhijun
Dr. Chung Shui Ming Timpson
Mr. Law Cheuk Kin Stephen