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光大控股
EVERBRIGHT

CHINA EVERBRIGHT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 165)

ANNOUNCEMENT
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board of directors (the "Board" or the "Director(s)") of China Everbright Limited (the "Company") is pleased to announce that the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2019 together with relevant comparative figures for the previous year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Note	**2019 HK$'000**	2018 HK$'000
Continuing operations			
Turnover	*3*	**12,617,142**	9,211,012
Income from contracts with customers	*3*	**611,778**	563,134
Income from investments	*3*	**3,724,311**	3,842,310
Income from other sources	*3*	**270,254**	290,943
Impairment losses		**(238,990)**	(23,704)
Operating expenses		**(1,351,798)**	(1,042,640)
Profit from operations		**3,015,555**	3,630,043
Finance costs		**(1,164,915)**	(946,737)
Share of profits less losses of associates	*8*	**823,454**	583,850
Share of profits less losses of joint ventures	*9*	**88,713**	117,132
Profit before taxation		**2,762,807**	3,384,288
Income tax	*4*	**(551,037)**	(380,099)
Profit from continuing operations		**2,211,770**	3,004,189
Discontinued operations			
Profit from disposal group held for sale	*5*	**–**	6,775
Profit for the year		**2,211,770**	3,010,964

	Note	**2019** **HK$'000**	2018 HK$'000
Profit attributable to equity shareholders of the Company			
Continuing operations		**2,237,166**	3,097,142
Discontinued operations		**–**	6,775
		2,237,166	3,103,917
Non-controlling interests		**(25,396)**	(92,953)
Profit for the year		**2,211,770**	3,010,964
Basic and diluted earnings per share	*7*		
Continuing operations		**HK$1.327**	HK$1.838
Discontinued operations		**–**	HK$0.004
		HK$1.327	HK$1.842

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019 HK$'000	2018 HK$'000
Profit for the year	**2,211,770**	3,010,964
Other comprehensive income 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	**1,180,982**	(950,719)
Items that may be reclassified subsequently to profit or loss		
– Share of other comprehensive income and effect of foreign currency translation of associates	**(379,565)**	(843,158)
– Share of other comprehensive income and effect of foreign currency translation of joint ventures	**(14,288)**	(47,331)
– Other net movement in exchange reserve	**(236,874)**	(578,986)
	550,255	(2,420,194)
Total comprehensive income for the year	**2,762,025**	590,770
Attributable to:		
Equity shareholders of the Company	**2,764,470**	727,096
Non-controlling interests	**(2,445)**	(136,326)
Total comprehensive income for the year	**2,762,025**	590,770

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	31 December 2019 HK$'000	31 December 2018 HK$'000
Non-current assets			
Property, plant and equipment		**494,546**	448,433
Investment properties		**5,190,773**	446,306
Right-of-use assets		**129,574**	–
Investments in associates	*8*	**18,727,491**	17,886,726
Investments in joint ventures	*9*	**1,052,931**	1,167,987
Equity investments designated at fair value through other comprehensive income	*10*	**7,742,741**	6,561,759
Financial assets at fair value through profit or loss	*11*	**32,495,404**	36,190,718
Advances to customers	*12*	**983,281**	1,211,908
Finance lease receivables		**55,818**	–
Other assets		**–**	578,293
		66,872,559	64,492,130
Current assets			
Inventories	*13*	**1,851,827**	–
Financial assets at fair value through profit or loss	*11*	**3,953,959**	1,371,003
Advances to customers	*12*	**1,942,258**	986,904
Amount due from an associate	*8*	**253,704**	–
Debtors, deposits and prepayments	*14*	**2,104,866**	1,234,888
Trading securities		**2,251,727**	1,573,693
Cash and cash equivalents		**7,265,583**	6,863,902
		19,623,924	12,030,390
Assets classified as held for sale	*5*	**–**	738,244
		19,623,924	12,768,634
Current liabilities			
Trading securities		**(283,150)**	(136,312)
Creditors, deposits received and accrued charges	*15*	**(3,147,425)**	(3,314,280)
Bank loans	*16*	**(9,577,956)**	(3,501,739)
Bonds payable	*17*	**(3,545,240)**	(3,382,860)
Other financial liabilities		**(98,320)**	(241,019)
Notes payable		**(57,000)**	(27,000)
Lease liabilities		**(46,266)**	–
Provision for taxation		**(863,137)**	(336,563)
		(17,618,494)	(10,939,773)
Net current assets		**2,005,430**	1,828,861
Total assets less current liabilities		**68,877,989**	66,320,991

	Note	**31 December 2019 HK$'000**	31 December 2018 HK$'000
Non-current liabilities			
Bank loans	*16*	**(9,407,892)**	(10,684,234)
Bonds payable	*17*	**(8,372,625)**	(8,457,150)
Other financial liabilities		**(4,909,113)**	(4,353,828)
Notes payable		**–**	(30,000)
Lease liabilities		**(85,533)**	–
Deferred tax liabilities		**(2,315,456)**	(1,415,582)
		(25,090,619)	(24,940,794)
NET ASSETS		**43,787,370**	41,380,197
CAPITAL AND RESERVES			
Share capital	*18*	**9,618,097**	9,618,097
Reserves		**31,973,228**	30,240,565
Total equity attributable to equity shareholders of the Company		**41,591,325**	39,858,662
Non-controlling interests		**2,196,045**	1,521,535
TOTAL EQUITY		**43,787,370**	41,380,197

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

		Attributable to equity shareholders of the Company									
	Note	Share capital HK$'000	Option premium reserve HK$'000	Investment revaluation reserve HK$'000	Goodwill reserve HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 January 2018		9,618,097	1,242	6,105,289	(668,499)	(490,190)	1,099,293	25,005,179	40,670,411	1,674,584	42,344,995
Net movement by non-controlling shareholders		–	–	–	–	(89,527)	–	–	(89,527)	(16,723)	(106,250)
Dividends paid	6	–	–	–	–	–	–	(1,449,318)	(1,449,318)	–	(1,449,318)
Profit for the year		–	–	–	–	–	–	3,103,917	3,103,917	(92,953)	3,010,964
Other comprehensive income for the year		–	–	(950,719)	–	(41,561)	(1,384,541)	–	(2,376,821)	(43,373)	(2,420,194)
As at 31 December 2018 and as at 1 January 2019		9,618,097	1,242	5,154,570	(668,499)	(621,278)	(285,248)	26,659,778	39,858,662	1,521,535	41,380,197
Net movement by non-controlling shareholders		–	–	–	–	90,179	–	–	90,179	(711,608)	(621,429)
Dividends paid	6	–	–	–	–	–	–	(1,095,414)	(1,095,414)	–	(1,095,414)
Acquisition of a subsidiary		–	–	–	–	–	–	–	–	1,388,563	1,388,563
Share of capital reserve of an associate		–	–	–	–	(26,572)	–	–	(26,572)	–	(26,572)
Profit for the year		–	–	–	–	–	–	2,237,166	2,237,166	(25,396)	2,211,770
Other comprehensive income for the year		–	–	1,180,982	–	–	(653,678)	–	527,304	22,951	550,255
As at 31 December 2019		9,618,097	1,242	6,335,552	(668,499)	(557,671)	(938,926)	27,801,530	41,591,325	2,196,045	43,787,370

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019	2018
	HK$'000	HK$'000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	**(3,172,027)**	476,216
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(8,411)**	(10,172)
Proceeds from disposal of investment properties	**18,400**	17,700
Proceeds from disposal of property, plant and equipment	**152**	220
Purchase of financial assets at fair value through profit or loss	**(4,839,458)**	(10,815,911)
Increase in other financial liabilities	**356,559**	2,961,455
Investments in associates	**(94,876)**	(23,995)
Net cash inflow from losing control of subsidiaries	**27,550**	–
Net cash outflow from deemed disposal of a subsidiary	**(51,474)**	–
Purchase of disposal group held for sale	**–**	(738,244)
Net cash from acquisition of a subsidiary	**25,155**	–
Divestments/(investments) in joint ventures	**86,517**	(202,275)
Increase in restricted cash	**(422,817)**	–
Proceeds from disposal of financial assets at fair value through profit or loss	**7,188,605**	6,560,228
Proceeds from partial disposal of an associate	**–**	1,230,400
Bank interest received	**129,670**	41,993
Dividends received from investments	**818,393**	851,340
Dividends received from associates and joint ventures	**420,886**	450,823
NET CASH INFLOW FROM INVESTING ACTIVITIES	**3,654,851**	323,562
NET CASH INFLOW BEFORE FINANCING ACTIVITIES	**482,824**	799,778

	2019	2018
	HK$'000	HK$'000
FINANCING ACTIVITIES		
Issue of shares in subsidiaries to non-controlling shareholders	**73,573**	327,194
Redemption of non-controlling shareholders' shares	**(586,420)**	(6,664)
Proceeds from bank loans	**13,055,198**	15,393,071
Proceeds from issue of bonds payable	**196,190**	–
Repayments of lease liabilities	**(60,780)**	–
Repayment of bank loans	**(11,914,637)**	(13,168,048)
Dividends paid to non-controlling shareholders	**(70,029)**	(192,326)
Dividends paid	**(1,095,414)**	(1,449,318)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	**(402,319)**	903,909
NET INCREASE IN CASH AND CASH EQUIVALENTS	**80,505**	1,703,687
CASH AND CASH EQUIVALENTS		
Beginning of year	**6,863,902**	5,178,356
Exchange rate adjustments	**(101,641)**	(18,141)
End of year	**6,842,766**	6,863,902
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash – general accounts	**7,265,583**	6,863,902
Restricted cash	**(422,817)**	–
End of year	**6,842,766**	6,863,902

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 Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong 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 2018 annual financial statements except for the changes in accounting policies described in note 2.

The financial information relating to the years ended 31 December 2019 and 2018 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 2018 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 2019 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 DISCLOSURE

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

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The nature and the impact of the new and revised HKFRSs amendments are described below:

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases–Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model, except for certain recognition exemptions.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various properties. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

As a lessee – Leases previously classified as operating leases

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets and lease liabilities separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

– Using a single discount rate to a portfolio of leases with reasonably similar characteristics

– Relying on its assessment of whether leases are onerous immediately before the date of initial application

– Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

– Excluding the initial direct costs from the measurement of the right-of-use assets at the date of initial application

– Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The impact arising from the adoption HKFRS 16 as at 1 January 2019 is as follows:

	Increase/ (decrease) HK$'000
Assets	
Right-of-use assets	**634,299**
Debtors, deposits and prepayments	**(2,583)**
	631,716
Liabilities	
Lease liabilities	**631,716**

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	HK$'000
Operating lease commitments as at 31 December 2018	**40,479**
Discounted operating lease commitments as at 1 January 2019	**38,173**
Less:	
Commitments relating to short-term leases and those lease with a remaining lease term ended on or before 31 December 2019	**(2,689)**
Add:	
Discounted cancellable lease commitments not recognised as at 31 December 2018	**596,232**
Lease liabilities as at 1 January 2019	**631,716**

Amendments to HKAS 28

Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's financial statements.

HK(IFRIC)-Int 23

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intragroup services. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's financial statements.

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.

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

	2019	2018
	HK$'000	HK$'000
Income from contracts with customers		
Recognised over time		
Management fee income	**371,284**	354,523
Net rental income from investment properties	**146,658**	1,953
Recognised at a point in time		
Consultancy fee and performance fee income	**72,551**	206,658
Sales of inventories	**132,867**	–
Cost of sales	**(111,582)**	–
	611,778	563,134
Income from investments		
Interest income		
Financial assets not at fair value through profit or loss		
Bank deposits	**129,670**	41,993
Advances to customers	**212,711**	303,753
Debt investments	**70,186**	41,056
Dividend income		
Financial assets at fair value through profit or loss and trading securities	**526,894**	501,640
Equity investments designated at fair value through other comprehensive income	**295,173**	348,197
Realised gain/(loss) on investments		
Net realised gain on financial assets at fair value through profit or loss	**1,235,383**	1,313,401
Realised gain/(loss) on trading securities	**134,613**	(22,777)
Unrealised gain/(loss) on investments		
Change of unrealised gain on financial assets at fair value through profit or loss	**225,589**	1,359,547
Change of unrealised gain/(loss) on trading securities	**57,380**	(133,131)
Others		
Realised partial disposal gain on an associate	**–**	88,631
Gain on disposal of subsidiaries	**23,125**	–
Deemed disposal gain on invesmtents in a subsidiary	**194,229**	–
Gain on bargain purchase	**619,358**	–
	3,724,311	3,842,310
Income from other sources		
Net surplus on revaluation of investment properties	**122,463**	194,051
Rental income from finance leases	**6,214**	266
Gain on disposal of investment properties	**1,800**	600
Gain on disposal of property, plant and equipment	**6**	220
Reversal of impairment loss on advances to customers	**–**	3,670
Exchange loss, net	**(20,838)**	(15,476)
Others	**160,609**	107,612
	270,254	290,943

4. INCOME TAX

The provision for Hong Kong profits tax is calculated at 16.5% (2018: 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 jurisdictions.

The amount of taxation charged to the consolidated statement of profit or loss represents:

	2019	2018
	HK$'000	HK$'000
Continuing operations		
Current taxation		
– Hong Kong profits tax	**171,076**	46,426
– Overseas taxation	**328,181**	247,384
– Over provision in prior years	**(112)**	(177,597)
Deferred taxation		
– Deferred taxation relating to the origination and reversal of temporary differences	**51,892**	263,886
Income tax	**551,037**	380,099

Reconciliation between income tax and accounting profit at applicable tax rates:

	2019	2018
	HK$'000	HK$'000
Continuing operations		
Profit before taxation	**2,762,807**	3,384,288
Calculated at the rates applicable to profits in the tax jurisdictions concerned	**512,464**	743,400
Tax effect of income not subject to taxation	**(605,564)**	(619,501)
Tax effect of expenses not deductible for taxation purposes	**538,486**	370,861
Tax effect of utilisation of previously unrecognised losses	**(374)**	(30,747)
Tax effect of tax losses and other deductible temporary differences not recognised	**106,137**	93,683
Over provision of taxation in prior years	**(112)**	(177,597)
Income tax	**551,037**	380,099

5. DISCONTINUED OPERATIONS

On 3 April 2019, the Group acquired 30% equity interests in Ying Li International Real Estate Limited ("Ying Li") and as a result, the Group totally held 58.91% equity interests upon completion of such acquisition. The Group further made a mandatory unconditional cash offer for all the shares in the capital of Ying Li. Upon completion of the offer, the Group held an aggregate of 72.04% of the shares in Ying Li, with a view to hold it for resale within one year.

As at 30 June 2019, the Group classified the above investment as a disposal group held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The adjusted aggregate balances of the assets and liabilities of Ying Li have been presented in the Group's consolidated statement of financial position as assets classified as held for sale and liabilities classified as held for sale respectively.

Further in late 2019, the Group has not proceeded with the potential disposal of Ying Li shares and considered that the latest business plan of continuing to hold the majority interest in Ying Li in the near future is in the interests of the shareholders of the Company. Accordingly, Ying Li ceased to be classified as a disposal group under HKFRS 5 and be accounted for and consolidated in the financial statements of the Group as a subsidiary of the Company for the year ended 31 December 2019 with effect from 3 April 2019 in accordance with HKFRS 5. After the reclassification, the financial results of Ying Li are consolidated into the Group's financial statements on a line-by-line basis.

As a result of the size and complexity of the transaction, the purchase price allocation remained provisional in late 2019 with an estimated gain on bargain purchase of approximately HK$680,000,000.

As part of the purchase price allocation, the fair values of the assets and liabilities were determined using updated appraisals. Fair value was determined using various valuation models, which were applied according to the assets and liabilities being measured. Judgement is used to measure the inventories and the investment properties, especially with regard to the choice of the valuation method to be used and the inputs to be considered. The purchase price allocation was finalised in March 2020 with a revised gain on bargain purchase of approximately HK$619,358,000, for the year ended 31 December 2019.

On 5 May 2018, the Group acquired an associate with 22.4% equity interests with a view to hold it for resale within one year. The Group has disposed a part of the equity interests during the year ended 31 December 2019. The remaining equity interests was classified as financial assets at fair value through profit or loss. The aforesaid investee is a developer, manufacturer and marketer of medical devices.

6. DIVIDENDS

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

	2019	2018
	HK$'000	HK$'000
– Interim dividend declared and paid of HK$0.25 (2018: HK$0.26) per share	**421,313**	438,166
– Final dividend proposed after the end of the reporting period date of HK$0.23 (2018: HK$0.4) per share	**387,608**	674,101
	808,921	1,112,267

The Board proposed a final dividend of HK$0.23 per share for the year ended 31 December 2019 (2018: HK$0.4 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

	2019	2018
	HK$'000	HK$'000
– Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.4 (2018: HK$0.6) per share	**674,101**	1,011,152

7. EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share for the year ended 31 December 2019 is based on the profit attributable to equity shareholders of the Company for continuing operations of HK$2,237,166,000, (2018: for continuing and discontinued operations of HK$3,097,142,000 and HK$6,775,000 respectively) and the weighted average number of 1,685,253,712 shares (2018: 1,685,253,712 shares) in issue during the year.

8. INVESTMENTS IN ASSOCIATES

(a) Investments in associates

	2019	2018
	HK$'000	HK$'000
Carrying value, net *(note)*	**18,727,491**	17,886,726
Market value of shares listed in mainland China	**16,268,972**	11,864,929
Market value of shares listed in Hong Kong	**2,002,827**	1,821,704

Note: A goodwill of approximately HK$1,550,307,000 (2018: HK$1,565,958,000) arising from the acquisition of Everbright Jiabao Co., Ltd has been included in the carrying value of investments in associates.

(b) As at 31 December 2019, particulars of the principal 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 *(note 1)*	21.30%
China Aircraft Leasing Group Holdings Limited## ("CALGH")	Cayman Islands	Investment holding *(note 2)*	35.67%*
Everbright Jiabao Co., Ltd.### ("Jiabao Group")	The PRC	Real estate development/ real estate asset management *(note 3)*	29.17%*
China Everbight Senior Healthcare Company Limited ("Everbright Senior Healthcare")	Hong Kong	Providing senior health care services *(note 4)*	49.29%*

\# Market value of the listed shares in mainland China as at 31 December 2019 was equivalent to HK$14,364,606,000 (2018: HK$9,713,694,000).

\#\# Market value of the listed shares in Hong Kong as at 31 December 2019 was HK$2,002,827,000 (2018: HK$1,821,704,000).

\#\#\# Market value of the listed shares in mainland China as at 31 December 2019 was equivalent to HK$1,904,366,000 (2018: HK$2,151,235,000).

* Held indirectly

Note 1: Everbright Securities is the Group's cornerstone investment to capitalise on the growth of securities markets in mainland China and Hong Kong.

Note 2: CALGH is a strategic industry platform investment of the Group to capture multiple opportunities along the aircraft value chain arising from the rapid growth of aviation industry. CALGH's lease offerings are complemented by fleet planning consultation, structured leasing, aircraft trading and re-marketing and aircraft disassembly. During the year, the Group's equity interest in CALGH was increased from 34.05% to 35.67% due to the acquisition of CALGH's equity.

Note 3: Jiabao Group is the Group's strategic industry investment to capitalise on the growth of real estate development and asset management in mainland China.

Note 4: Everbright Senior Healthcare is the Group's strategic industry platform investment to provide integrated senior health care services including elderly health care, geriatric treatment, rehabilitation and community services in mainland China. During the year, the Group's equity interest in Everbright Senior Healthcare was decreased from 100% to 49.29%, with a gain on deemed disposal of a subsidiary of HK$194,229,000.

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

Amount due from an associate is unsecured, interest-bearing and repayable within one year.

9. INVESTMENTS IN JOINT VENTURES

(a) Investments in joint ventures

	2019	2018
	HK$'000	HK$'000
Carrying value, net	**1,052,931**	1,167,987

(b) As at 31 December 2019, details of the Group's principal investments in joint ventures are mainly as follows:

Name of joint venture	**Place of incorporation/ operation**	**Principal activities**	**Percentage of equity interest held by the Company**
Everbright Guolian Capital Company Limited	The PRC	Venture capital and investment advisory services *(note 1)*	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 *(note 2)*	48.0%*
CEL Capital Prestige Asset Management Co., Ltd.	The PRC	Assets management service *(note 3)*	49.0%*

* Held indirectly

Note 1: Everbright Guolian Capital Company Limited 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 service 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 to provide assets management service to an industrial sector investment fund in mainland China.

All of the above joint ventures are unlisted corporate entities whose quoted market prices were not available as at 31 December 2019. They are accounted for using the equity method in the consolidated financial statements.

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

	2019	2018
	HK$'000	HK$'000
At fair value:		
Listed equity securities		
– outside Hong Kong	**7,742,741**	6,561,759

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.

No strategic investment was disposed of during the year ended 31 December 2019, and there were no transfers of any cumulative gain or loss within equity relating to this investment.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$'000	HK$'000
Non-current assets		
At fair value:		
Listed equity securities		
– in Hong Kong	**–**	954,610
– outside Hong Kong	**–**	1,871,311
Unlisted equity securities/collective investment schemes		
– outside Hong Kong	**26,932,748**	28,224,626
Unlisted preference shares		
– outside Hong Kong	**4,731,775**	4,628,940
Unlisted debt securities		
– outside Hong Kong	**830,881**	511,231
	32,495,404	36,190,718
Current assets		
At fair value:		
Listed equity securities		
– in Hong Kong	**1,484,328**	–
– outside Hong Kong	**2,040,936**	–
Unlisted equity securities/collective investment schemes		
– outside Hong Kong	**428,695**	648,053
Unlisted debt securities		
– outside Hong Kong	**–**	722,950
	3,953,959	1,371,003

As at 31 December 2019, the Group's listed and unlisted equity securities amounting to a fair value of HK$24,188,557,000 (2018: HK$23,793,377,000) 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.

12. ADVANCES TO CUSTOMERS

	2019	2018
	HK$'000	HK$'000
Non-current assets		
Term loans to customers		
– secured	**330,216**	1,190,984
– unsecured	**653,065**	20,924
	983,281	1,211,908
Current assets		
Term loans to customers		
– secured	**2,205,658**	968,180
Less: impairment allowance	**(299,996)**	(77,251)
	1,905,662	890,929
– unsecured	**36,596**	95,975
	1,942,258	986,904

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.

Movements in the impairment allowance for term loans to customers are as follows:

	2019	2018
	HK$'000	HK$'000
As at 1 January	**77,251**	80,921
Impairment loss, net	**222,745**	(3,670)
As at 31 December	**299,996**	77,251

Except for the above impairment allowance of HK$299,996,000 (2018: HK$77,251,000), there were no other significant receivables, that were aged, requiring significant impairment provision as of 31 December 2019 and 2018.

13. INVENTORIES

	2019	2018
	HK$'000	HK$'000
Properties under development	**142,079**	–
Completed properties for sale	**1,709,748**	–
	1,851,827	–

14. DEBTORS, DEPOSITS AND PREPAYMENTS

	2019	2018
	HK$'000	HK$'000
Accounts receivable, net	**748,358**	412,684
Deposits, prepayments, interest and other receivables	**1,441,231**	890,682
	2,189,589	1,303,366
less: impairment allowance	**(84,723)**	(68,478)
	2,104,866	1,234,888

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

The carrying amount of debtors, deposits and prepayments approximated to their fair value as at 31 December 2019 and 31 December 2018.

Their recoverability was assessed with reference to the credit status of the debtors, and impairment allowance of HK$84,723,000 (2018: HK$68,478,000) was provided as at 31 December 2019.

Movements in the impairment allowance for debtors, deposits and prepayments are as follows:

	2019	2018
	HK$'000	HK$'000
As at 1 January	**68,478**	44,774
Impairment loss, net	**16,245**	23,704
As at 31 December	**84,723**	68,478

15. CREDITORS, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2019	2018
	HK$'000	HK$'000
Creditors, deposits received and accrued charges	**3,147,425**	3,314,280

As at 31 December 2019 and 2018, creditors, deposits received and accrued charges included bonuses payable to staff.

16. BANK LOANS

	2019 HK$'000	2018 HK$'000
Repayment details are as follows:		
Within 1 year	**9,577,956**	3,501,739
1 to 5 years	**8,529,337**	10,684,234
Over 5 years	**878,555**	–
	18,985,848	14,185,973

As at 31 December 2019, the bank loans were secured as follows:

	2019 HK$'000	2018 HK$'000
Bank loans		
– secured	**3,773,661**	–
– unsecured	**15,212,187**	14,185,973
	18,985,848	14,185,973

As at 31 December 2019, the bank loans are secured by:

(a) Mortgage over certain investment properties with carrying value of approximately HK$4.4 billion;

(b) Mortgage over certain inventories with carrying value of approximately HK$409 million;

(c) Pledged by the equity interests in subsidiaries with carrying value of approximately HK$429 million; and

(d) Bank balances pledged amounting to HK$177 million.

17. BONDS PAYABLE

	2019 HK$'000	2018 HK$'000
As at 1 January	**11,840,010**	12,414,675
New issuance during the year	**196,190**	–
Exchange rate adjustments	**(118,335)**	(574,665)
As at 31 December	**11,917,865**	11,840,010
Current liabilities	**3,545,240**	3,382,860
Non-current liabilities	**8,372,625**	8,457,150
	11,917,865	11,840,010

18. SHARE CAPITAL

(a) Share capital

	2019 No. of shares ('000)	2019 HK$'000	2018 No. of shares ('000)	2018 HK$'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 meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

19. 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 2019

	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
Assets							
– Advances to customers	–	–	60,080	1,882,178	983,281	–	2,925,539
– Trading securities	643,301	–	1,608,426	–	–	–	2,251,727
– Equity investments designated at fair value through other comprehensive income	7,742,741	–	–	–	–	–	7,742,741
– Financial assets at fair value through profit or loss	35,618,482	–	–	–	830,881	–	36,449,363
– Cash and cash equivalents	–	6,454,692	388,074	422,817	–	–	7,265,583
	44,004,524	6,454,692	2,056,580	2,304,995	1,814,162	–	56,634,953
Liabilities							
– Bank loans (i)	–	–	(2,220,346)	(7,357,610)	(8,529,337)	(878,555)	(18,985,848)
– Other financial liabilities	–	–	–	(98,320)	(891,878)	(4,017,235)	(5,007,433)
– Trading securities	(266,925)	–	(16,225)	–	–	–	(283,150)
– Bonds payable (ii)	–	–	–	(3,545,240)	(8,372,625)	–	(11,917,865)
– Notes payable	–	(27,000)	–	(30,000)	–	–	(57,000)
– Lease liabilities	–	–	(13,057)	(33,209)	(81,319)	(4,214)	(131,799)
	(266,925)	(27,000)	(2,249,628)	(11,064,379)	(17,875,159)	(4,900,004)	(36,383,095)

As at 31 December 2018

	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
Assets							
– Advances to customers	5,765	225,524	316,971	438,644	1,211,908	–	2,198,812
– Trading securities	423,609	–	1,150,084	–	–	–	1,573,693
– Equity investments designated at fair value through other comprehensive income	6,561,759	–	–	–	–	–	6,561,759
– Financial assets at fair value through profit or loss	34,708,983	–	–	1,371,003	1,481,735	–	37,561,721
– Cash and cash equivalents	–	6,740,229	123,673	–	–	–	6,863,902
	41,700,116	6,965,753	1,590,728	1,809,647	2,693,643	–	54,759,887
Liabilities							
– Bank loans (i)	–	–	–	(3,501,739)	(10,684,234)	–	(14,185,973)
– Other financial liabilities	(308,396)	–	–	(241,019)	(791,171)	(3,254,261)	(4,594,847)
– Trading securities	(127,620)	–	(8,692)	–	–	–	(136,312)
– Bonds payable (ii)	–	–	–	(3,382,860)	(6,765,720)	(1,691,430)	(11,840,010)
– Notes payable	–	(27,000)	–	–	(30,000)	–	(57,000)
	(436,016)	(27,000)	(8,692)	(7,125,618)	(18,271,125)	(4,945,691)	(30,814,142)

(i) HK$5,151,964,000 (2018: HK$2,700,737,000) which is maturing in 1 to 2 years has been classified in the category of maturing in 1 to 5 years.

(ii) HK$4,465,400,000 (2018: HK$3,382,860,000) which is maturing in 1 to 2 years has been classified in the category of maturing in 1 to 5 years.

20. 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. During the year, the Group's senior management reconsidered the classification of the Group's principal investments and strategic investments which have been previously reported in 2018. These operating segments have been reclassified as "Principal Investments Business" in 2019 and further sub-divided into "Strategic Industry Platform Investments", "Financial Investments" and "Cornerstone investments", to better reflect the Group's different strategies in various types of investments. Segment information for the year ended 31 December 2018 was restated to reflect the change in composition of the reportable segments.

Fund Management Business

Fund management business refers 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, Fund of Funds ("FoF") and Wealth Management.

- 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, mezzanine fund 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.

- Wealth Management – Everbright Prestige has become an important carrier and business platform for the Group's asset management business in mainland China. It engages in asset management for specific clients and other business activities authorised by the China Securities Regulatory Commission. The business can provide advisory services directly to specific customers including Qualified Foreign Institutional Investors ("QFII"), onshore insurance companies and other institutions which are set up and operate according to the law. Everbright Prestige demonstrates its value in four areas including assets under management contribution, product creation and design, distribution channels and client consolidation, and the creation of more "Everbright" synergy.

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:

- Strategic industry platform investments: Focus on aircraft leasing, artificial intelligence of things (AIoT) and elderly care industry platforms.

- Financial investments: Investing in equity, debts, structured products and other products.

- 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 2019:

	Continuing operations								Discontinued operations	
	Fund Management Business				Principal Investments Business					
	Primary Market HK$'000	Secondary Market HK$'000	Fund of Funds HK$'000	Wealth Management HK$'000	Strategic Industry Platform Investments HK$'000	Financial Investments HK$'000	Cornerstone Investments HK$'000	Reportable segments total HK$'000	HK$'000	Total HK$'000
Income from contracts with customers	273,064	116,603	22,494	-	-	199,617	-	611,778	-	611,778
Income from investments	269,464	420,132	397,459	-	486,687	1,855,396	295,173	3,724,311	-	3,724,311
Income from other sources	5,456	(25,581)	-	-	-	290,379	-	270,254	-	270,254
Total income	547,984	511,154	419,953	-	486,687	2,345,392	295,173	4,606,343	-	4,606,343
Segment operating results	65,480	379,794	394,613	(750)	421,945	1,804,393	295,173	3,360,648	-	3,360,648
Unallocated head office and corporate expenses										(1,510,008)
Share of profits less losses of associates	364,047	-	-	-	304,980	13,919	140,508	823,454	-	823,454
Share of profits less losses of joint ventures	45,312	-	-	43,401	-	-	-	88,713	-	88,713
Profit before taxation										2,762,807
Less: Non-controlling interests	(2,060)	(46,284)	-	-	10,353	63,387	-	25,396	-	
Segment results	472,779	333,510	394,613	42,651	737,278	1,881,699	435,681	4,298,211	-	

For the year ended 31 December 2018 (Restated):

	Continuing operations								Discontinued operations	
	Fund Management Business				Principal Investments Business					
	Primary Market HK$'000	Secondary Market HK$'000	Fund of Funds HK$'000	Wealth Management HK$'000	Strategic Industry Platform Investments HK$'000	Financial Investments HK$'000	Cornerstone Investments HK$'000	Reportable segments total HK$'000	HK$'000	Total HK$'000
Income from contracts with customers	272,878	119,914	15,829	–	–	154,513	–	563,134	–	563,134
Income from investments	1,483,284	(98,904)	127,394	–	367,726	1,525,982	436,828	3,842,310	–	3,842,310
Income from other sources	2,050	(17,383)	–	–	(37,115)	343,391	–	290,943	–	290,943
Total income	1,758,212	3,627	143,223	–	330,611	2,023,886	436,828	4,696,387	–	4,696,387
Segment operating results	1,487,140	(121,527)	122,368	–	330,611	1,870,414	436,828	4,125,834	6,775	4,132,609
Uallocated head office and corporate expenses										(1,442,528)
Share of profits less losses of associates	154,064	–	–	–	276,977	92,916	59,893	583,850	–	583,850
Share of profits less losses of joint ventures	52,473	–	–	64,659	–	–		117,132	–	117,132
Profit before taxation										3,391,063
Less: Non–controlling interests	115,793	4,104	–	–	12,148	(39,092)	–	92,953	–	
Segment results	1,809,470	(117,423)	122,368	64,659	619,736	1,924,238	496,721	4,919,769	6,775	

Other Information

As at 31 December 2019

	Continuing operations								Discontinued operations	
	Fund Management Business				Principal Investments Business					
	Primary Market HK$'000	Secondary Market HK$'000	Fund of Funds HK$'000	Wealth Management HK$'000	Strategic Industry Platform Investments HK$'000	Financial Investments HK$'000	Cornerstone Investments HK$'000	Reportable segments total HK$'000	HK$'000	Total HK$'000
Segment assets	22,233,443	4,572,350	7,350,837	-	2,232,325	22,171,319	7,742,741	66,303,015	-	66,303,015
Investments in associates	3,963,063	-	-	-	2,209,252	1,292,387	11,262,789	18,727,491	-	18,727,491
Investments in joint ventures	261,752	-	-	791,179	-	-	-	1,052,931	-	1,052,931
Unallocated head office and corporate assets										413,046
Total assets										86,496,483
Segment liabilities	2,661,441	997,841	2,948,239	-	-	4,712,647	-	11,320,168	-	11,320,168
Unallocated head office and corporate liabilities										28,210,352
Provision for taxation										863,137
Deferred tax liabilities										2,315,456
Total liabilities										42,709,113

As at 31 December 2018 (Restated)

	Continuing operations								Discontinued operations	
	Fund Management Business				Principal Investments Business					
	Primary Market HK$'000	Secondary Market HK$'000	Fund of Funds HK$'000	Wealth Management HK$'000	Strategic Industry Platform Investments HK$'000	Financial Investments HK$'000	Cornerstone Investments HK$'000	Reportable segments total HK$'000	HK$'000	Total HK$'000
Segment assets	28,662,090	3,850,091	1,407,110	–	1,466,882	15,095,883	6,561,759	57,043,815	738,244	57,782,059
Investments in associates	3,700,771	–	–	–	1,434,654	1,274,407	11,476,894	17,886,726	–	17,886,726
Investments in joint ventures	356,347	–	–	811,640	–	–	–	1,167,987	–	1,167,987
Unallocated head office and corporate assets										423,992
Total assets										77,260,764
Segment liabilities	6,338,241	406,743	–	–	105,071	735,212	–	7,585,267	–	7,585,267
Unallocated head office and corporate liabilities										26,543,155
Provision for taxation										336,563
Deferred tax liabilities										1,415,582
Total liabilities										35,880,567

(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 2019			For the year ended 31 December 2018		
	Hong Kong HK$'000	**Mainland China HK$'000**	**Total HK$'000**	Hong Kong HK$'000	Mainland China HK$'000	Total HK$'000
Segment revenue						
Income from contracts with customers	**242,373**	**369,405**	**611,778**	222,895	340,239	563,134
Income from investments	**487,731**	**3,236,580**	**3,724,311**	1,409,028	2,433,282	3,842,310
Income from other sources	**1,211**	**269,043**	**270,254**	1,157	289,786	290,943
	731,315	**3,875,028**	**4,606,343**	1,633,080	3,063,307	4,696,387

	For the year ended 31 December 2019			For the year ended 31 December 2018		
	Hong Kong HK$'000	**Mainland China HK$'000**	**Total HK$'000**	Hong Kong HK$'000	Mainland China HK$'000	Total HK$'000
Specified non-current assets	**3,181,413**	**22,413,902**	**25,595,315**	3,020,213	16,929,239	19,949,452

21. CONTINGENT LIABILITIES

Corporate guarantee

	Note	**2019 HK$'000**	2018 HK$'000
Guarantee given by the Company to financial institutions in respect of banking facilities granted to subsidiaries	*i*	**7,037,520**	8,222,000

Note:

i. The Group's subsidiaries have utilised these banking facilities of HK$6,002,934,000 as at 31 December 2019 (2018: HK$6,217,871,000).

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW AND ANALYSIS

Macro-economic and industry review

In 2019, the international situation was complex and rapidly changing. Clouded by the uncertainties of trade protectionism and geopolitics, the momentum of global economic growth experienced a general decline. The International Monetary Fund had successively lowered its global economic growth forecast. In its October report, the global economic growth forecast was lowered to 3%, being the lowest since the 2008 global financial crisis. Trade disputes, geopolitical risks and structural factors of developed economies were the main reasons for the economic downturn. To counter the risks brought by the economic downturn, the central banks of major economies had successively initiated a fresh round of interest rate cuts. Over the same period, the economy of China was also in the midst of cyclical and structural adjustments internally. According to the latest figures of the National Bureau of Statistics of China, the annual GDP growth rate of China was 6.1% in 2019, indicating a slowing growth momentum. With the diminishing marginal demographic dividend and late-development advantage, the slow pace of growth of China's economy may become the norm.

Under the combined effect of the macro environment and policy changes, the private equity (PE) investments in China continued its downtrend over the past two years. On the one hand, PE fundraising still faced huge challenges. Impacted by the introduction of national fiscal restraint policy, tightened industry regulatory policies, including New Asset Management Rules and Wealth Management Administrative Measures, and PE investment returns falling short of expectations, traditional sources of PE funding, including banks' wealth management, insurance firms, local government-guided funds and private enterprises, had been shrinking. On the other hand, in the midst of macroeconomic and industry downturn, investment risks had emerged. With the share price of more unicorn enterprises dropping below their initial offering price, post-listing returns were generally unsatisfactory. The vacancy rate of commercial properties remained high, putting downward pressure on the overall rental income. Default risks in the debt market heightened, and improvement in credit conditions was yet to find a solid footing. In the meantime, with the deepening reform of the China capital market and further opening-up of its financial markets, certain positive factors started to come into place. For example, the STAR Market has provided PE funds with a more convenient and diversed option to exit; the accelerated opening-up of the financial sector is expected to introduce more foreign capital; and the underlying assets for investment by PE funds are becoming more diversified.

Faced with the changes of the global geopolitical and geoeconomic situation, assisting investors in flexibly allocating and deploying their assets under such uncertainties has become a topic of crucial importance for PE firms. China Everbright Limited ("CEL") believes that its development over the past 20 years is closely connected with economic globalisation and opening-up of China's financial markets. As a leading PE firm in China with both cross-border advantages and local resources, CEL had faced up to the difficulties and challenges of the industry in 2019. Through sufficient research and evaluation, we formulated new development strategies and swiftly implemented strategic transformation. From various aspects such as fundraising and management, we proactively shifted our business focus towards alternative asset management business, laying down a solid foundation for future development.

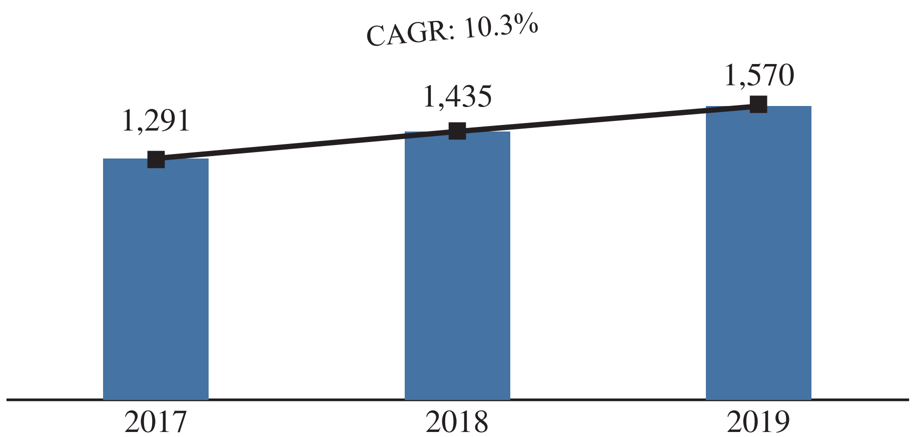
2019 BUSINESS REVIEW HIGHLIGHTS

In the relatively complex external environment since the beginning of 2019, the operating results of CEL were impacted to a certain extent. In the first half of 2019, the profit attributable to shareholders of the Company was HK$1,279 million, representing a decrease of 34% compared to the same period last year. In the second half of 2019, CEL focused on problem solving, and implemented strategic transformation towards an asset management company, which successfully resisted the impacts from the external environment and industry downturn. The profit attributable to shareholders of the Company for the year was HK$2,237 million, representing a decrease of 28% as compared to the same period last year, turning around the downward trend in the first half of the year. The decrease in the profit attributable to shareholders of the Company for the year was mainly due to the decrease in the valuation of certain projects held by CEL and the provision for impairment of certain real estate projects made in a prudent way.

During the reporting period, the Fund Management Business of CEL was steady with our initiative of transformation. In respect of fundraising, the total amount of newly raised funds was approximately HK$20.3 billion, and the net increase in assets under management ("AUM") was approximately HK$13.5 billion. Despite the overall industry downturn with only a handful of firms in China achieving a fundraising scale of over RMB10 billion, we bucked the trend to achieve business growth. For investments, CEL strived for a balance between investments and exits, and adopted a prudent approach in the volatile market by slowing down the overall pace of investment. Our primary market funds (including fund-of-funds ("FoFs")) invested and/or further invested in 60 projects, with an aggregate size of approximately HK$5,882 million, focusing around the main theme of China's economic transformation, including deployment of investments in the fields of technology and new economy, elderly care, food and beverages, consumption upgrade and healthcare, etc. In terms of management, CEL enhanced various internal control procedures during the period of strategic transformation to closely monitor risk exposures, and grew with its investee companies through continuous dissemination of its post-investment management capability. During the year, management fee income of CEL presented in accordance with the relevant financial reporting standards was HK$371 million for the year, representing a growth of 5% as compared with the same period last year. Earned Management Fee Income[1] increased by 7% compared to last year, reaching HK$895 million. In respect of exits, CEL disposed of mature projects at the right time to capture returns and realised favorable cash earnings. During the reporting period, the Fund Management Business of CEL exited, fully or partially, from 33 projects and realised cash inflows of approximately HK$4 billion.

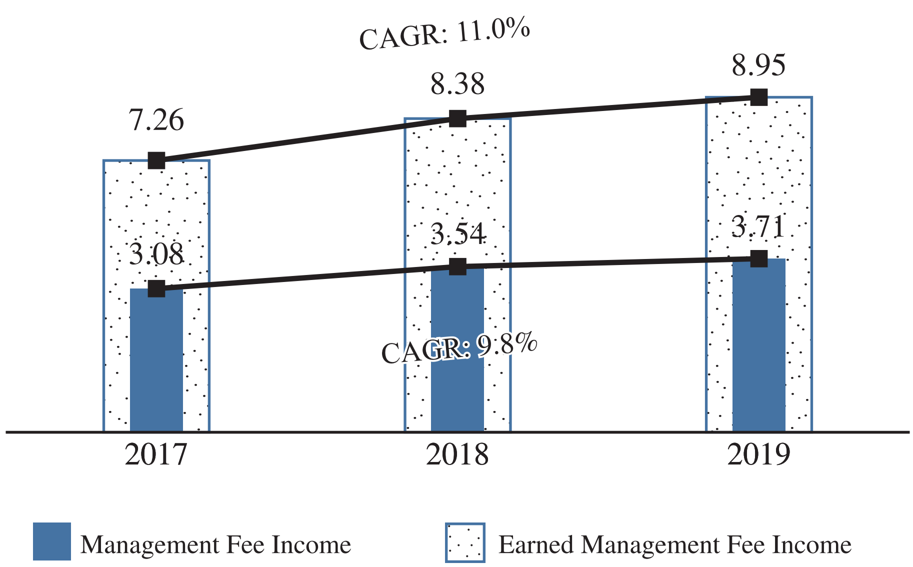
Note 1: Please refer to page 36 of this announcement for the elaboration on the definition of "Earned Management Fee Income" and the discussion on it with "Management Fee Income" recognised in accordance with the Hong Kong Financial Report Standards.

AUM of CEL in the Recent 3 Years
(in HK$ hundred millions)



CAGR: compound annual growth rate

Management Fee Income/Earned Management Fee Income of CEL in the Recent 3 Years
(in HK$ hundred millions)



CAGR: compound annual growth rate

During the year, the Principal Investments Business of CEL maintained a steady growth and grasped investment opportunities under the volatile market. Deployment of investments in the 4 strategic industry platforms was further refined, where EBA Investments/Everbright Jiabao[2], China Aircraft Leasing ("CALC"), Terminus and Everbright Senior Healthcare had either maintained the leading position in the industry or realised strategic advance. CEL also grasped the structural investment opportunities in the economic downturn by increasing the proportion of its structural investment and financing business, which realised desirable investment returns with an internal rate of return ("IRR") of over 18%. During the reporting period, the Principal Investments Business invested and/or further invested in 25 projects with a total size of HK$4,828 million, and exited, fully or partially, from a total of 18 projects, realising cash inflows of approximately HK$3,679 million.

Note 2: Among these, EBA Investments is the real estate industry platform under the fund management business.

FINANCIAL PERFORMANCE IN 2019

Revenue

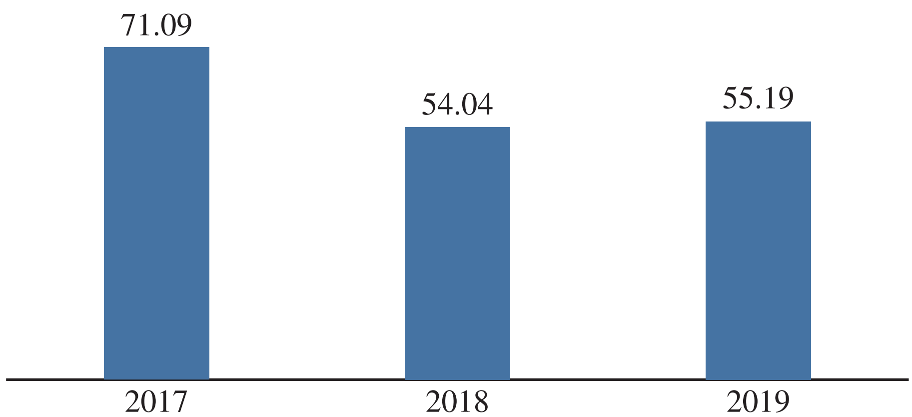
During the reporting period, the total amount of income[3] of CEL was HK$5,519 million, representing an increase of 2% as compared with the same period last year. In terms of nature of income, the income of CEL is mainly derived from fees, such as fund management fee, performance fee and consultancy fee, and interest and dividend incomes from investment projects, capital gains and share of profits of associates/joint ventures. The main sources of income are (1) management fee income, which is related to the Group's AUM; (2) interest income and dividend income, which are mainly derived from the structural investment and financing business under Principal Investments Business of the Group, and certain equity investments under China Everbright Bank Company Limited ("China Everbright Bank") and EBA Investments; and (3) capital gains, which are mainly derived by the Group from the capital gains generated from primary market funds or direct investments in the equity interests of non-listed companies and other financial assets, including net realised revenue from divested projects and valuation movement of non-divested projects, and the realised capital gains in secondary market stocks and bonds transactions through secondary market funds, and unrealised capital gains from mark-to-market investments.

In 2019, the Group recorded management fee income of HK$371 million, representing an increase of 5% as compared to the same period last year, and interest income and dividend income of HK$1,235 million, which was similar to that of the same period last year. During the reporting period, the Group accelerated the pace of project exits and recorded a net realised gain of HK$1.37 billion, representing an increase of 6% as compared with the same period last year. The Group also recorded a gain on bargain purchase of a subsidiary of HK$619 million from the acquisition of Ying Li International Real Estate Limited ("Ying Li")[4]. However, due to the intense volatility of the capital market and the overall decrease in the valuations of the PE market, the growth of the valuations of existing projects had in general slowed down. The net unrealised gain recorded in 2019 was HK$283 million, as compared with HK$1,226 million for the same period last year.

Note 3: Total amount of income is calculated as: income from contracts with customers + income from investments + income from other sources + share of profits less losses of associates + share of profits less losses of joint ventures + profit from disposal group held for sale. "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.

Note 4: For details of the acquisition of Ying Li, please refer to Note 5 of the Notes to the Financial Statements in this announcement.

Total Amount of Income of CEL
in the Recent 3 Years
(in HK$ hundred millions)



Key income

(in HK$ hundred millions)	**2019**	2018	**Change**
Income from contracts with customers, mainly including:	**6.12**	5.63	9%
– Management fee income	**3.71**	3.54	5%
– Performance fee and consultancy fee	**0.73**	2.07	(65%)
Income from investments, mainly including:	**37.24**	38.42	(3%)
– Interest income	**4.13**	3.87	7%
– Dividend income	**8.22**	8.50	(3%)
– Capital gain (realised gain or loss)	**13.70**	12.91	6%
– Capital gain (unrealised gain or loss)	**2.83**	12.26	(77%)
– Gain on bargain purchase of a subsidiary	**6.19**	–	N/A
Income from other sources	**2.70**	2.91	(7%)
Share of profits less losses of associates	**8.24**	5.84	41%
Share of profits less losses of joint ventures	**0.89**	1.17	(24%)
Profit from disposal group held for sale	**–**	0.07	N/A
Total amount of income	**55.19**	54.04	2%

For the purposes of resource allocation and business performance evaluation, the management of the Group adopts "Earned Management Fee Income"[5] as an additional financial measurement index. Earned Management Fee Income refers to the management fee income received by the Group as a fund manager in accordance with relevant fund management agreements. The following table sets out the adjustments between the Earned Management Fee Income recognised by the Group for the year and the Management Fee Income presented in accordance with the Hong Kong Financial Report Standards, which 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 shall be eliminated when consolidating into the Group's combined financial statements; (b) management fee income received by an associate/joint venture: (i) Everbright Jiabao, an associate of the Group, holds 51% interest of EBA Investments, which is included in Everbright Jiabao's scope of consolidation. The Group holds the remaining 49% interest of EBA Investments through another subsidiary and such interest is accounted for as financial assets. The management fee income of EBA Investments is reflected in share of profits of associates of the Group; (ii) 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 a joint venture shall be presented according to the Group's share of profits from the joint venture; (c) rebate of management fee income: part of the reported management fee income was rebated from the management fee income.

(in HK$ hundred millions)	**As presented in the financial report**	**Elimination of management fee income from consolidated funds** *(a)*	**Management fee income received by associates/ joint ventures** *(b)*	**Rebate of management fee income** *(c)*	**Earned Management Fee Income**
Primary market	2.72	1.03	2.08	0.25	6.08
Secondary market	0.82	0.25	–	–	1.07
Funds of funds	0.17	1.60	–	0.03	1.80
Management fee income	3.71	2.88	2.08	0.28	8.95

Note 5: 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.

In 2019, the Earned Management Fee Income in the Fund Management Business segment from the management perspective was HK$895 million, representing an increase of 7% compared with the same period last year. It was mainly attributable to the AUM of the fund, in particular, the continuous expansion of FoFs business.

Based on the analysis by business segments, the income from Fund Management Business of the Group reached HK$1,932 million, representing a decrease of 11%; the income from the Principal Investments Business reached HK$3,587 million, representing a year-on-year increase of 11%.

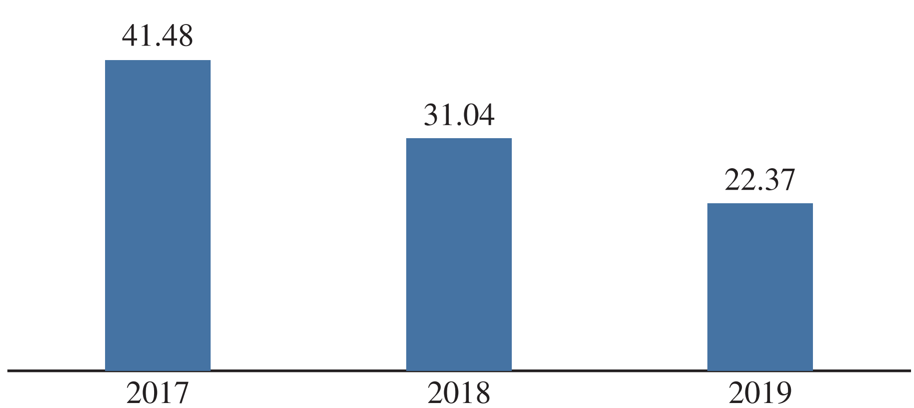
(in HK$ hundred millions)	**2019**	2018	**Change**
Income from key business segments			
– Income from Fund Management Business	**19.32**	21.83	(11%)
– Income from Principal Investments Business	**35.87**	32.21	11%
Total amount of income	**55.19**	54.04	2%

Profit

The profit attributable to shareholders of the Company in 2019 was HK$2,237 million, representing a 28% decrease as compared with the same period last year. The decrease in the profit attributable to shareholders of the Company for the year was mainly due to the decrease in the valuation of certain projects held by CEL, and the provision for impairment for certain real estate projects made in a prudent way. In terms of business segments, the profit from Fund Management Business decreased by 34% as compared with the same period last year, mainly due to the decrease in capital gain – unrealised gain, while the profit from Principal Investments Business was similar to that of last year.

CEL's Profit Attributable to Shareholders of the Company in the Recent 3 Years

(in HK$ hundred millions)

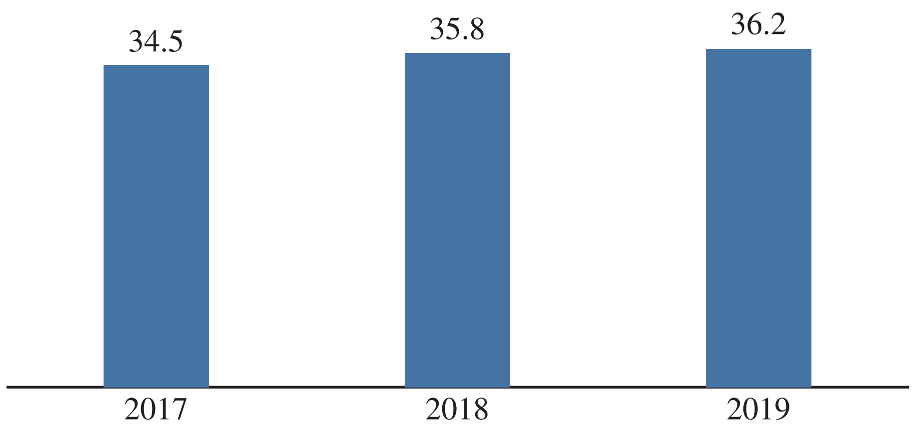


Profit in Key Business Segments

(in HK$ hundred millions)	**2019**	2018	**Change**
Profit from Fund Management Business	**12.44**	18.86	(34%)
Profit from Principal Investments Business:	**30.55**	30.41	0%
– Strategic industry platform (CALC, Everbright Senior Healthcare, Terminus)	**7.37**	6.20	19%
– Financial investments	**18.82**	19.24	(2%)
– Cornerstone investments (equity interests in China Everbright Bank and Everbright Securities)	**4.36**	4.97	(12%)
Less: Unallocated corporate expenses and taxes	**(20.62)**	(18.23)	13%
Profit attributable to shareholders of the Company	**22.37**	31.04	(28%)

The Board had declared an interim dividend and proposed a final dividend for the year 2019 in aggregate of HK$0.48 per share (HK$0.66 per share for the same period last year). The dividend payout ratio for the year was 36.2%, representing an increase of 0.4 ppt as compared to that of 35.8% last year.

Dividend Payout Ratio of CEL
in the Recent 3 Years
(%)

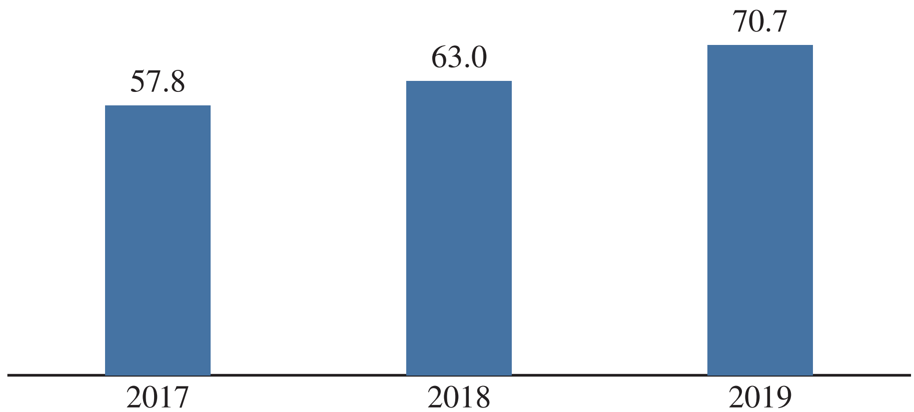


Per share (HK$)	**2019**	2018	**Change**
Earnings per share	**1.33**	1.84	(28%)
Interim dividend per share	**0.25**	0.26	(4%)
Final dividend per share	**0.23**	0.40	(43%)
Dividend payout ratio (annual)	**36.2%**	35.8%	+0.4ppt

Key financial ratios

During the reporting period, the operating costs of CEL were HK$1,352 million, with an operating cost-to-income ratio of 24.5%, representing an increase of 5.2 ppt from last year. As of the end of 2019, the interest-bearing debt of CEL amounted to HK$31 billion, with the gearing ratio increasing from 63.0% at the end of last year to 70.7%. The increase was mainly due to the acquisition of Ying Li by the Group during the year, and the consolidation thereof as a subsidiary of the Group, which resulted in the interest-bearing debt of HK$3.2 billion being consolidated to the accounts of the Group. The current ratio of the Group decreased by 6ppt from 117% at the end of last year to 111%, maintaining overall stability.

Gearing Ratio of CEL
in the Recent 3 Years
(%)



Key financial data[6]	**2019**	2018	**Change**
Operating cost-to-income ratio[7]	**24.5%**	19.3%	+5.2ppt
Gearing ratio[8]	**70.7%**	63.0%	+7.7ppt
Current ratio[9]	**111%**	117%	-6ppt

Note 6: Operating cost-to-income ratio, gearing 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.

Note 7: Operating cost-to-income ratio is calculated as operating expenses/total amount of income.

Note 8: The gearing ratio is calculated as interest-bearing debt (including bank loans + notes payable + bonds payable)/total equity.

Note 9: The current ratio is calculated as current assets/current liabilities.

BUSINESS PERFORMANCE ANALYSIS IN 2019

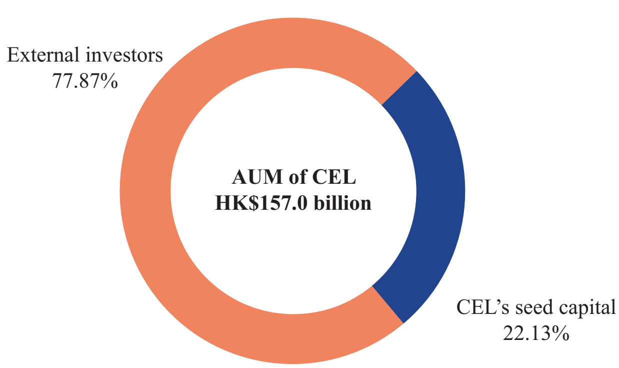
Fund Management Business

Over years of development, CEL has established a solid client base in the fund management industry. The primary market segment has outstanding investment track records, excellent market reputation and diversified product lines; the secondary market segment offers a variety of products including equities and bonds; and FoFs provides a one-stop management platform for mega-size institutional investors. As a result, despite the relatively difficult external environment in 2019, CEL successfully raised new funds of approximately HK$20.3 billion in aggregate with a net increase in AUM of approximately HK$13.5 billion. The newly-raised funds were mainly derived from:

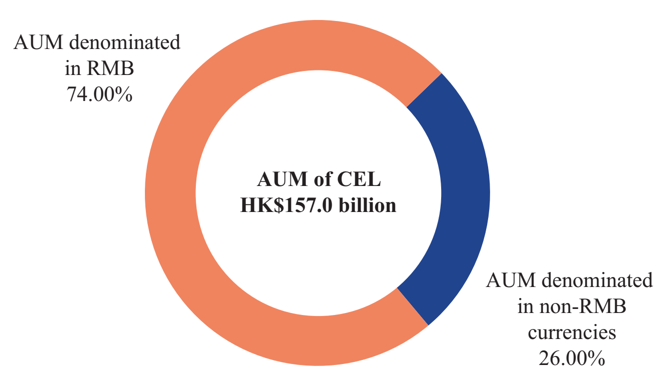
Newly-raised fund/ Newly-established fund *(in hundred millions)*	**Currency**	**Amount in original currency**	**Amount equivalent to HK$**	**Note**
In the form of FoFs				
– CEL Suzhou Fund-of-Funds	RMB	15.00	16.75	Newly-established
– Taizhou CEL Big Health Industry Fund	RMB	10.00	11.16	Newly-established
– Guangzhou CEL Guangzhou-Hong Kong-Macao Youth Venture Fund-of-Funds	RMB	10.00	11.16	Newly-established
Focusing on artificial intelligence and advanced manufacturing				
– CEL New Economy Industry Investment Fund	RMB	15.12	16.88	Newly-established
– EBT Investment Fund	RMB	10.00	11.16	Newly-established
– Nantong CEL Intelligent Manufacturing Fund	RMB	5.00	5.58	Newly-established
– Walden CEL Global Fund I	US$	0.23	1.85	Newly-raised
Focusing on the aircraft industry chain				
– Aircraft Recycling Global Fund	US$	3.50	27.40	Newly-established
Focusing on the new economy				
– New Economy USD Fund	US$	0.68	5.32	Newly-raised
Focusing on medical and healthcare				
– Medical and Healthcare Fund III	RMB	4.55	5.08	Newly-raised
Focusing on infrastructure				
– Everbright Overseas Infrastructure Investments Fund	US$	0.58	4.54	Newly-raised
Secondary market				
– Equity accounts			23.54	Newly-established
– Fixed income accounts			21.59	Newly-established
Others			40.86	
Total			202.87	

As of the end of 2019, for Fund Management Business, CEL's seed capital and funds from external investors accounted for 22.13% and 77.87% of the AUM respectively, where the external investors were primarily institutional investors, including commercial banks, insurance companies, family offices, government agencies, etc. As of the end of 2019, the Group's Fund Management Business managed 35 primary market funds, 27 secondary market investment portfolios and 7 FoFs. In terms of currency, funds denominated in RMB and non-RMB currencies were equivalent to approximately HK$116.8 billion and HK$40.2 billion, accounting for 74% and 26% of the funds, respectively. In terms of project types, 152 projects and 36 projects were managed under primary market funds and FoFs, with fair value of approximately HK$39.56 billion and HK$6.68 billion for the projects and investment portfolios held, respectively. In the product lines of primary market and FoFs, there were 13 equities listed on various stock exchanges around the globe with a market value of approximately HK$7.85 billion; while that of the unlisted equities and others were approximately HK$38.39 billion.

Distribution of AUM of CEL by Investors



Distribution of AUM of CEL by Currency



During the reporting period, CEL's Fund Management Business exited, fully or partially, from 33 projects, realising cash inflows of approximately HK$4,003 million. CEL has flexible ways of exits in place. Among the disposed projects, 10 projects which had been listed were fully/partially disposed through secondary market with an amount of approximately HK$1,351 million, representing 33.74% of the total amount of exits, whereas exits by equity transfer and other methods amounted to HK$982 million and HK$1,671 million, accounting for 24.53% and 41.74%, respectively.

Primary Market Funds

As of the end of 2019, 35 funds were under the management of CEL's Primary Market Fund segment, with aggregate AUM of approximately HK$109.4 billion, out of which amounts equivalent to approximately HK$88.6 billion and HK$20.8 billion were denominated in RMB and other currencies, accounting for 81% and 19% of the total amount, respectively. During the reporting period, 10 new funds were launched under primary market, with aggregate AUM equivalent to approximately HK$8.506 billion. CEL actively explored its internal synergy and launched a number of new funds relying on its existing strategic industry platforms, including Aircraft Recycling Global Fund, which was jointly established with CALC with a size of US$350 million, for the furtherance of its aircraft full life-cycle business, and CEL New Economy Industry Investment Fund, which was jointly established with Terminus with a size of RMB1.512 billion, for further promoting the wide utilisation of artificial intelligence and Internet of Things. With the diversified fund structures, capabilities on the full value chain and cross-border deployment, CEL has become a leading firm in alternative asset management in primary market in China.

Name of funds	**Time of establishment** *(Year-Month)*	**Currency**	**Amount in original currency** *(in hundred millions)*	**Amount equivalent to HK$** *(in hundred millions)*
Focusing on the new economy and dedicated funds				
Everbright-IDG Industrial Fund (IDG-Everbright M&A Investment Fund)	2016-05	RMB	101.14	112.90
Harmonious Core Fund	2016-06	RMB	13.92	15.54
Harmonious Bright Core Fund	2016-07	RMB	27.51	30.71
Zhongying Capital	2016-08	RMB	16.30	18.20
Smart Entertainment Industry Investment Fund	2016-12	RMB	3.60	4.02
Everbright-IDG Qianxing Investment Fund	2017-06	RMB	0.97	1.08
Everbright-IDG Hongsheng Investment Fund	2017-06	RMB	5.01	5.59
New Economy USD Fund	2018-05	US$	4.83	37.79
Focusing on artificial intelligence and advanced manufacturing				
CEL Harmonious Fund	2015-12	RMB	0.50	0.56
CEL Intelligent Manufacturing Equity Investment Fund	2017-03	RMB	5.20	5.81
Nantong CEL Semiconductor Industry Investment Fund	2018-12	RMB	5.00	5.58
Nantong CEL Intelligent Manufacturing Fund	2019-09	RMB	5.00	5.58
EBT Investment Fund	2019-12	RMB	10.00	11.16
CEL New Economy Industry Investment Fund	2019-12	RMB	15.12	16.88
Walden CEL Global Fund I	2018-04	US$	1.87	14.61

Name of funds	Time of establishment *(Year-Month)*	Currency	Amount in original currency *(in hundred millions)*	Amount equivalent to HK$ *(in hundred millions)*
Focusing on new energy				
Beijing Zhongguancun Industry Investment Fund	2007-12	RMB	1.60	1.79
Everbright Jiangyin Asset Investment Fund	2009-07	RMB	2.59	2.89
Everbright Wuxi Guolian Fund	2009-11	RMB	0.65	0.73
CEL Qingdao New Energy (Low Carbon) Fund	2013-03	RMB	6.50	7.26
Medical care and senior healthcare				
Medical and Healthcare Fund I	2012-10	RMB	2.00	2.23
Medical and Healthcare Fund II	2015-03	RMB	12.05	13.45
Medical and Healthcare Fund III	2018-10	RMB	12.60	14.06
CEL Haimen Senior Healthcare Industry Investment Fund	2017-08	RMB	5.00	5.58
Overseas acquisitions and infrastructure				
CEL Catalyst China Israel Fund	2014-03	US$	1.51	11.86
CEL Global Investment Fund	2016-04	US$	5.39	42.17
Everbright Overseas Infrastructure Investments Fund	2017-06	US$	4.58	35.85
Real estate				
EBA Real Estate	2009-01	RMB	477.79	533.38
Aircraft industry chain				
Aircraft Recycling Global Fund	2019-12	US$	3.50	27.40
Mezzanine funds and others				
Domestic Mezzanine Fund I	2012-07	RMB	6.78	7.56
Domestic Mezzanine Fund II	2016-12	RMB	12.25	13.67
Zhuhai Maiwen Fund	2017-05	RMB	6.00	6.70
China Special Opportunities Fund II (CSOF II)	2007-01	US$	1.00	7.83
China Special Opportunities Fund III (CSOF III)	2010-01	US$	3.94	30.86
Shandong Hi-Speed CEL Industry Fund	2014-04	RMB	18.18	20.30
CEL Zhengzhou Fund	2016-08	RMB	20.00	22.33
Total				1,093.91

Real Estate Private Equity Fund Management Platform

Among all the Group's primary market funds, EBA Real Estate under Everbright Jiabao has the largest size. Its management team EBA Investments, being a leader in the real estate fund management and asset management industry in China, adheres to the active management model for building value creation capacity. At present, CEL holds 51% interest of EBA Investments through Everbright Jiabao, which is owned as to 29.17% by CEL as the largest shareholder, and holds the remaining 49% interest of EBA Investments through another subsidiary. As of the end of 2019, the AUM of EBA Real Estate reached RMB 47.779 billion, with 45 projects under management.

During the year, EBA Investments continued with its business deployment of "IMIX Park" and accelerated the development of light asset management business. 18 commercial projects were under management and construction under the brands of "IMIX Park" and "IMIX+", with a total construction area of approximately 2 million sq.m. Meanwhile, EBA Investments actively explored the real estate financial innovation business and achieved sound exit efficiency by successfully issuing "EBAM-EBA Investments Commercial Real Estate ABS for Phase I of Jing'an IMIX Park" and "EBAM-EBA Investments Commercial Real Estate ABS for Phase II of Guanyin Bridge IMIX Park" in May and September 2019 respectively, with an issue size of RMB7.2 billion, under the RMB10 billion shelf-registered commercial REITs series. Such products attracted overwhelming subscriptions from various types of investors, including commercial banks, insurance firms and securities companies, upon issuance.

Secondary Market Funds

As of the end of 2019, CEL's secondary market team managed 27 funds and accounts with a net asset value of approximately HK$22.8 billion. The secondary market team has built a diversified one-stop product platform with years of cross-border experience. The product lines cover Asian credit bond hedge funds, Asian convertible bond hedge funds, overseas Greater China equity hedge funds, domestic A+H share long-only strategies (including PE funds and institutional outsourcing), PIPE funds and investment advisory business. In terms of product categories, fixed income products, equity products and PIPE products accounted for 53%, 42% and 5% of the total amount respectively.

In 2019, the secondary market team proactively integrated competitive resources, optimized client structure and increased the proportion of professional and large institutional clients, while leveraging cross-border investment capabilities to grow and develop with its partners and continue to deliver favorable investment returns. In respect of fixed income products, CEL has diversified product lines covering overseas funds, QDII management accounts, overseas management accounts and asset securitisation products. Our flagship product "Everbright Dynamic Bond Fund" has recorded good performance over years, while its AUM reached US$600 million as of the end of 2019 and its net of fees return in USD for the year reached 13.0%. Since its launch in December 2012, the fund has delivered a net of fees return in USD of 71% and an annualised return of 7.9%, outperforming the market in the long term (the return for BofA Merrill Lynch Asia USD Bond Index was 36% with an annualised return of 4.5% over the same period). During the reporting period, the fund was nominated by AsiaHedge as the "Best Fixed Income, High Yield, and Non-Performing Debt Fund", and was awarded the "Best Offshore RMB Bond Fund (5 Years)" by Insights. In addition, the fund manager received the "Three-year Overseas Golden Bull Private Equity Investment Manager (Fixed Income Strategy)" award.

Meanwhile, Everbright China Focus Fund, a Greater China long-only absolute return fund and the flagship product within the equity category, had reached a fund size of US$100 million. During the period, it achieved a net of fees return of 17.1%. In comparison, the Hang Seng Index and Hang Seng China Enterprises Index surged by 9.1% and 10.3% respectively over the same period. Since its launch in January 2014, Everbright China Focus Fund has achieved an aggregate net of fees return of 126.3% with an annualised return of 14.6%, greatly outperforming the growth of CSI 300 Index (83.6%), Hang Seng Index (24.0%) and Hang Seng China Enterprises Index (10.5%) over the same period. The fund was awarded the "Best Chinese Hedge Fund (3-Years)" by Insights, and the fund manager received the award of "Three-year Golden Bull Private Equity Investment Manager (Stock Strategy)". In addition, CEL Asset Management (Shanghai) Limited, a subsidiary under the Group, also garnered the award of "Top Ten Private Equity Managers of the Year" in the 2nd National Private Equity Contest held by Securities Times.

During the reporting period, CEL's secondary market team also actively participated in collaboration with China Everbright Group ("Everbright Group") and made great efforts in developing synergistic coordination with fellow companies within Everbright Group. Upon serving as an investment adviser to manage a public bond fund "Everbright Income Focus Fund" for Everbright Sun Hung Kai in Hong Kong and successfully introducing funds from well-known mainland insurance groups in 2018, the fund further introduced external funds in 2019, increasing its scale by nearly 50% and achieving a net of fees return of 10.7%. In addition, leveraging the distribution cooperation with Everbright Sun Hung Kai's wealth management business, CEL successfully launched its flagship product, Everbright Dynamic Bond Fund, targeting to develop local high-net-worth client base in Hong Kong.

Fund-of-Funds (FoFs)

As of the end of 2019, CEL's FoFs team managed 7 FoFs with AUM of over RMB20.6 billion, and the investment amount in sub-funds and equity investment projects exceeded RMB7.7 billion. FoF invested in funds launched and managed by CEL and also in external sub-funds with proven track records and sound governance and their direct investment projects.

Name of funds	**Time of establishment** *(Year-Month)*	**Currency**	**Amount in original currency** *(in hundred millions)*
Multi-strategy Alternative Investment Fund	2012-02	RMB	50.01
CEL-CMB Multi-strategy Equity Investment Fund-of-Funds	2017-03	RMB	50
CEL Hunan Fund-of-Funds	2018-08	RMB	51
CEL Jiangsu Liyang Fund-of-Funds	2018-11	RMB	20
Taizhou CEL Big Health Industry Fund	2019-11	RMB	10
Guangzhou CEL Guangzhou-Hong Kong-Macao Youth Venture Fund-of-Funds	2019-12	RMB	10
CEL Suzhou Fund-of-Funds	2019-12	RMB	15
Total			206.01

In 2019, in the face of a significant decline in the external fundraising environment, CEL's FoFs team actively reacted to the circumstances and worked with multiple local governments. It initiated 3 FoFs and raised RMB3.5 billion in total. Among these, Taizhou CEL Big Health Industry Fund focuses on the key development areas of Taizhou and Taizhou pharmaceutical high-tech zone, and deploys investments in industries such as biomedicine, high-performance medical equipment, high-end equipment manufacturing, energy conservation and environmental protection, new energy, new materials and new-generation information technology; Guangzhou CEL Guangzhou-Hong Kong-Macao Youth Venture Fund-of-Funds focuses on 4 major fields comprising new-generation information technology, medical and healthcare, consumption and cultural education and advanced manufacturing, for the purpose of investing in companies with high growth potential; CEL Suzhou Fund-of-Funds integrates with the advanced manufacturing industry in Suzhou, aiming at taking full advantage of CEL's cross-border asset management and industry cultivation advantages and striving to promote industry upgrade and development in Suzhou.

In respect of business development, FoFs has largely completed its initial deployment in east China, south China and central China regions and also actively developed its overseas business in 2019. Besides, FoFs has also commenced cooperation with China Everbright Bank and Everbright Securities Company Limited ("Everbright Securities") in terms of fundraising, investment, management and exit, effectively facilitating the positive interaction and collaborative development with Everbright Group's fellow companies.

Principal Investments Business

The Group has a strong advantage in its principal capital and strives to achieve the following 3 objectives through its principal investment: (1) strategic industry platforms: fostering strategic industries and investment platforms; (2) financial investments: maintaining flexible liquidity management through investment in structured financing products and obtaining stable interest income; participating in equity and related financial investments to capitalise on the co-investment opportunities brought by the fund management business, or as reserve projects for the purpose of accommodating the fund management business in setting up new fund products to match the needs of investors' capital; (3) cornerstone investments: holding a portion of the equity interest in China Everbright Bank and Everbright Securities.

As of the end of 2019, the Principal Investments Business managed 64 post-investment projects with an aggregate amount of approximately HK$39.2 billion. Among these, the total carrying amount of equity interest in CALC, Everbright Senior Healthcare and Terminus held by CEL was approximately HK$4.5 billion; the fair value of financial investments was approximately HK$15.7 billion; the fair value of the cornerstone investments in China Everbright Bank was HK$7.7 billion, and the carrying amount of Everbright Securities was HK$11.3 billion.

(in HK$ hundred millions)	**2019**	2018
Principal investment		
– Strategic Industry Platforms	**45**	26
– Financial Investments	**157**	159
– Cornerstone Investments	**190**	180
Total	**392**	365

Strategic Industry Platforms

Aircraft Leasing

CALC, one of CEL's key strategic industry platform investments, is a one-stop aircraft full life-cycle solutions provider for global airlines. CALC's scope of business includes regular operations such as aircraft operating leasing, purchase and leaseback and structured financing, value-added services such as fleet planning, fleet upgrade, aircraft disassembling and parts sales. It also elevates aircraft asset value through flexible aircraft asset management.

In 2019, CALC continued to increase its full life-cycle capabilities. During the year, it delivered 11 aircrafts and sold 15 aircrafts to Aircraft Recycling International Limited ("ARI"), CAG Bermuda 1 Ltd and its subsidiaries ("CAG") and various external third parties. As of the end of the year, the fleet size reached 134 aircrafts, including 23 aircrafts managed on behalf of CAG, and 218 aircrafts were pending for delivery. As of the end of 2019, the utilisation rate of aircraft of CALC reached 99% with the fleet average age of 4.6 years, and the remaining lease period was 8.2 years on average. Based on the existing fleet and the value of aircraft orders, CALC has been named by ICF, an authoritative consulting agency, as the world's top 10 aircraft leasing company.

During the reporting period, CALC signed a five-year unsecured revolving syndicated loan of US$840 million, which will be used for pre-delivery payments for certain newly ordered aircrafts, and successfully obtained the first aircraft dismantling license issued by the Civil Aviation Administration of China, which helps continue to enhance the "international first-class" aircraft full life-cycle capabilities. CALC also launched Aircraft Recycling Global Fund of US$350 million to keep its efforts in developing its business model in light-asset aircraft leasing.

During the year, CEL increased the stake in CALC from 34.05% to 35.67%, with a market value of approximately HK$2 billion based on the closing price of HK$8.29 per share as at 31 December 2019. During the year, the profit of CALC attributable to CEL rose to HK$319 million, increased by 15% year-on-year.

Everbright Senior Healthcare

In May 2019, Everbright Senior Healthcare Industrial Development Limited was established in Beijing as the domestic headquarter of "Everbright Senior Healthcare" and fully took charge of running the Group's domestic asset management, investment and operations in the senior healthcare industry. In November, Everbright Senior Healthcare introduced 5 institutions, namely Everbright Financial Holding Asset Management Co., Ltd., Sun Life Everbright Life Insurance Co., Ltd., China Everbright Industry Group Limited ("Everbright Industry"), Everbright Zhengzhou Guotou New Industry Investment Fund Partnership L.P. (a fund under Everbright Industry) and a staff shareholding platform, to become the new shareholders of Everbright Senior Healthcare.

In the year of 2019, Everbright Senior Healthcare entered a brand new stage of development. With business presence in 24 core cities across the country and managing nearly 80 elderly centers and over 21,000 beds, it ranked the top 5 players in the senior healthcare industry in China. Relying on the strong resources of Everbright Group, Everbright Senior Healthcare adheres to the high-quality and sustainable business development and growth model and is gradually becoming a benchmark enterprise in the senior healthcare industry in China. In the meantime, as the largest shareholder of Everbright Senior Healthcare, CEL will fully leverage its advantages in fund management business, artificial intelligence and high-tech industries to support Everbright Senior Healthcare in building an intelligent and high-tech senior care system.

Artificial Internet of Things ("AIoT")

In 2019, Terminus established the vision of "becoming the world's leading smart scenario service provider". With the core AIoT application technology, it provides intelligent public and high-tech services in integrated management and other aspects for local governments and corporate clients in China, and offers market-leading intelligent solutions in community zones, energy and electricity, retail and exhibition, among others. During the year, Terminus released cutting-edge products such as Terminus Gaia Cloud, next-generation Poseidon edge computing product series and Titan series service robots. In respect of business development, Terminus started strategic cooperation with a number of local governments and industry leaders with the objective to jointly develop full scenario smart services for all industries.

During the reporting period, Terminus completed the series C financing led by CEL and followed by well-known institutions such as Jingdong (JD). Upon completion of such financing, CEL continued to be a substantial shareholder of Terminus, with a total shareholding of 22.60%. As of the end of 2019, Terminus had obtained a total of 720 patents, including 417 invention patents. It also became one of the first batch of IoT companies to pass the "Multi-level Protection of Information Security Scheme (MLPS) 2.0" standard assessment.

Financial Investments

CEL's financial investments with its own funds cover the following aspects: (1) investment: 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) supporting the early stage development of the Group's fund business to complete fund reserve projects or provide short-term loan financing through its own funds; (3) investing in structured financing products with balanced returns and liquidity.

As of the end of 2019, CEL's financial investments amounted to HK$15.7 billion, with the aggregate valuation of top 10 projects amounting to HK$10.4 billion. In terms of the nature of projects, there were 5 structured financial investment projects with an investment scale of approximately HK$2.1 billion, 53 equity and related financial investment projects with a fair value of approximately HK$13.6 billion, out of which 10 projects had been listed on different stock exchanges around the globe with a market value of approximately HK$4.8 billion, and unlisted equity and other projects amounting to approximately HK$8.8 billion.

During the reporting period, there were 18 financial investment projects fully/partially disposed, bringing cash inflows of approximately HK$3,679 million, including dividends, interests and consultancy fee income of approximately HK$450 million. Among these, 7 projects which had been listed were fully/partially disposed in secondary market, with cash inflows of approximately HK$1,423 million, accounting for 38.7% of the total amount; 6 projects in the structured investment segment were disposed with outstanding performance, bringing cash inflows of approximately HK$1,700 million, accounting for 46.2% of the total amount and achieving an IRR of over 18%; and cash inflows from other disposed projects amounted to approximately HK$555 million and accounted for 15.1% of the total amount.

Cornerstone Investments (Significant Investments)

As of 31 December 2019, the carrying amount of certain equity interests in Everbright Securities and China Everbright Bank held by the Group each accounted for more than 5% of the Group's total assets and the two investments were regarded as significant investments for the Group. These two investments held by the Group accounted for in aggregate 43% and 22% of the Group's net assets and total assets respectively.

Everbright Securities (601788.SH)

Established in 1996 with its headquarter in Shanghai, Everbright Securities was one of the first 3 innovative pilot securities firms approved by the China Securities Regulatory Commission. As of the end of 2019, the Group held 982 million A shares in Everbright Securities, representing 21.30% of its total share capital, with an investment cost of HK$1,538 million. Everbright Securities is accounted for as an associate of the Group. As of the end of 2019, the carrying amount of the shares held by the Group was HK$11.3 billion, accounting for 26% and 13% of the Group's net assets and total assets respectively. Based on the closing price of RMB13.10 per share as at 31 December 2019, the fair value of the shares in Everbright Securities held by the Group was HK$14.4 billion.

In 2019, Everbright Securities seized market opportunities and adhered to value investment with active management and committed to serving the real economy, and the revenue in securities investment, asset management and investment banking business achieved a substantial growth. During the year, the Group's share of profit from Everbright Securities was HK$141 million, representing a year-on-year increase of 135%, and the Group received dividend payments of HK$115 million from Everbright Securities for the year.

China Everbright Bank (601818.SH)

Established in August 1992 with its headquarter in Beijing, China Everbright Bank is a national joint-stock commercial bank approved by the State Council and the People's Bank of China. As of the end of 2019, the Group held 1.57 billion A shares in China Everbright Bank, representing 3.00% of the total share capital of China Everbright Bank, with an investment cost of HK$1,407 million. China Everbright Bank is accounted for as equity investments designated at fair value through other comprehensive income of the Group. Based on the closing price of RMB4.41 per share as at 31 December 2019, the carrying amount and fair value of the shares in China Everbright Bank held by the Group was HK$7.7 billion, accounting for 17% and 9% of the Group's net assets and total assets respectively.

In 2019, China Everbright Bank achieved a solid performance and realised an operating income of RMB132.812 billion, representing an increase of 20.47% over the previous year. China Everbright Bank also recorded a double-digit growth in net profit with an amount of RMB45.163 billion, representing a growth of 10.55% year-on-year. During the year, the Group received dividend payments of HK$295 million from China Everbright Bank, decreased by 15% as compared with 2018.

OUTLOOK

In 2020, the global economy is expected to move forward in the midst of uncertainty. On the one hand, a new round of technological revolution and industrial upgrading accelerate reshaping of the world economy. On the other hand, the tensions among great powers are ongoing and geopolitical order remains in the rebalancing process. As the year begins, the outbreak of novel coronavirus increases the uncertainty in China's economic growth. However, with the combined effect of strengthened counter-cyclical policies and the new round of opening-up policies and coupled with the cyclical improvement of corporate profits, it is expected to bring support to the economy. As crises create opportunities, CEL will strive to capture the structural opportunities of investment and step forward with stability, further promote the transformation to an asset management company, as well as increase industry-focused investment. CEL will also seek to strengthen its operating performance and mitigate risks and maximise the returns to investors. Specifically, CEL will adopt the following strategies:

Firstly, exploring opportunities and expanding fundraising scale: CEL will keep exploring and achieving product customisation by developing diversified product forms, such as mezzanine funds, structured investment and financing, merger and acquisition funds and secondary alternatives, in order to meet investors' range of needs in terms of investment duration, returns, stability and risk appetite. Meanwhile, the existing FoFs model has gained support and recognition from multiple local governments. CEL will continue to consolidate its deployment in key areas such as Beijing-Tianjin-Hebei Region, the Yangtze River Delta, the Greater Bay Area and the Central Region, and strengthen regional economic cooperation with different local governments and institutions in China, striving to realise a win-win situation for local economic development and investor returns.

Secondly, deepening its industry-focused strategy and making investments steadily: CEL will continue to focus on the leading enterprises which it has incubated and nurtured, fortify the construction of its ecosystem platforms by deepening the support on relevant fields and upstream and downstream of the industrial chain, and further promote the interaction of industrial investment and asset management. CEL will also focus on nurturing enterprises in industries on which CEL has extensive asset management experience, such as high-end manufacturing, core technology, food and beverage and medical and health, and promote the development of enterprises with high potential to become industry leaders.

Thirdly, enhancing cross-border deployment with internal expansion and external alliance: CEL will further expand its cross-border business and strengthen its overseas presence by expanding foreign operations, acquiring overseas companies or setting up asset management joint ventures locally. Besides, CEL will focus on the Belt and Road initiative and continue to implement the strategies of "venturing out" and "bringing in" in the fields of infrastructure and high-end new technology.

Fourthly, mitigating risks and operating steadily: in the face of potential exposure of industry concentration risk in industries such as private equity and real estates during the economic downturn, CEL will take positive steps to respond to and handle challenges cautiously, striving to mitigate risks properly.

In the year of 2020, CEL will live up to its spirit and fully leverage its pioneer advantage to actively grasp new opportunities, invest with industry focus, and build alternative asset management systems and competitive advantage, aiming to become the world's leading cross-border asset management company. "Sailing smooth and moving forward": while pivoting on China with its global vision and insight into the future, CEL will adhere to the slogan of "going beyond with prudence and stepping forward with grit" with our partners as well as strive to offer the best returns to investors, create the greatest value for our corporation and provide shareholders with the most stable growth.

FINANCIAL POSITION

As at 31 December 2019, the Group's total assets amounted to HK$86.5 billion with net assets amounted to HK$43.8 billion. Equity attributable to equity shareholders of CEL per share was HK$24.7, increased by 4.3% compared with the end of 2018. As at 31 December 2019, the Group's interest-bearing debt ratio increased to 70.7% (31 December 2018: 63.0%).

FINANCIAL RESOURCES

The Group adopts a prudent approach to cash and financial management to ensure proper risk control and low cost funds. It finances its operations primarily with internally generated cash flow and loan facilities from banks. As at 31 December 2019, the Group had cash and bank balances of HK$7.3 billion, increased by HK$0.4 billion compared with the end of 2018. Currently, most of the Group's cash, representing 88.7%, is denominated in Hong Kong dollars and Renminbi.

BORROWING

The Group will review and ensure sufficient banking facilities to reserve resources to support its business development. As at 31 December 2019, the Group had banking facilities of HK$24.9 billion, of which HK$5.9 billion had not been utilised. The banking facilities were of one to thirteen years terms. The Group had outstanding bank loan of HK$19.0 billion, increased by 33.8% compared with the end of 2018. The borrowing as at 31 December 2019 included secured interest-bearing borrowings of HK$3.8 billion and unsecured interest-bearing borrowings of HK$15.2 billion. The Group had issued corporated bonds with outstanding principal amount of HK$11.9 billion. The interest-bearing borrowings were mainly denominated in Renminbi, representing about 48% of the total, and the remaining were mainly denominated in USD, SGD and Hong Kong dollars. As at 31 December 2019, approximately 55% of the Group's total principal amount of borrowing were at floating rates and the remaining 45% were at fixed rates. The maturity profile of the Group's borrowing is set out in Note 19 of the Notes to the Financial Statements in this announcement.

PLEDGE OF ASSETS

As at 31 December 2019, fixed deposits of HK$46 million were pledged to the banks for sales of mortgaged properties to customers and interest reserve account on bank loans and HK$177 million were used to secure banking facilities granted to the Group entities. Investment properties, shares and inventories with carrying value of approximately HK$4,400 million, HK$429 million and HK$409 million are 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 2019, assets deposited with the prime brokers included HK$1,715 million and HK$195 million which formed part of the Group trading securities and debtors respectively.

FINANCIAL INSTRUMENTS

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 objective is 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 led by the Chief Risk Officer and is executed by the Risk Management Department. This functional structure can assess, identify and document the Group's risk profile and to ensure that the business units focus, control and systematically avoid potential risks in various business area. 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, trade and other receivables, debt investments and unlisted derivative financial instruments.

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.

Trade and other receivables 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 of Directors and is monitored by the Risk Management 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 arises.

(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 (see note 10) and financial assets at fair value through profit or loss (see note 11). Other than unlisted securities held for medium to long-term strategic 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 and the Shenzhen 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 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.

CONTINGENT LIABILITIES

As at 31 December 2019, the Company had issued financial guarantees to subsidiaries. The Board does not consider it is probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 31 December 2019 for the provision of the guarantees related to the facilities drawn down by the subsidiaries was HK$6.0 billion.

SCOPE OF WORK OF ERNST & YOUNG ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

FINAL DIVIDEND

The Board has resolved to recommend payment of a final dividend of HK$0.23 per share for the year ended 31 December 2019 (2018: HK$0.4 per share). Together with the interim dividend of HK$0.25 per share already paid, the aggregate amount of dividends for the year is HK$0.48 per share (2018: HK$0.66 per share).

The final dividend, subject to approval at the forthcoming annual general meeting, is expected to be paid on Thursday, 18 June 2020 to those shareholders whose names appear on the register of members of the Company on Monday, 8 June 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 18 May 2020 to Thursday, 21 May 2020, both days inclusive, during which no transfer of shares will be registered. Shareholders are reminded that, in order to qualify for attendance of 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 15 May 2020.

The register of members of the Company will also be closed from Friday, 5 June 2020 to Monday, 8 June 2020, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 4 June 2020.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 21 May 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year.

CORPORATE GOVERNANCE

The Company believes that upholding good corporate governance measures is important to ensuring effective internal control and protecting the long term interest of the shareholders, customers, staff and the Company. The Company strictly complies with the applicable laws and regulations and codes and guidelines of the regulatory authorities, and strives to follow the best international and local corporate governance practices and to develop and improve the corporate governance practices of the Company.

The Corporate Governance Code (the "CG Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") has been duly adopted by the Board as the code on corporate governance practices of the Company.

The Board would like to confirm that, subsequent to careful examination and review, the Company has complied with all code provisions of the CG Code for the year ended 31 December 2019.

Details of the Company's implementation of its corporate governance practices will be reported and disclosed in the Company's Annual Report 2019.

IMPORTANT EVENT AFTER THE REPORTING PERIOD

After the reporting period, the outbreak of the novel coronavirus (COVID-19) has been declared a pandemic by the World Health Organization. If the outbreak remains protracted, it may create negative impacts on the Group's performance, including but not limited to the Group's income from investments. As at the date of this announcement, given the rapid development of the novel coronavirus outbreak, the Directors consider that it is impracticable to estimate the financial impact to the Group. The Board will continue to assess the impact of the outbreak on the Group's operation and financial performance, closely monitor the Group's exposure to the risks and uncertainties in connection with the outbreak, and maintain close communication with different stakeholders of the Group.

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 10 of the Listing Rules to govern the securities transactions of the Directors and relevant employees. 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 2019.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee currently 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 2019.

The Committee is also responsible for overseeing the Company's risk management programmes and reviewing the effectiveness of management's processes for identifying, assessing, mitigating and monitoring enterprise-wide risks.

NOMINATION COMMITTEE

The Nomination Committee currently comprises Dr. Lin Zhijun (Chairman), an independent non-executive Director, Dr. Cai Yunge, the Chairman of the Board, and two other independent non-executive Directors, namely Dr. Chung Shui Ming Timpson and Mr. Law Cheuk Kin Stephen. Its primary responsibilities include making recommendations to the Board on appointment of Directors and senior management of the Group and assessing the qualifications and competencies of the candidates so as to ensure that all nominations are fair and transparent. The terms of reference of the Nomination Committee are disclosed on the website of the Company.

During the year under review, the Nomination Committee made recommendation to the Board on the appointment of a new Board member, reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board, assessed the independence of the independent non-executive Directors and discussed and made recommendation to the Board on the re-election of the retiring Directors at the annual general meeting of the Company, etc.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises Dr. Lin Zhijun (Chairman), an independent non-executive Director, Dr. Cai Yunge, the Chairman of the Board, and two other independent non-executive Directors, namely Dr. Chung Shui Ming Timpson and Mr. Law Cheuk Kin Stephen. The terms of reference of the Remuneration Committee, which are disclosed on the website of the Company, set out the duties of the Remuneration Committee, including determining, with delegated responsibilities, the remuneration packages of the individual executive Directors and senior management of the Group.

During the year under review, the Remuneration Committee reviewed the performance appraisal of executive Directors and senior management of the Company, the incentive scheme of the Company, and the policies and proposal on performance appraisal, annual bonus and annual salary adjustment of the Group's staff (including senior management), etc.

By order of the Board
China Everbright Limited
Zhao Wei
Chief Executive Officer

Hong Kong, 19 March 2020

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

Executive Directors:
Dr. Cai Yunge *(Chairman)*
Dr. Zhao Wei *(Chief Executive Officer)*
Mr. Tang Chi Chun Richard
Mr. Zhang Mingao
Mr. Yin Lianchen

Independent Non-executive Directors:
Dr. Lin Zhijun
Dr. Chung Shui Ming Timpson
Mr. Law Cheuk Kin Stephen