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光大控股
EVERBRIGHT LIMITED

CHINA EVERBRIGHT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 165)

**ANNOUNCEMENT
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

The board of directors (the “Board” or the “Director(s)”) of China Everbright Limited (the “Company” or “CEL”) is pleased to announce that the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2021 together with relevant comparative figures for the previous year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	<i>Note</i>	2021 HK\$'000	2020 HK\$'000
Turnover	3	21,785,133	22,682,402
Income from contracts with customers	3	659,392	540,419
Income from investments	3	4,314,022	4,337,695
Income from other sources	3	(276,533)	108,143
Impairment losses		(440,390)	(193,000)
Operating expenses		(1,066,826)	(1,132,230)
Profit from operations		3,189,665	3,661,027
Finance costs		(937,446)	(1,062,091)
Share of profits less losses of associates	8	1,229,097	563,020
Share of profits less losses of joint ventures	9	59,237	43,300
Profit before taxation		3,540,553	3,205,256
Income tax	4	(768,186)	(948,118)
Profit for the year		2,772,367	2,257,138

	<i>Note</i>	2021 HK\$'000	2020 HK\$'000
Attributable to:			
Equity shareholders of the Company		2,572,840	2,264,175
Holders of senior perpetual capital securities	20	88,585	15,736
Non-controlling interests		110,942	(22,773)
		<hr/>	<hr/>
Profit for the year		<u>2,772,367</u>	<u>2,257,138</u>
Basic and diluted earnings per share	7	<u>HK\$1.527</u>	<u>HK\$1.344</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

		2021	2020
	Note	HK\$'000	HK\$'000
Profit for the year		2,772,367	2,257,138
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		(1,069,617)	(286,780)
Items that may be reclassified subsequently to profit or loss			
– Share of other comprehensive income and effect of foreign currency translation of associates		468,683	893,234
– Share of other comprehensive income and effect of foreign currency translation of joint ventures		29,091	69,506
– Other net movement in exchange reserve		<u>444,002</u>	<u>986,068</u>
		<u>(127,841)</u>	<u>1,662,028</u>
Total comprehensive income for the year		<u>2,644,526</u>	<u>3,919,166</u>
Attributable to:			
Equity shareholders of the Company		2,555,676	4,009,362
Holders of senior perpetual capital securities	20	88,585	15,736
Non-controlling interests		<u>265</u>	<u>(105,932)</u>
Total comprehensive income for the year		<u>2,644,526</u>	<u>3,919,166</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		31 December 2021	31 December 2020
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		597,542	599,783
Investment properties		5,352,758	5,547,897
Investments in associates	8	20,418,441	19,235,318
Investments in joint ventures	9	1,061,340	1,045,747
Equity investments designated at fair value through other comprehensive income	10	6,386,344	7,455,961
Financial assets at fair value through profit or loss	11	45,932,860	40,869,046
Advances to customers	12	454,178	34,297
Finance lease receivables		41,701	59,408
		80,245,164	74,847,457
Current assets			
Financial assets at fair value through profit or loss	11	4,101,670	3,064,010
Advances to customers	12	2,957,788	2,140,516
Inventories	13	1,742,448	1,733,681
Debtors, deposits, prepayments and others	14	2,339,669	2,712,276
Trading securities		3,251,394	3,177,475
Cash and cash equivalents		7,155,428	9,299,385
		21,548,397	22,127,343
Current liabilities			
Trading securities		(454,660)	(666,014)
Creditors, deposits received and accrued charges	15	(3,237,957)	(3,385,568)
Bank loans	16	(9,970,601)	(9,493,274)
Bonds payable	17	(5,698,905)	(4,946,410)
Other financial liabilities		(171,818)	(736,440)
Notes payable		(27,000)	–
Lease liabilities		(39,202)	(32,027)
Provision for taxation		(693,348)	(926,832)
		(20,293,491)	(20,186,565)
Net current assets		1,254,906	1,940,778
Total assets less current liabilities		81,500,070	76,788,235

		31 December 2021	31 December 2020
	<i>Note</i>	HK\$'000	HK\$'000
Non-current liabilities			
Bank loans	16	(11,895,755)	(9,415,374)
Bonds payable	17	(7,338,540)	(7,723,040)
Other financial liabilities		(7,800,959)	(7,448,750)
Notes payable		–	(27,000)
Lease liabilities		(53,173)	(73,802)
Deferred tax liabilities		(3,375,113)	(2,667,288)
		<u>(30,463,540)</u>	<u>(27,355,254)</u>
NET ASSETS		<u>51,036,530</u>	<u>49,432,981</u>
CAPITAL AND RESERVES			
Share capital	18	9,618,097	9,618,097
Reserves		<u>37,318,228</u>	<u>35,818,920</u>
Attributable to:			
Equity shareholders of the Company		46,936,325	45,437,017
Holders of senior perpetual capital securities	20	2,341,161	2,341,276
Non-controlling interests		<u>1,759,044</u>	<u>1,654,688</u>
TOTAL EQUITY		<u>51,036,530</u>	<u>49,432,981</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

Attributable to equity shareholders of the Company												
		Share capital	Option premium reserve	Investment revaluation reserve	Goodwill reserve	Capital reserve	Exchange reserve	Retained earnings	Total	Senior perpetual capital securities	Non-controlling interests	Total equity
Note		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2020		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
Net movement by non-controlling shareholders		-	-	-	2,090	230,104	-	-	232,194	-	(435,425)	(203,231)
Dividends paid	6	-	-	-	-	-	-	(623,544)	(623,544)	-	-	(623,544)
Issuance of senior perpetual capital securities	20	-	-	-	-	-	-	-	-	2,325,540	-	2,325,540
Share of capital reserve of an associate		-	-	-	-	227,680	-	-	227,680	-	-	227,680
Profit for the year		-	-	-	-	-	-	2,264,175	2,264,175	15,736	(22,773)	2,257,138
Other comprehensive income for the year		-	-	(286,780)	-	-	2,031,967	-	1,745,187	-	(83,159)	1,662,028
As at 31 December 2020 and as at 1 January 2021		9,618,097	1,242	6,048,772	(666,409)	(99,887)	1,093,041	29,442,161	45,437,017	2,341,276	1,654,688	49,432,981
Net movement by non-controlling shareholders		-	-	-	1,617	(15,426)	-	-	(13,809)	-	104,091	90,282
Dividends paid	6	-	-	-	-	-	-	(1,061,710)	(1,061,710)	-	-	(1,061,710)
Distribution to holders of senior perpetual capital securities	20	-	-	-	-	-	-	-	-	(88,700)	-	(88,700)
Share of capital reserve of associates		-	-	-	-	19,151	-	-	19,151	-	-	19,151
Profit for the year		-	-	-	-	-	-	2,572,840	2,572,840	88,585	110,942	2,772,367
Other comprehensive income for the year		-	-	(1,069,617)	-	-	1,052,453	-	(17,164)	-	(110,677)	(127,841)
As at 31 December 2021		9,618,097	1,242	4,979,155	(664,792)	(96,162)	2,145,494	30,953,291	46,936,325	2,341,161	1,759,044	51,036,530

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 HK\$'000	2020 HK\$'000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(3,505,426)	63,107
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,947)	(17,578)
Proceeds from disposal of investment properties	6,345	19,045
Proceeds from disposal of property, plant and equipment	422	594
Net cash (outflow)/inflow from losing control of subsidiaries	(479,968)	15,142
Net repayment of loans from an associate	–	700,000
Proceeds from partial disposal of an associate	–	506,431
Investment in an associate	(1,585)	–
(Investment)/divestments in joint ventures	(6,320)	34,243
Decrease/(increase) in restricted cash	178,080	(16,431)
Bank interest received	113,418	91,782
Dividends received from investments	402,562	365,877
Dividends received from associates and joint ventures	273,404	133,518
NET CASH INFLOW FROM INVESTING ACTIVITIES	482,411	1,832,623
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING ACTIVITIES	(3,023,015)	1,895,730

	2021 HK\$'000	2020 HK\$'000
FINANCING ACTIVITIES		
Issue of shares of subsidiaries to non-controlling shareholders	361,666	171,070
Redemption of non-controlling shareholders' shares	(130,565)	(283,459)
Proceeds from bank loans	21,859,223	31,042,977
Proceeds from issue of senior perpetual capital securities	–	2,325,540
Proceeds from issue of bonds	5,001,290	–
Repayment of bank loans	(18,999,232)	(31,309,021)
Repayment of bonds	(5,001,290)	–
Repayment of lease liabilities	(43,202)	(52,978)
Repayment of notes payable	–	(30,000)
Dividends paid to non-controlling shareholders	(89,821)	(89,318)
Dividends paid	(1,061,710)	(623,544)
Distribution to holders of senior perpetual capital securities	(88,700)	–
Interest paid	(883,472)	(1,073,356)
NET CASH INFLOW FROM FINANCING ACTIVITIES	924,187	77,911
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,098,828)	1,973,641
CASH AND CASH EQUIVALENTS		
Beginning of year	8,860,137	6,842,766
Exchange rate adjustments	132,951	43,730
End of year	6,894,260	8,860,137
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash – general accounts	7,155,428	9,299,385
Restricted cash	(261,168)	(439,248)
End of year	6,894,260	8,860,137

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial report has been prepared in accordance with Hong Kong Financial Reporting Standard (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standard (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), 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 2020 annual financial statements except for the changes in accounting policies described in note 2.

The financial information relating to the years ended 31 December 2021 and 2020 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 2020 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 2021 in due course.

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

Covid-19-Related Rent Concessions

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“HIBOR”) and United States dollars based on the London Interbank Offered Rate (“LIBOR”) as at 31 December 2021. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group’s HIBOR-based borrowings. For the LIBOR-based borrowings, since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.

- (b) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021 and (iii) there is no substantive change to other terms and conditions of the lease. The amendment did not have any significant impact on the financial position and performance of the Group.

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

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

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

	2021 HK\$'000	2020 HK\$'000
Income from contracts with customers		
Recognised over time		
Management fee income	340,111	295,568
Net rental income from investment properties	184,224	148,531
Recognised at a point in time		
Consultancy fee and performance fee income	132,283	120,527
Sales of inventories	36,616	76,038
Cost of sales	(33,842)	(100,245)
	<u>659,392</u>	<u>540,419</u>
Income from investments		
Interest income		
Financial assets not at fair value through profit or loss		
Bank deposits	113,418	91,782
Advances to customers	327,644	261,341
Debt investments	86,530	82,529
Dividend income		
Financial assets at fair value through profit or loss and trading securities	496,848	391,569
Equity investments designated at fair value through other comprehensive income	402,562	365,877
Realised gain on investments		
Net realised gain on financial assets at fair value through profit or loss	278,595	1,805,699
Net realised gain on trading securities	100,752	207,263
Unrealised gain/(loss) on investments		
Change of unrealised gain on financial assets at fair value through profit or loss	2,698,361	702,631
Change of unrealised (loss)/gain on trading securities	(217,360)	120,679
Others		
Realised gain on partial disposal of an associate	–	251,189
Gain on losing control of subsidiaries	26,672	57,136
	<u>4,314,022</u>	<u>4,337,695</u>
Income from other sources		
Net loss on revaluation of investment properties	(382,979)	(23,675)
Rental income from finance leases	6,703	6,450
Gain on disposal of investment properties	4,540	7,175
(Loss)/gain on disposal of property, plant and equipment	(296)	140
Exchange differences, net	32,962	(5,318)
Others	62,537	123,371
	<u>(276,533)</u>	<u>108,143</u>

4. INCOME TAX

The provision for Hong Kong profits tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is calculated at the appropriate current rates of taxation in the relevant tax jurisdictions.

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

	2021 HK\$'000	2020 HK\$'000
Current taxation		
– Hong Kong profits tax	41,880	148,290
– Overseas taxation	182,310	403,174
– Overprovision in prior years	(113,182)	(5,175)
Deferred taxation		
– Deferred taxation relating to the origination and reversal of temporary differences	657,178	401,829
Income tax	<u>768,186</u>	<u>948,118</u>

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

	2021 HK\$'000	2020 HK\$'000
Profit before taxation	<u>3,540,553</u>	<u>3,205,256</u>
Calculated at the rates applicable to profits in the tax jurisdictions concerned	654,567	619,213
Tax effect of income not subject to taxation	(1,057,732)	(504,427)
Tax effect of expenses not deductible for taxation purposes	1,252,992	651,771
Tax effect of utilisation of previously unrecognised losses	(572)	(4,730)
Tax effect of tax losses and other deductible temporary differences not recognised	32,113	191,466
Overprovision of taxation in prior years	<u>(113,182)</u>	<u>(5,175)</u>
Income tax	<u>768,186</u>	<u>948,118</u>

5. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Net profit for the year of the Company attributable to equity shareholders of the Company of approximately HK\$117,109,000 (2020: approximately HK\$786,294,000) has been dealt with in the financial statements of the Company.

6. DIVIDENDS

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

	2021 HK\$'000	2020 HK\$'000
– Interim dividend declared and paid of HK\$0.28 (2020: HK\$0.14) per share	471,871	235,936
– Final dividend proposed after the end of the reporting period date of HK\$0.30 (2020: HK\$0.35) per share	505,576	589,839
	<u>977,447</u>	<u>825,775</u>

The Board proposed a final dividend of HK\$0.30 per share for the year ended 31 December 2021 (2020: HK\$0.35 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

	2021 HK\$'000	2020 HK\$'000
– Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.35 (2020: HK\$0.23) per share	589,839	387,608

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 2021 is based on the profit attributable to equity shareholders of the Company of HK\$2,572,840,000 (2020: HK\$2,264,175,000) and the weighted average number of 1,685,253,712 shares (2020: 1,685,253,712 shares) in issue during the year.

8. INVESTMENTS IN ASSOCIATES

(a) Investments in associates

	2021 HK\$'000	2020 HK\$'000
Carrying value, net (<i>note</i>)	20,418,441	19,235,318
Market value of shares listed in mainland China	19,100,996	22,891,427
Market value of shares listed in Hong Kong	1,621,149	1,790,413

Note:

As at 31 December 2021, the Group's net carrying value of its investment in Everbright Jiabao Co., Ltd ("Everbright Jiabao"), an associate of the Group, amounted to HK\$3,919,473,000 (2020: HK\$4,069,036,000).

As at 31 December 2021, there was an indication that the investment in Everbright Jiabao may be impaired as the carrying value of the net assets of Everbright Jiabao was more than its market capitalisation.

During the year ended 31 December 2021, the Group has engaged an external specialist to estimate the value-in-use of Everbright Jiabao using a discounted cash flow model. As at 31 December 2021, the recoverable amount of Everbright Jiabao was lower than the carrying value, hence, impairment loss on investment in an associate amounting to HK\$400,000,000 (2020: HK\$178,000,000) was recognised during the year ended 31 December 2021.

(b) As at 31 December 2021, particulars of the principal investments in associates of the Group are as follows:

Name of associate	Place of incorporation/ operation	Principal activities	Percentage of equity interest held by the Company
Everbright Securities Company Limited [#] ("Everbright Securities")	The PRC	Securities operations (<i>note 1</i>)	20.83%
China Aircraft Leasing Group Holdings Limited ^{##} ("CALC")	Cayman Islands	Investment holding (<i>note 2</i>)	37.91%*
Everbright Jiabao ^{###}	The PRC	Real estate development/real estate asset management (<i>note 3</i>)	29.17%*
China Everbright Senior Healthcare Company Limited ("Everbright Senior Healthcare")	Hong Kong	Providing senior health care services (<i>note 4</i>)	49.29%* (<i>note 5</i>)

- # Market value of the listed shares in mainland China as at 31 December 2021 was equivalent to HK\$17,538,832,000 (2020: HK\$21,134,810,000).
- ## Market value of the listed shares in Hong Kong as at 31 December 2021 was HK\$1,621,149,000 (2020: HK\$1,790,413,000).
- ### Market value of the listed shares in mainland China as at 31 December 2021 was equivalent to HK\$1,562,164,000 (2020: HK\$1,756,617,000).
- * Held indirectly

Note 1: Everbright Securities is the Group's cornerstone investment, with an investment cost of HK\$1,504,118,000 (2020: HK\$1,504,118,000).

Note 2: CALC is the Group's key investee engaged in providing full life-cycle aircraft leasing solutions. During the year, the Group's equity interest in CALC was increased from 37.11% to 37.91% as a result of CALC's share buy-back and scrip dividend received by the Group.

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

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

Note 5: As at 31 December 2021, the Group did not control the board of directors of Everbright Senior Healthcare. Upon the completion of the procedures of share subscription by an investor with investment amount of RMB50 million, the Group's equity interest in Everbright Senior Healthcare stands at 49.29%.

For the year ended 31 December 2021, Everbright Securities has recorded an after-tax profit of approximately RMB3,582 million (2020: RMB2,466 million) and the Group's share of profit amounted to HK\$875 million (2020: HK\$564 million).

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

9. INVESTMENTS IN JOINT VENTURES

(a) Investments in joint ventures

	2021 HK\$'000	2020 HK\$'000
Carrying value, net	<u>1,061,340</u>	<u>1,045,747</u>

- (b) As at 31 December 2021, details of the Group's principal investments in joint ventures are as follows:

Name of joint venture	Place of incorporation/ operation	Principal activities	Percentage of equity interest held by the Company
Wuxi Ronghong Guolian Capital Co., Ltd.	The PRC	Venture capital and investment advisory services (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 services (note 3)	49.0%*

* Held indirectly

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

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

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

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

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

	2021 HK\$'000	2020 HK\$'000
At fair value:		
Listed equity securities		
– outside Hong Kong	<u>6,386,344</u>	<u>7,455,961</u>

The Group designated the investment in China Everbright Bank Company Limited (“China Everbright Bank”) as financial assets at fair value through other comprehensive income because the Group intends to hold for the long-term strategic purposes. The investment cost of the Group's investment in China Everbright Bank is HK\$1,407,189,000 (2020: HK\$1,407,189,000).

No strategic investment was disposed of during the year ended 31 December 2021, and there were no transfers of any cumulative gain or loss within equity relating to this investment (2020: Nil).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK\$'000	2020 HK\$'000
Non-current assets		
At fair value:		
Unlisted equity securities/collective investment schemes (i)*		
– outside Hong Kong	37,246,630	33,024,755
Unlisted preference shares (i)		
– outside Hong Kong	8,309,392	6,489,350
Unlisted debt securities (i)		
– outside Hong Kong	376,838	1,354,941
	<u>45,932,860</u>	<u>40,869,046</u>
Current assets		
At fair value:		
Listed equity securities		
– in Hong Kong	1,610,147	1,836,294
– outside Hong Kong	872,722	1,227,716
Unlisted equity securities/collective investment schemes (i)*		
– outside Hong Kong	458,581	–
Unlisted debt securities (i)		
– outside Hong Kong	1,160,220	–
	<u>4,101,670</u>	<u>3,064,010</u>

(i) Classified as Level 3 in the fair value hierarchy.

* Included in the balance of unlisted equity securities/collective investment schemes are the Group's interests in unconsolidated structured entities amounting to HK\$30,592,792,000 (2020: HK\$26,896,583,000).

As at 31 December 2021, the Group's listed and unlisted equity securities amounting to a fair value of HK\$34,677,673,000 (2020: HK\$30,486,793,000) 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.

In 2021, the Group had certain unlisted financial assets at fair value through profit or loss recorded at a purchase price which was below the fair value at inception that would be determined at that date using a valuation technique. According to the Group's accounting policy, the difference yet to be recognised in the consolidated statement of profit or loss at the beginning and the end of the year is as follows:

	2021 HK\$'000	2020 HK\$'000
As at 1 January	245,013	245,306
Released during the year	–	(14,150)
Exchange adjustment	6,938	13,857
	<u>251,951</u>	<u>245,013</u>
As at 31 December		

12. ADVANCES TO CUSTOMERS

	2021 HK\$'000	2020 HK\$'000
Non-current assets		
Term loans to customers		
– secured	454,289	–
– unsecured	–	34,297
	<u>454,289</u>	<u>34,297</u>
Current assets		
Term loans to customers		
– secured	1,346,521	1,820,137
– unsecured	1,949,342	635,375
	<u>3,295,863</u>	<u>2,455,512</u>
Total term loans to customers	<u>3,750,152</u>	<u>2,489,809</u>
Less: Impairment allowance	<u>(338,186)</u>	<u>(314,996)</u>
Net carrying value	<u>3,411,966</u>	<u>2,174,813</u>

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

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

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 January 2020	–	–	299,996	299,996
Other changes (including new assets and derecognised assets)	<u>8,442</u>	<u>6,558</u>	<u>–</u>	<u>15,000</u>
As at 31 December 2020 and 1 January 2021	8,442	6,558	299,996	314,996
Other changes (including new assets and derecognised assets)	<u>18,608</u>	<u>4,582</u>	<u>–</u>	<u>23,190</u>
As at 31 December 2021	<u>27,050</u>	<u>11,140</u>	<u>299,996</u>	<u>338,186</u>

Except for the above impairment allowance of HK\$338,186,000 (2020: HK\$314,996,000), there were no other significant loans to customers, that were aged, requiring significant impairment provision as at 31 December 2021 and 2020.

13. INVENTORIES

	2021 HK\$'000	2020 HK\$'000
Properties under development	137,490	145,445
Completed properties for sale	<u>1,604,958</u>	<u>1,588,236</u>
	<u>1,742,448</u>	<u>1,733,681</u>

14. DEBTORS, DEPOSITS, PREPAYMENTS AND OTHERS

	2021 HK\$'000	2020 HK\$'000
Accounts receivable	722,069	745,341
Deposits, prepayments, interest and other receivables and others	<u>1,702,323</u>	<u>2,051,658</u>
	2,424,392	2,796,999
Less: Impairment allowance	<u>(84,723)</u>	<u>(84,723)</u>
	<u>2,339,669</u>	<u>2,712,276</u>

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

The carrying amount of debtors, deposits, prepayments and others approximated to their fair value as at 31 December 2021 and 31 December 2020.

Their recoverability was assessed with reference to the credit status of the debtors, and impairment allowance of HK\$84,723,000 as at 31 December 2021 (2020: HK\$84,723,000).

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

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 January 2020	—	—	84,723	84,723
Other changes (including new assets and derecognised assets)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
As at 31 December 2021	<u>—</u>	<u>—</u>	<u>84,723</u>	<u>84,723</u>

There was no impairment allowance provided in 2021 and 2020.

15. CREDITORS, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2021 HK\$'000	2020 HK\$'000
Creditors, deposits received and accrued charges	<u>3,237,957</u>	<u>3,385,568</u>

16. BANK LOANS

	2021 HK\$'000	2020 HK\$'000
Repayment details are as follows:		
Within 1 year	9,970,601	9,493,274
1 to 2 years	3,733,448	1,876,622
2 to 5 years	7,527,834	6,753,086
Over 5 years	634,473	785,666
	<u>21,866,356</u>	<u>18,908,648</u>

As at 31 December 2021, the bank loans were secured as follows:

	2021 HK\$'000	2020 HK\$'000
Bank loans:		
– secured	2,850,000	3,648,872
– unsecured	19,016,356	15,259,776
	<u>21,866,356</u>	<u>18,908,648</u>

As at 31 December 2021, the bank loans were secured by:

- (a) Mortgage over certain investment properties with carrying value of approximately HK\$4,759 million (31 December 2020: approximately HK\$4,645 million);
- (b) Mortgage over certain property, plant and equipment with carrying value totalling approximately HK\$23 million (31 December 2020: Nil); and
- (c) Mortgage over certain inventories with carrying value totalling approximately HK\$438 million (31 December 2020: approximately HK\$425 million);
- (d) The pledge of equity interests in subsidiaries with carrying value of approximately HK\$1,650 million (31 December 2020: approximately HK\$1,527 million);
- (e) Bank balances pledged amounting to nil (31 December 2020: approximately HK\$154 million).

17. BONDS PAYABLE

	2021 HK\$'000	2020 HK\$'000
As at 1 January	12,669,450	11,917,865
New issuance during the year	5,001,290	–
Repayments during the year	(5,001,290)	–
Exchange adjustment	367,995	751,585
As at 31 December	<u>13,037,445</u>	<u>12,669,450</u>

	2021 HK\$'000	2020 HK\$'000
Repayment details are as follows:		
Within 1 year	5,698,905	4,946,410
1 to 2 years	2,446,180	5,346,720
2 to 5 years	4,892,360	2,376,320
	<u>13,037,445</u>	<u>12,669,450</u>

As at 31 December 2021, the bonds payable were secured as follows:

	2021 HK\$'000	2020 HK\$'000
Bonds payable:		
– secured	195,000	193,770
– unsecured	12,842,445	12,475,680
	<u>13,037,445</u>	<u>12,669,450</u>

As at 31 December 2021, the bonds payable were secured by bank balances pledged amounting to approximately HK\$212 million (31 December 2020: approximately HK\$219 million).

18. SHARE CAPITAL

	2021 No. of shares (‘000)	2021 HK\$'000	2020 No. of shares (‘000)	2020 HK\$'000
Ordinary shares issued and fully paid:				
At 1 January and at 31 December	<u>1,685,254</u>	<u>9,618,097</u>	<u>1,685,254</u>	<u>9,618,097</u>

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 2021

	Indefinite	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets							
– Advances to customers	–	–	1,696,158	1,261,630	454,178	–	3,411,966
– Trading securities	864,239	–	2,387,155	–	–	–	3,251,394
– Equity investments designated at fair value through other comprehensive income	6,386,344	–	–	–	–	–	6,386,344
– Financial assets at fair value through profit or loss	48,497,472	549,816	–	610,404	376,838	–	50,034,530
– Cash and cash equivalents	–	5,640,567	1,253,693	261,168	–	–	7,155,428
	<u>55,748,055</u>	<u>6,190,383</u>	<u>5,337,006</u>	<u>2,133,202</u>	<u>831,016</u>	<u>–</u>	<u>70,239,662</u>
Liabilities							
– Bank loans	–	–	(1,211,236)	(8,759,365)	(11,261,282)	(634,473)	(21,866,356)
– Other financial liabilities	–	–	(22,279)	(149,539)	(1,594,165)	(6,206,794)	(7,972,777)
– Trading securities	(334,669)	–	(119,991)	–	–	–	(454,660)
– Bonds payable	–	–	–	(5,698,905)	(7,338,540)	–	(13,037,445)
– Notes payable	–	(27,000)	–	–	–	–	(27,000)
– Lease liabilities	–	–	(10,143)	(29,059)	(53,173)	–	(92,375)
	<u>(334,669)</u>	<u>(27,000)</u>	<u>(1,363,649)</u>	<u>(14,636,868)</u>	<u>(20,247,160)</u>	<u>(6,841,267)</u>	<u>(43,450,613)</u>

As at 31 December 2020

	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	–	–	31,505	2,109,011	34,297	–	2,174,813
– Trading securities	1,005,559	–	2,171,916	–	–	–	3,177,475
– Equity investments designated at fair value through other comprehensive income	7,455,961	–	–	–	–	–	7,455,961
– Financial assets at fair value through profit or loss	42,578,115	–	–	–	1,354,941	–	43,933,056
– Cash and cash equivalents	–	8,155,485	904,212	239,688	–	–	9,299,385
	<u>51,039,635</u>	<u>8,155,485</u>	<u>3,107,633</u>	<u>2,348,699</u>	<u>1,389,238</u>	<u>–</u>	<u>66,040,690</u>
Liabilities							
– Bank loans	–	–	(2,470,873)	(7,022,401)	(8,629,708)	(785,666)	(18,908,648)
– Other financial liabilities	–	–	–	(736,440)	(941,016)	(6,507,734)	(8,185,190)
– Trading securities	(654,997)	–	(11,017)	–	–	–	(666,014)
– Bonds payable	–	–	–	(4,946,410)	(7,723,040)	–	(12,669,450)
– Notes payable	–	–	–	–	(27,000)	–	(27,000)
– Lease liabilities	–	–	(7,783)	(24,244)	(73,802)	–	(105,829)
	<u>(654,997)</u>	<u>–</u>	<u>(2,489,673)</u>	<u>(12,729,495)</u>	<u>(17,394,566)</u>	<u>(7,293,400)</u>	<u>(40,562,131)</u>

20. SENIOR PERPETUAL CAPITAL SECURITIES

	Principal HK\$'000	Distribution HK\$'000	Total HK\$'000
As at 1 January 2020	–	–	–
Issuance of senior perpetual capital securities during the year	2,325,540	–	2,325,540
Profit attributable to holders of senior perpetual capital securities	<u>–</u>	<u>15,736</u>	<u>15,736</u>
As at 31 December 2020 and 1 January 2021	2,325,540	15,736	2,341,276
Profit attributable to holders of senior perpetual capital securities	–	88,585	88,585
Distribution to holders of senior perpetual capital securities	<u>–</u>	<u>(88,700)</u>	<u>(88,700)</u>
As at 31 December 2021	<u>2,325,540</u>	<u>15,621</u>	<u>2,341,161</u>

In 2020, the Company issued senior perpetual capital securities with the principal amount of US\$300,000,000 (equivalent to approximately HK\$2,325,540,000). The distribution rate for the senior perpetual capital securities is 3.80% per annum 3 years from the date of issuance (i.e. 27 October 2023), and subsequently the distribution rate will be reset in every 3 calendar years.

The distribution of senior perpetual capital securities is accrued in accordance with the distribution rate as set out in the subscription agreement, and such distribution shall be payable semi-annually in arrears on 27 April and 27 October of each year.

The senior perpetual capital securities have no maturity and the payments of distribution can be deferred into perpetuity at the discretion of the Company. The instruments could only be redeemed at the option of the Company. Hence, they are classified as equity instruments.

21. SEGMENT INFORMATION

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

Fund Management Business

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

Principal Investments Business

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

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

(a) Business segments

For the year ended 31 December 2021:

	Fund Management Business				Principal Investments Business			Reportable segments total	Total
	Primary Market Investments HK\$'000	Secondary Market Investments HK\$'000	Fund of Funds Investments HK\$'000	Wealth Management HK\$'000	Key Investee Companies HK\$'000	Financial Investments HK\$'000	Cornerstone Investments HK\$'000	HK\$'000	HK\$'000
Income from contract with customers	274,031	91,444	30,275	-	-	263,642	-	659,392	659,392
Income from investments	2,355,446	(29,834)	912,812	-	650,362	22,674	402,562	4,314,022	4,314,022
Income from other sources	19,591	26,400	-	-	-	(322,524)	-	(276,533)	(276,533)
Total income	<u>2,649,068</u>	<u>88,010</u>	<u>943,087</u>	<u>-</u>	<u>650,362</u>	<u>(36,208)</u>	<u>402,562</u>	<u>4,696,881</u>	<u>4,696,881</u>
Segment operating results	2,013,506	(31,823)	907,933	-	649,142	(506,252)	402,562	3,435,068	3,435,068
Unallocated head office and corporate expenses*									(1,182,849)
Share of profits less losses of associates	140,636	-	-	-	179,854	33,104	875,503	1,229,097	1,229,097
Share of profits less losses of joint ventures	26,404	-	(31)	33,576	-	(712)	-	59,237	59,237
Profit before taxation	<u>2,180,546</u>	<u>(31,823)</u>	<u>907,902</u>	<u>33,576</u>	<u>828,996</u>	<u>(473,860)</u>	<u>1,278,065</u>	<u>4,723,402</u>	<u>3,540,553</u>
Less: Non-controlling interests	<u>(65,743)</u>	<u>(86,449)</u>	<u>(96,812)</u>	<u>-</u>	<u>-</u>	<u>138,062</u>	<u>-</u>	<u>(110,942)</u>	
Segment results	<u>2,114,803</u>	<u>(118,272)</u>	<u>811,090</u>	<u>33,576</u>	<u>828,996</u>	<u>(335,798)</u>	<u>1,278,065</u>	<u>4,612,460</u>	
Other segment information:									
Interest income	132,598	86,194	87,893	-	14,305	206,602	-	527,592	
Impairment losses recognised in the statement of profit or loss	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,390</u>	<u>-</u>	<u>440,390</u>	

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

For the year ended 31 December 2020:

	Fund Management Business				Principal Investments Business			Reportable segments total HK\$'000	Total HK\$'000
	Primary	Secondary	Fund of	Wealth Management	Key	Financial	Cornerstone		
	Market	Market	Funds		Investee	Investments	Investments		
	Investments HK\$'000	Investments HK\$'000	Investments HK\$'000		Companies HK\$'000	HK\$'000	HK\$'000		
Income from contracts with customers	226,463	107,496	26,937	-	-	179,523	-	540,419	540,419
Income from investments	467,310	405,748	516,042	-	1,308,377	1,023,152	617,066	4,337,695	4,337,695
Income from other sources	5,270	(17,712)	-	-	-	120,585	-	108,143	108,143
Total income	<u>699,043</u>	<u>495,532</u>	<u>542,979</u>	<u>-</u>	<u>1,308,377</u>	<u>1,323,260</u>	<u>617,066</u>	<u>4,986,257</u>	<u>4,986,257</u>
Segment operating results	269,875	352,962	504,909	(280)	1,308,377	880,789	617,066	3,933,698	3,933,698
Unallocated head office and corporate expenses*									(1,334,762)
Share of profits less losses of associates	56,923	-	-	-	98,913	(156,931)	564,115	563,020	563,020
Share of profits less losses of joint ventures	17,318	-	-	25,982	-	-	-	43,300	43,300
Profit before taxation	344,116	352,962	504,909	25,702	1,407,290	723,858	1,181,181	4,540,018	<u>3,205,256</u>
Less: Non-controlling interests	43,510	(108,492)	1,890	-	-	85,865	-	22,773	
Segment results	<u>387,626</u>	<u>244,470</u>	<u>506,799</u>	<u>25,702</u>	<u>1,407,290</u>	<u>809,723</u>	<u>1,181,181</u>	<u>4,562,791</u>	
Other segment information:									
Interest income	108,292	79,284	56,350	-	7,634	184,092	-	435,652	
Impairment losses recognised in the statement of profit or loss	<u>178,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>193,000</u>	

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

Other Information

As at 31 December 2021

	Fund Management Business				Principal Investment Business			Reportable segments total HK\$'000	Total HK\$'000
	Primary Market	Secondary Market	Fund of Funds	Wealth	Key Investee	Financial	Cornerstone		
	Investments HK\$'000	Investments HK\$'000	Investments HK\$'000	Management HK\$'000	Companies HK\$'000	Investments HK\$'000	Investments HK\$'000		
Segment assets	28,199,812	4,859,757	10,767,619	-	4,497,652	25,194,734	6,386,344	79,905,918	79,905,918
Investments in associates	3,983,647	-	-	-	2,468,552	490,074	13,476,168	20,418,441	20,418,441
Investments in joint ventures	251,124	-	-	808,213	-	2,003	-	1,061,340	1,061,340
Unallocated head office and corporate assets									407,862
Total assets									101,793,561
Segment liabilities	3,073,670	1,153,454	5,044,786	-	-	5,029,537	-	14,301,447	14,301,447
Unallocated head office and corporate liabilities									32,387,123
Provision for taxation									693,348
Deferred tax liabilities									3,375,113
Total liabilities									50,757,031

As at 31 December 2020

	Fund Management Business				Principal Investment Business			Reportable segments total HK\$'000	Total HK\$'000
	Primary Market	Secondary Market	Fund of Funds	Wealth	Key Investee	Financial	Cornerstone		
	Investments HK\$'000	Investments HK\$'000	Investments HK\$'000	Management HK\$'000	Companies HK\$'000	Investments HK\$'000	Investments HK\$'000		
Segment assets	26,744,891	5,241,905	9,900,196	-	3,554,463	23,383,117	7,455,961	76,280,533	76,280,533
Investments in associates	4,069,036	-	-	-	2,208,274	453,826	12,504,182	19,235,318	19,235,318
Investments in joint ventures	234,736	-	-	811,011	-	-	-	1,045,747	1,045,747
Unallocated head office and corporate assets									413,202
Total assets									96,974,800
Segment liabilities	3,579,875	1,718,031	4,521,402	-	-	5,423,792	-	15,243,100	15,243,100
Unallocated head office and corporate liabilities									28,704,599
Provision for taxation									926,832
Deferred tax liabilities									2,667,288
Total liabilities									47,541,819

(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 2021			For the year ended 31 December 2020		
	Hong Kong	Mainland	Total	Hong Kong	Mainland	Total
	& Others	China		& Others	China	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Income from contracts						
with customers	219,881	439,511	659,392	223,730	316,689	540,419
Income from investments	1,385,977	2,928,045	4,314,022	323,905	4,013,790	4,337,695
Income from other sources	68,382	(344,915)	(276,533)	25,766	82,377	108,143
	<u>1,674,240</u>	<u>3,022,641</u>	<u>4,696,881</u>	<u>573,401</u>	<u>4,412,856</u>	<u>4,986,257</u>
	For the year ended 31 December 2021			For the year ended 31 December 2020		
	Hong Kong	Mainland	Total	Hong Kong	Mainland	Total
	& Others	China		& Others	China	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Specified non-current assets	<u>2,597,988</u>	<u>24,832,093</u>	<u>27,430,081</u>	<u>2,343,151</u>	<u>24,085,594</u>	<u>26,428,745</u>

22. LITIGATION

Reference is made to the announcement of the Company made through The Stock Exchange of Hong Kong Limited dated 2 February 2021 (the "Announcement"). As highlighted in the Announcement, the Group is involving in a legal proceeding (the "Litigation"). Certain amount of the Group's assets insignificant to its daily operations were preserved under the Litigation. The Company is of the view that any liabilities which may be incurred as a result of the Litigation will not have a material adverse impact on the financial position or operating results of the Company. For more details, please refer to the Announcement. The Company will provide further information as and when appropriate in accordance with the applicable listing rules, laws and regulations.

MANAGEMENT DISCUSSION AND ANALYSIS

Macro-economic and Industry Review

In 2021, the global economy began to recover and rebound with major economies recording considerable growth. According to the preliminary statistics released by China's National Bureau of Statistics, China's gross domestic product ("GDP") exceeded RMB114 trillion in 2021, representing an increase of 8.1% over the previous year. The U.S. Department of Commerce reported that the U.S. economy grew by 5.7% in 2021. The GDP growth of 19 countries in the euro area was projected to reach approximately 5% in 2021, according to the EU Commission. The central bank of Japan forecasted a GDP growth in Japan of 2.8% in 2021.

Since the COVID-19 pandemic, global institutional clients and high-net-worth clients have increased their asset allocation in equity investment due to global monetary easing, coupled with the low interest rate market environment and rising inflation expectations. According to the research report of Zero2IPO, the equity investment markets in China and the U.S. both sped up in 2021. Fundraising, investment amount and investment cases in the U.S. venture capital/private equity (PE) market hit new record highs, among which values of fundraising and investment amounted to US\$0.43 trillion and US\$1.57 trillion, respectively, increasing by 55.2% and 81.3% year-on-year. At the same time, the number of investment cases and investment amount in China's equity investment market set all-time highs, while both the number and the scale of fundraising surged. In 2021, a total number of 12,327 investments with a value of RMB1.42 trillion were made in China's equity investment market, representing a year-on-year increase of 63.1% and 60.4%, respectively. The fundraising value increased by 84.5% year-on-year to RMB2.21 trillion and nearly 9,000 equity investment funds were newly registered.

Although China's economy remained stable overall in 2021, turmoil across industries due to resurging pandemic, dual control of energy consumption and energy intensity, and deleverage pressure in real estate industry as well as strengthened regulatory policies such as internet anti-trust rules, cyber data security, and easing the burden of excessive homework and off-campus tutoring, have imposed great impact on the PE investment industry. The Matthew effect in the PE industry, the pressure on traditional market fundraising, and the strong valuation fluctuation of certain industries, have posed new challenges to the development of the Company. In the face of complex and daunting challenges, CEL made progress in various tasks by firmly executing its strategy, promoting steady business growth, properly handling potential risks, and focusing on internal management improvement, so as to maintain quality development.

Business Review Highlights in 2021

In 2021, the Group maintained steady growth according to its established strategy, and focused on cross-border asset management as the core business to strengthen synergy with companies within China Everbright Group Ltd. (“Everbright Group”) and key investee companies¹, thereby making itself more market-oriented, international and professional and making a number of breakthroughs. CEL’s PEI 300 ranking was 75th, 9 places higher than that of the previous year. Its total assets under management (“AUM”)² continued to increase and exceeded HK\$200 billion for the first time to HK\$203.1 billion, representing an increase of 11.1% from last year; total assets increased by approximately 5% from the end of last year to surpass HK\$100 billion for the first time; revenue, profit, return on equity (ROE) and other operating indicators rebounded strongly compared with those of the previous year.

The Company continued to accelerate the innovation of fund products in line with market trends, and launched CEL Linghang S Fund, Kunpeng Forebright Fund, Shaanxi Direct Investment Fund and other innovative fund products together with external partners in 2021. Walden CEL Global Fund, Everbright Overseas Infrastructure Fund, CEL Global M&A Fund and many other flagship fund products started the second round of fundraising on the basis of their excellent investment track record.

From the investment perspective, focusing on technology, environmental protection and universal healthcare, the Company invested in SJ Semiconductor, Therma Tech and other high-tech enterprises to facilitate the resolution of technological bottlenecks, as well as in Iaso Biotherapeutics, Grit Science and other healthcare and medical enterprises to boost the development of universal healthcare. From the exit perspective, the Company completed 15 IPO projects in 2021, with over 70% overseas IPOs and over 80% related to technology, environmental protection and healthcare enterprises. Huaan Zhangjiang Everbright Park Closed-end Infrastructure Securities Investment Fund, jointly promoted by Everbright Jiabao Co., Ltd. (“Everbright Jiabao”)/EBA Investments’ Real Estate Fund (“EBA Investments”) and Zhangjiang Hi-Tech, was officially listed on the Shanghai Stock Exchange, becoming one of the first batch of public infrastructure REITs approved in mainland China and the first public infrastructure REIT approved in Shanghai. Meanwhile, key investee companies developed stably. China Aircraft Leasing Group Holdings Limited (“CALC”) showed strong business resilience and climbed to the eighth place in ICF’s global ranking of aircraft lessors by fleet size; the number of beds managed by China Everbright Senior Healthcare Company Limited (“Everbright Senior Healthcare”) continued to rank among the top three in China and first among central SOEs; Chongqing Terminus Technology Co., Ltd. (“Terminus”) launched AI Park in Chongqing to build the world’s first intelligent pilot zone of AI city, which is one of the first ecological zones using AIoT technology to monitor carbon emissions throughout the life cycle.

¹ Key investee companies refer to CALC, Everbright Senior Healthcare and Terminus.

² Total assets under management refers to the committed capital of fund investors (including CEL as an investor).

In general, the Group achieved good results and progress in the following six aspects including comprehensive strength, strategy implementation and business performance in 2021:

<p>Achieving new progress in overall strength and strategic ranking</p>	<ul style="list-style-type: none"> • In 2021, the Group's PEI 300 ranking reached 75th, up 9 places from that of 2020, maintaining a good momentum of rise in strategic ranking.
<p>Strengthening core business and achieving great business results</p>	<ul style="list-style-type: none"> • Continued growth of fundraising: In 2021, the Group added HK\$20.3 billion of AUM, bringing the total AUM to HK\$203.1 billion, a new record high; • Facilitating the resolution of bottlenecks: The Group continued to enhance the allocation of assets to boost technological innovation in China, and invested in many outstanding companies in, among others, semiconductor and healthcare sectors according to the “four-orientation”³ strategy; • A number of successful IPOs: In 2021, 15 IPOs in the “three-universal and one-innovative”⁴ industries invested by the funds under the Group's management hit the capital markets in mainland China, Hong Kong and the United States; • A new breakthrough in asset size: Total assets exceeded HK\$100 billion, up approximately 5% from that at the end of last year; net assets surpassed HK\$51 billion, up 3.2% from that at the end of last year; • Overall financial performance was excellent: The Group recorded a total amount of income of HK\$5,985 million (please refer to the note contained on page 37 of this announcement for the calculation method), and a profit attributable to shareholders of the Company of HK\$2,573 million, representing a year-on-year increase of 14%.

³ Four-orientation: being oriented to the forefront of the global technology industry, the main economic battlefield, the major needs of the country, and people's life and health.

⁴ The “three-universal and one-innovative” strategy proposed by Everbright Group refers to focusing on universal environmental protection, universal tourism, universal healthcare and innovative technology industries to develop distinctive advantages in integrated finance, integration of industry and finance, and integration of mainland China and Hong Kong.

<p>Strengthening synergy and promoting distinctive integration of industry and finance</p>	<ul style="list-style-type: none"> • CALC ranked 8th in ICF’s global ranking of aircraft lessors, up one place from that of the previous year; • Everbright Senior Healthcare managed 31,000 beds, ranking among the top three in China and the first among central SOEs; • Terminus went global with its smart city strengths and provided support and services for Dubai Expo as the official chief partner; • EBA Investments ranked first in the Top 10 China Real Estate Funds by Comprehensive Strength for seven consecutive years.
<p>Achieving results in coordinating “brining in and going global” efforts</p>	<ul style="list-style-type: none"> • CALC placed a confirmed order for 30 ARJ21 series aircraft and an intended order for 30 aircraft with Commercial Aircraft Corporation of China (COMAC) to help domestically-produced aircraft expand into overseas markets; • CEL successfully issued RMB4 billion medium-term notes in China’s interbank market, which was the largest panda bond issuance by a non-financial company in China’s domestic bond market in the first half of 2021; • The US\$300 million senior perpetual capital securities were listed on Chongwa (Macao) Financial Asset Exchange (MOX); • CEL obtained a QDLP (Qualified Domestic Limited Partner) pilot quota of US\$330 million in Hainan to provide domestic investors with cross-border asset management services; • In 2021, CEL raised over HK\$1 billion from top overseas investors at the fund and project level.

<p>Serving national strategies and advancing regional expansion</p>	<ul style="list-style-type: none"> • Beijing-Tianjin-Hebei region: CEL has a wealth of projects in this region, covering software and network, retail, consumer goods, smart transportation, healthcare, and integrated finance industries, etc.; • Yangtze River Delta region: CEL invested in several projects in this region, mainly in the fields of pharmaceuticals, biotechnology, life sciences, food and beverage and integrated finance; • Guangdong-Hong Kong-Macao Greater Bay Area: In support of Hong Kong's technological transformation and development, CEL worked with Hong Kong Science & Technology Parks Corporation to launch Everbright Hong Kong Innovation Centre and establish CEL Hong Kong Innovation Fund to focus on the commercial application of Hong Kong's achievements in applied sciences and the new infrastructure sector.
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<p>Integrating into the new development pattern with achievements in green development</p>	<ul style="list-style-type: none"> • Everbright Belt & Road Green Fund set up the Strategy Advisory Committee for to strengthen the strategic guidance on the fund; the total subscription for the fund increased to RMB3.5 billion; the first direct investment fund was set up in Xi'an with a size of RMB1.85 billion; • A number of technology, environmental and new energy vehicle companies invested by CEL's funds, including Yuanchen Technology, BCCY, Indie and Xpeng, were listed on the STAR Market of Shanghai Stock Exchange, the ChiNext Board of Shenzhen Stock Exchange, Nasdaq and the Stock Exchange of Hong Kong; • To incorporate Environmental, Social and Governance ("ESG") principles into its business decision-making process, the Group improved its ESG system and established the ESG Committee to conduct ESG management in a systematic manner. The Group's MSCI ESG score rose significantly with the scores of several indicators hitting record high.
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Financial Performance in 2021

Income

Key Income Items

(in HK\$ hundred million)

	2021	2020	Change
Income from contracts with customers,			
mainly including:	6.59	5.40	22%
– Management fee income	3.40	2.96	15%
– Performance fee and consultancy fee	1.32	1.21	9%
Income from investments, mainly including:	43.15	43.38	(1%)
– Interest income	5.28	4.36	21%
– Dividend income	8.99	7.57	19%
– Capital gain (realised gain or loss)	3.79	20.13	(81%)
– Capital gain (unrealised gain or loss)	24.81	8.23	201%
Income from other sources	(2.77)	1.08	N/A
Share of profits less losses of associates	12.29	5.63	118%
Share of profits less losses of joint ventures	0.59	0.43	37%
Total amount of income	59.85	55.92	7%

During the reporting period, the Group achieved a total amount of income⁵ of HK\$5,985 million, representing an increase of HK\$393 million or 7% over last year.

⁵ 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. “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.

The year-on-year increase in total amount of income was mainly due to the following factors: (1) Benefiting from the continuous growth of the total AUM, the Group's income from contracts with customers further increased to HK\$659 million in 2021, representing a year-on-year increase of 22%. Specifically, the Group achieved management fee income of HK\$340 million, a year-on-year increase of 15%; performance fee and consultancy fee reached HK\$132 million, a year-on-year increase of 9%. (2) During the reporting period, the Group's income from investments was HK\$4,315 million, representing a decrease of HK\$23 million over last year, remaining relatively stable. Particularly, as the global economy recovered and the capital market preferred sectors such as hard & core technology, the valuation of cross-border business and hard & core technology sector in which the Group previously invested in increased significantly, reflected in the capital gain (unrealised gain) of HK\$2,481 million in the financial statements, a year-on-year increase of HK\$1,658 million or 201% compared with that of 2020; and compared with 2020, the Group slowed down exit from projects, resulting in a decrease of HK\$1,634 million in capital gain (realised gain) compared with that of 2020, a year-on-year decrease of 81%. (3) As the Group's associates and joint ventures benefited from the amelioration of the global pandemic and the steady economic growth of China, these entities' profitability significantly improved. During the reporting period, the Group's share of profits less losses of associates was HK\$1,229 million, representing a year-on-year increase of HK\$666 million or 118%; share of profits less losses of joint ventures was HK\$59 million, representing a year-on-year increase of HK\$16 million or 37%.

During the reporting period, the Earned Management Fee Income⁶ of the Group amounted to HK\$982 million, a year-on-year decrease of HK\$36 million or 3.5%. The slight decrease in Earned Management Fee Income was mainly due to the change in the way certain funds-of-funds ("FoFs") received management fees, resulting in the decrease in total management fee of FoFs from HK\$233 million in the previous year to HK\$141 million in 2021. In addition, some of the Group's existing funds entered the exit stage, and management fee decreased accordingly. As a result of the growth in management fee contributed by funds newly raised in recent years, the Earned Management Fee Income of the Group remained relatively stable overall.

⁶ 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.

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

	As presented in the financial report	Elimination of management fee income from consolidated funds (a)	Management fee income received by associates/ joint ventures (b)	Other accounting adjustments (c)	Earned Management Fee Income
<i>(in HK\$ hundred million)</i>					
Primary market	2.52	0.94	3.53	0.46	7.45
Secondary market	0.59	0.25	–	0.12	0.96
Funds-of-Funds	0.29	1.08	–	0.04	1.41
	<u>3.40</u>	<u>2.27</u>	<u>3.53</u>	<u>0.62</u>	<u>9.82</u>
Management fee income	<u>3.40</u>	<u>2.27</u>	<u>3.53</u>	<u>0.62</u>	<u>9.82</u>

By business segment, as compared with an income of HK\$1,838 million last year, the income from Fund Management Business of the Group during the reporting period amounted to HK\$3,881 million, representing a year-on-year increase of 111%. As compared with an income of HK\$3,754 million last year, the income from Principal Investments Business amounted to HK\$2,104 million, representing a year-on-year decrease of 44%. The income from Fund Management Business includes the management fee income from each fund and the realised and unrealised capital gains generated by the seed capital provided by the Group for each fund. The significant year-on-year increase in Fund Management Business was mainly due to recovery in valuation of primary market funds' projects to various extents and IPOs or increase in valuation of certain projects, which delivered increased investment gains. The decrease in income of the Principal Investments Business was mainly due to decreased investment gains as a result of the changes in the valuation of some financial investment projects, provision for risks and other factors, as well as the exit from projects with higher investment gains during 2020.

Income from key business segments

<i>(in HK\$ hundred million)</i>	2021	2020	Change
– Income from Fund Management Business	38.81	18.38	111%
– Income from Principal Investments Business	21.04	37.54	(44%)
Total amount of income	59.85	55.92	7%

Profit

The profit attributable to shareholders of the Company for 2021 was HK\$2,573 million, representing an increase of HK\$309 million or 14% as compared with that last year. Benefiting from the profitable exit from fund projects and the increase in valuation of fund projects, the profit of Fund Management Business was HK\$2,842 million, a year-on-year increase of 144%. In 2021, the capital market saw large fluctuation, and the growth rate of the valuation of certain key investee companies slowed down. The Company made prudent provision for impairment of certain investment projects, and the profit of Principal Investments Business was HK\$1,771 million, a year-on-year decrease of 48%.

Profit in Key Business Segments*(in HK\$ hundred million)*

	2021	2020	Change
Profit from Fund Management Business	28.42	11.65	144%
Profit from Principal Investments Business:	17.71	33.98	(48%)
– Key investee companies	8.29	14.07	(41%)
– Financial investments	(3.36)	8.10	N/A
– Cornerstone investments (certain equity interests in China Everbright Bank and Everbright Securities)	12.78	11.81	8%
Less: Unallocated corporate expenses, taxes and profit attributable to holders of senior perpetual capital securities	(20.40)	(22.99)	(11%)
Profit attributable to shareholders of the Company	25.73	22.64	14%

The Board declared an interim dividend and has recommended to declare a final dividend of HK\$0.58 per share in total for 2021 (HK\$0.49 per share in total for the last year). As compared with that of 36.5% for last year, the dividend payout ratio was 38%, representing an increase of 1.5 ppt.

Per Share*(HK\$)*

	2021	2020	Change
Earnings per share	1.53	1.34	14%
Interim dividend per share	0.28	0.14	100%
Final dividend per share	0.30	0.35	(14%)
Total dividend per share	0.58	0.49	18%

Key Financial Ratios

The Group continued to enhance its operation and management and further reduced its operating costs. In 2021, operating costs reached HK\$1,067 million, with an operating cost-to-income ratio of 17.8%, representing a decrease of 2.4 ppt from that of last year. The Group strictly controlled liquidity risks. As at the end of 2021, the Group's debt-to-asset ratio was 49.9%, interest-bearing debt ratio was 68.4%, and current ratio was 106%, which were generally flat compared with those at the end of last year and were at a stable and healthy level.

Key Financial Data ⁷	2021	2020	Change
Operating cost-to-income ratio ⁸	17.8%	20.2%	-2.4 ppt
Gearing ratio ⁹	68.4%	63.9%	+4.5 ppt
Debt-to-asset ratio ¹⁰	49.9%	49.0%	+0.9 ppt
Current ratio ¹¹	106%	110%	-4.0 ppt

⁷ 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

⁸ Operating cost-to-income ratio is calculated as (staff costs + depreciation and amortisation expenses + other operating expenses)/total amount of income

⁹ The gearing ratio is calculated as interest-bearing debt (including bank loans + notes payable + bonds payable)/total equity

¹⁰ Debt-to-asset ratio=(Total liabilities/Total assets)×100%

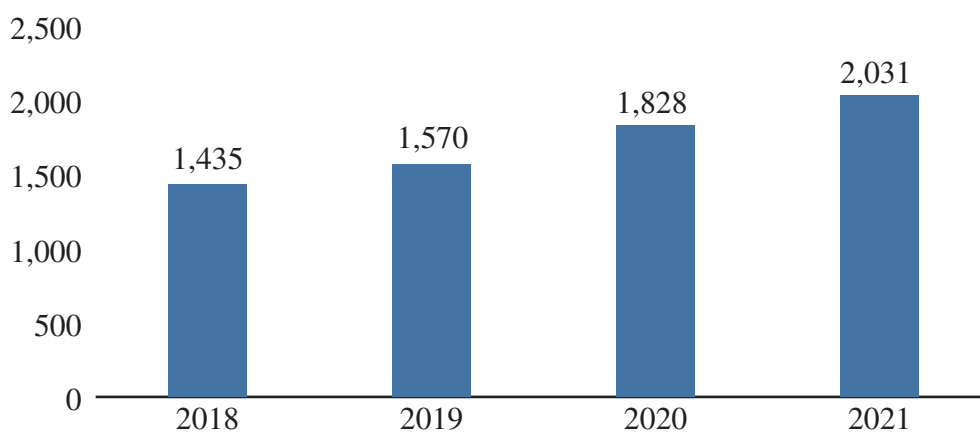
¹¹ The current ratio is calculated as current assets/current liabilities

Business Performance Analysis in 2021

Fund Management Business

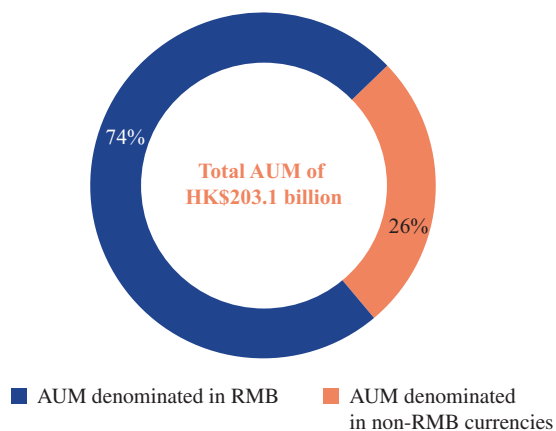
In 2021, the Group continued to increase fund raising size and maintained its market position as a leading fund management institution in China. In the globally authoritative PEI 300 ranking, CEL ranked 75th, 9 places higher than the ranking of last year.

TOTAL AUM
(IN HK\$ HUNDRED MILLION)

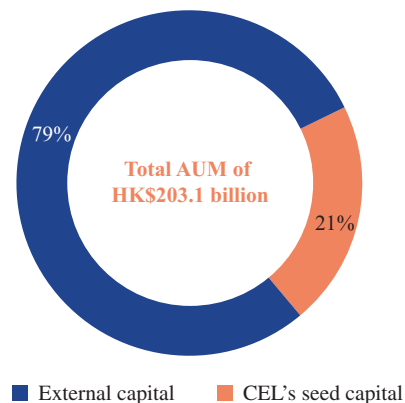


The total AUM of the Group's funds reached approximately HK\$203.1 billion as at 31 December 2021, representing a growth of 11% as compared with the end of 2020. In terms of source of funding, the Group's seed capital accounted for 21%; and the funds from external investors accounted for 79% of the AUM, where external investors were primarily institutional investors, with a diversified range of institutions covering commercial banks, insurance companies, family offices, government agencies and others. In terms of currency, funds denominated in RMB and non-RMB currencies were equivalent to approximately HK\$150.8 billion and HK\$52.3 billion, accounting for 74% and 26% of the total amount, respectively. In terms of the nature of funds, the Group's Fund Management Business managed 45 primary market funds, 31 secondary market funds and accounts and 8 FoFs products. During the reporting period, the Group's Fund Management Business exited, fully or partially, from 42 projects, recording a cash inflow of approximately HK\$3,811 million.

DISTRIBUTION OF AUM OF CEL (BY CURRENCY)



DISTRIBUTION OF AUM OF CEL (BY SOURCE OF CAPITAL)



Primary Market Funds

As at 31 December 2021, 45 primary market fund products were under the management of the Group, with an aggregate AUM equivalent to approximately HK\$130.7 billion and 157 projects under management, out of which amounts equivalent to approximately HK\$108.9 billion and HK\$21.8 billion were denominated in RMB and other currencies, accounting for 83% and 17% of the total amount, respectively.

During the reporting period, the Group's first secondary fund, CEL Linghang (Shenzhen) Private Equity Investment Fund (光控領航(深圳)私募股權投資基金) ("CEL Linghang Fund"), was successfully established. The fund was promoted and established by the Group and Sun Life Everbright Life Insurance Company Limited ("Everbright Sun Life Insurance"), with a scale of RMB400 million for the first phase. The successful launch of the first secondary fund will further diversify and improve the product lines of the Group.

Representative Primary Market Funds Established in 2021

Name of Fund	Time of Establishment	Currency	Amount in Original Currency (in hundred million)	Amount in HK\$ (in hundred million)
CEL Kunshan Fund	December 2021	RMB	10.00	12.23
Shaanxi Direct Investment Fund	December 2021	RMB	18.51	22.64
Kunpeng Forebright Fund	July 2021	RMB	10.00	12.23
CEL Linghang Fund (Secondary Fund)	June 2021	RMB	4.00	4.89

Secondary Market Funds

By drawing upon its own advantages, the secondary market fund team has built a one-stop diversified product platform with years of cross-border experience. The product lines cover Asian credit hedge funds, Asian convertible bond hedge funds, overseas Greater China equity hedge funds, domestic A+H share long-only strategies (including private fund managers and institutional investors outsourcing), PIPE funds and investment advisory business. Up to 31 December 2021, the Group's secondary market team managed a total of 31 funds and accounts with AUM of approximately HK\$44.1 billion. In terms of product categories, fixed income products, equity products as well as PIPE and NEEQ market products accounted for 86.45%, 12.97% and 0.58% of the total amount respectively.

In respect of fixed income products, CEL has a diversified product line covering overseas funds, QDII management accounts, overseas management accounts and asset securitisation products. Since its launch in December 2012, the flagship credit product Everbright Dynamic Bond Fund has delivered a return of 59% net of fees and an annualised return of 5.2%. During the reporting period, the fund received the Best Fixed Income Fund award in HFM Asia Hedge Awards 2021, demonstrating the recognition of the team's investment ability and comprehensive strength by international rating agencies. Everbright Convertible Opportunities Fund, a flagship Asian convertible bond product, delivered a return of 11.91% net of fees during the reporting period, with AUM exceeding US\$150 million. Since its launch in January 2014, Everbright Convertible Opportunities Fund has achieved an accumulative return of 88.07% net of fees with an annualised return of 8.22%.

CEL's secondary market team also actively participated in collaboration with relevant business units under Everbright Group to develop in-depth cooperation to achieve synergy. The Group served as investment adviser to manage Everbright Income Focus Fund, a public bond fund in Hong Kong, for Everbright Securities International. The size of the fund exceeded US\$100 million. During the reporting period, the fund achieved a return of 2.52% net of fees, with an annualised return of 5%, successfully attracting funds from well-known domestic insurance groups in 2021. The product was awarded five-star rating (being the highest rating) by Morningstar, an authoritative fund rating agency, in overall rating and three-year rating for its outstanding performance and risk-adjusted returns.

Funds-of-Funds ("FoFs")

CEL's FoFs invest not only in external funds with proven track record and robust governance, but also funds launched and managed by CEL, and co-invest or directly invest in equity projects. Up to 31 December 2021, CEL's FoFs team managed 8 FoFs with AUM of over RMB23.1 billion, equivalent to approximately HK\$28.3 billion.

In 2021, CEL's FoFs continued to target the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta and other strategic areas, and improved its investment deployment in central China, eastern China and southern China, attracting government agencies in many regions in China to become investors of the FoFs. The development model of FoFs has received wide recognition from many local governments. Currently, there are 83 invested projects (sub-funds and co-invested equity projects) under the FoFs. By the end of 2021, a total of 62 investees in the invested sub-funds and co-invested projects of the FoFs were listed, 26 of which were listed in 2021.

During the reporting period, due to its outstanding performance, CEL's FoFs was awarded 2021 China's Top 10 Direct Investment FoFs and 2021 China's Most Popular FoFs TOP 20 among GPs by 36Kr; China's Most Popular FoFs TOP 20 among GPs in 2021 by ChinaVenture; 2021 China's Top 30 Institutional Limited Partners in the Equity Investment Market by Zero2IPO (in particular CEL Jiangsu Liyang Fund-of-Funds under the Group's management received the title of 2021 China's Top 50 Government Guided Funds), 2021 China's Top 10 Market-oriented FoFs and 2021 China's Top 30 Influential Limited Partners by China Venture Capital Research Institute, and 2021 China's Top 5 Market-oriented FoFs by FoF Research Centre.

As at 31 December 2021, the FoFs products are listed below:

Name of Fund	Time of Establishment	Currency	Amount in Original Currency (in hundred million)	Amount in HK\$ (in hundred million)
Multi-strategy Alternative Investment Fund	February 2012	RMB	50	61.2
CEL-CMB Fund-of-Funds	March 2017	RMB	50	61.2
CEL Hunan Fund-of-Funds	August 2018	RMB	51	62.4
CEL Jiangsu Liyang Fund-of-Funds	November 2018	RMB	20	24.5
Taizhou CEL Big Health Industry Fund	November 2019	RMB	10	12.2
Guangzhou CEL Guangzhou-Hong Kong-Macao Youth Venture Fund-of-Funds	December 2019	RMB	10	12.2
CEL Suzhou Fund-of-Funds	December 2019	RMB	15	18.3
CEL Ganzhou Fund-of-Funds	November 2020	RMB	25	30.6
Total			231	282.6

Real Estate Investment and Asset Management Business

As at 31 December 2021, Everbright Jiabao managed 37 projects through EBA Investments, with AUM of approximately RMB46.5 billion, equivalent to approximately HK\$56.9 billion.

In 2021, China's real estate industry underwent profound changes and adjustments, presenting new challenges and opportunities to the business development of Everbright Jiabao/EBA Investments. During the reporting period, Everbright Jiabao/EBA Investments continued to strengthen refined management. Everbright Jiabao's weighted financing cost further improved. EBA Investments' projects made positive progress in terms of construction, operation, sales and financing. As China's real estate industry accelerates its transformation to the inventory-centric era, Everbright Jiabao/EBA Investments is well positioned to possess stronger competitive advantage with its full-cycle real estate asset management capabilities.

In 2021, EBA Investments continued to expand its own commercial brand presence and strengthened cooperation with enterprises with good project resources and shareholder background, striving to achieve leap-forward improvement in management scope and management capabilities. During the reporting period, EBA Investments added a number of projects, such as Zhengzhou CITY IMIX Park and Chongqing Banan IMIX Park, increasing the number of IMIX Park shopping malls under management to 22, with a total construction area of more than 2.5 million m². The Chongqing Dazu IMIX Park block, the EBA Hongqiao Centre IMIX ART PARK, the Hefei Greenland IMIX Park, and the Zhengzhou CITY IMIX Park managed by EBA Investments opened successfully and received positive market response. In addition, during the reporting period, EBA Investments officially released WELLBEING, an office building asset management brand of its own. This service system will cover many office projects under EBA Investments in Shanghai and Beijing, striving to bringing premium office experience to its tenants.

In addition, EBA Investments continued to participate in the pilot work of China's publicly-offered infrastructure REITs. The EBA Technology Park (光大安石科技園) project under its management differentiated from various quality projects and became one of the first batch of approved publicly-offered infrastructure REITs projects in the mainland China and the first one in Shanghai in May 2021. With the project as the underlying asset, the Huaan Zhangjiang Everbright Park Close-ended Infrastructure Securities Investment Fund (華安張江光大園封閉式基礎設施證券投資基金) was listed on the Shanghai Stock Exchange on 21 June 2021 and well received by various investors in the market, with an offline enquiry ratio of 10.07 times. As at 31 December 2021, the total market value of Huaan Zhangjiang Everbright Park REITs had increased by 25% compared with the fund issuance size. During the reporting period, EBA Investments was ranked the 1st for seven consecutive years among the Top 10 Funds in terms of Comprehensive Strength among China Real Estate Funds jointly released by Property Research Institute of Tsinghua University and China Index Academy.

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

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

Principal Investments Business

The Group strives to achieve the following 3 objectives through its principal investment: (1) key investee companies: investing in and fostering enterprises with promising development prospects; (2) financial investments: maintaining flexible liquidity management through investment in structured financing products and obtaining stable interest income; capitalising on the co-investment opportunities brought by the fund management business and participating in equity and related financial investments to obtain strong investment returns; (3) cornerstone investments: holding a portion of the equity interest in China Everbright Bank Company Limited (“China Everbright Bank”) and Everbright Securities Company Limited (“Everbright Securities”) to obtain stable dividends and investment returns.

As at 31 December 2021, the principal investments business managed 72 post-investment projects with an aggregate carrying amount of approximately HK\$42.0 billion. Among these, the total carrying amount of equity interest held in CALC, Everbright Senior Healthcare and Terminus was approximately HK\$7 billion; the fair value of financial investments was approximately HK\$15.1 billion; the fair value of the cornerstone investments in China Everbright Bank was HK\$6.4 billion, and the carrying amount of Everbright Securities accounted for as an associate was HK\$13.5 billion.

Principal investment <i>(in HK\$ hundred million)</i>	2021 year-end	2020 year-end
– Key Investee Companies	70	58
– Financial Investments	151	146
– Cornerstone Investments	199	200
	<hr/>	<hr/>
Total	420	404
	<hr/>	<hr/>

Key Investee Companies

CALC

CALC, an associate of CEL, is a one-stop full life-cycle solutions provider for global airlines. CALC's scope of business includes regular operations such as aircraft operating leasing, leaseback after purchase and structured financing, and value-added services such as fleet planning, fleet upgrading, aircraft disassembling and parts selling. It also elevates aircraft asset value through flexible aircraft asset management. At the same time, CALC has the advantages of dual-platform financing, leasing and sales channels, as well as strong capability and rich experience in financing both domestically and abroad.

As at 31 December 2021, CALC had 152 aircraft in its fleet (including 127 owned and 25 managed aircraft). In 2021, CALC delivered 34 aircraft, including 13 new aircraft and 21 used aircraft, and completed sales of 9 aircraft. CALC's clientele has been enlarged to airlines in 17 countries and regions. Among the 127 owned aircraft in CALC's fleet, 76% were leased to clients from China (including Hong Kong, Macao and Taiwan) where the epidemic was well under control, and 89% were narrow-body aircraft with stable value and high market demand. Whether in terms of geographical or aircraft type distribution, CALC is well-positioned in the industry. CALC placed a confirmed order for 30 ARJ21 series aircraft and an intended order for 30 aircraft with Commercial Aircraft Corporation of China (COMAC) to help domestically-produced aircraft expand into overseas markets.

Everbright Senior Healthcare

During the reporting period, in strict compliance with policies such as the 14th Five-Year Plan, the 14th Five-Year Plan on Developing the Aging Industry and the Opinion on Strengthening the Aging Industry in the New Era, Everbright Senior Healthcare seized the development opportunities in China's healthcare industry to set up a three-level elderly service model supported by institutional and community-based elderly services and supplemented by in-home elderly services. Everbright Senior Healthcare created a "Senior Healthcare +" model to boost development by "Insurance + Senior Healthcare", transformation by "Medical + Senior Healthcare" and branding by "Service + Senior Healthcare", and a standard operation system featuring unified service standards, middle- and back-office operations and central procurement. By building a smart elderly care platform and following the principle of light-asset and high-quality development, Everbright Senior Healthcare pressed ahead with a diversified industrial deployment with rehabilitation and nursing as its core services and travel senior healthcare services as a complement to its core business.

Up to 31 December 2021, Everbright Senior Healthcare has formed a "3+X" national deployment covering Beijing-Tianjin-Hebei region, Yangtze River Delta, Chengdu-Chongqing region, Guangdong-Hong Kong-Macao and 51 cities across the country, with 31,000 beds under management and more than 170 service institutions. As an industry leader in adhering to standards, Everbright Senior Healthcare has been certified by the ISO9001 quality management system, ISO14001 environmental management system, ISO45001 occupational health and safety management system, 5A certification in elderly service and 4A certification in standards. Its senior healthcare institutions were equipped with the smart senior healthcare 2.0 platform, and its information operation kept improving. The "Insurance + Senior Healthcare" product jointly launched by Everbright Senior Healthcare and Sun Life Everbright Insurance scaled up rapidly, with a large number of potential users in the pipeline for the elderly care community. Everbright Senior Healthcare has unique advantages in brand reputation, service professionalism, industry popularity and customer loyalty. It ranked first in 2021 Top 10 Chinese Elderly Care Institutions for Operational Performance released by Guandian Index, and has become one of the leading elderly care enterprises serving for the benefit of people in China.

Terminus

During the reporting period, Terminus officially released a full series of products based on the CityOS-TACOS city operating system, a new generation of CityOS-TACOS and a variety of AI industry clouds to achieve intelligent urban scenarios and create ecological solutions. Guided by the strategy of “carbon peak and carbon neutrality”, Terminus actively participated in the formulation of carbon neutrality standards together with influencers from the industry. In addition, Terminus created and promoted AIoT solutions for the above strategy, and took the lead in implementing a new generation of zero-carbon smart city model in Chongqing, making it a practitioner and pioneer in pursuit of carbon neutrality. Terminus is making breakthroughs on its way to becoming an international company. Terminus’ robot named Titan was successfully delivered during the Expo Dubai, and provided tourists with intelligent services and interactive exchanges, putting Chinese science and technology under the spotlight of the world stage. Besides, Terminus set up its Middle East and North Africa (MENA) headquarters in Dubai to further expand its international business. Terminus’s Jiuzhang AI algorithm platform was awarded at 2021 International Conference on Computer Vision (ICCV) and 2021 China Conference on Knowledge Graph and Semantic Computing (CCKS). Terminus’ Titan robot won the world-leading iF Design Award (Germany) and Good Design Award (Japan). Terminus was awarded Top 3 IoT Hard Core Enterprise of the Year by 36 Kr, and 2021 Top 20 Enterprise for Global Innovative Application of AIoT by EqualOcean, both of which received high recognition in the industry.

The carrying amount of equity interests in Terminus held by the Group through its principal investments business and fund management business accounted for more than 5% of the Group’s total assets, and the investment was regarded as a significant investment of the Group. During the reporting period, the Group subscribed for approximately 285,000 ordinary shares in Terminus at a consideration of HK\$147 million, representing 0.77% of the total share capital of Terminus. As at 31 December 2021, the Group held approximately 10.4 million ordinary shares in Terminus, representing 27.99% of the total share capital of Terminus, with an investment cost of approximately HK\$2.7 billion. The equity interests in Terminus held by the Group are accounted for as financial assets at fair value through profit or loss. As at 31 December 2021, the fair value of the shares in Terminus held by the Group was HK\$5.8 billion, accounting for 11.3% and 5.7% of the Group’s net assets and total assets respectively. During the reporting period, the Group recorded a capital gain (unrealised gain) of HK\$797 million due to the increase in the fair value of the shares in Terminus held by the Group.

Financial Investments

CEL's financial investments with its own capital cover the following aspects: (1): based on the investment/co-investment opportunities brought by the Group's funds and extensive business network, investing in the equity or debt of unlisted companies; (2) investing in structured financing products with balanced returns and liquidity. Up to 31 December 2021, CEL's financial investments amounted to HK\$15.1 billion, with the aggregate valuation of top 10 projects amounting to HK\$8.1 billion.

Cornerstone Investments

As at 31 December 2021, the carrying amount of certain equity interests in Everbright Securities and China Everbright Bank held by the Group as cornerstone investments each accounted for more than 5% of the Group's total assets and the two investments were regarded as significant investments of the Group. These two cornerstone investments held by the Group accounted for in aggregate 38.9% and 19.5% of the Group's net assets and total assets, respectively.

Everbright Securities (601788.SH)

Established in 1996 with its headquarters in Shanghai, Everbright Securities is one of the first 3 innovative pilot securities firms approved by the China Securities Regulatory Commission. As at 31 December 2021, the Group held 960 million A-shares in Everbright Securities, representing 20.83% of its total share capital, with an investment cost of HK\$1,504 million. Everbright Securities is accounted for as an associate of the Group. The carrying amount of the shares held by the Group was HK\$13.5 billion, accounting for 26.4% and 13.2% of the Group's net assets and total assets respectively. Based on the closing price of RMB14.93 per share as at 31 December 2021, the fair value of the shares in Everbright Securities held by the Group was HK\$17.5 billion. During the reporting period, the Group's share of profit from Everbright Securities as an investment in associate was HK\$875 million, representing a year-on-year increase of 55%.

China Everbright Bank (601818.SH)

Established in August 1992, China Everbright Bank is a national joint-stock commercial bank approved by the State Council and the People's Bank of China. As at 31 December 2021, the Group held 1.57 billion A-shares in China Everbright Bank, representing 2.91% of the total share capital of China Everbright Bank, with an investment cost of HK\$1,407 million. The shares in China Everbright Bank held by the Group is accounted for as equity investments designated at fair value through other comprehensive income. Based on the closing price of RMB3.32 per share as at 31 December 2021, the carrying amount and fair value of the shares in China Everbright Bank held by the Group was HK\$6.4 billion, accounting for 12.5% and 6.3% of the Group's net assets and total assets respectively. During the reporting period, the Group's income from China Everbright Bank was HK\$403 million, representing a year-on-year increase of 10%.

OUTLOOK

Given the rising COVID-19 vaccination rate, the adjustment of anti-COVID-19 policies around the globe, and the ongoing loose monetary policies of major economies, the global economy is rebounding while facing many constraints. In particular, the headwinds arising from the COVID-19 pandemic and geopolitical factors, including the global industry/supply chain disorder, rising commodity prices, and energy supply shortage, exacerbate the uncertainty of the economic recovery. Moreover, the upcoming monetary policy shift of the United States will likely bring challenges to the global recovery momentum and financial stability. According to the World Bank's forecast, as the new threats posed by COVID-19 variants and the aggravation of inflation, debt and income inequality will disrupt the recovery, global economic growth will start to slow down from 5.5% in 2021 to 4.1% in 2022, and may further decline to 3.2% in 2023. According to the Report on the Work of the Government of China, China's economic growth is expected to be around 5.5% in 2022. Given the above global macroeconomic uncertainties, CEL will adopt the development strategy of giving priority to stability, seeking progress in stability and pursuing excellence in progress in 2022 to maintain overall stability, make steady progress and achieve the goal of seeking excellence, and fully implement the new development philosophy to steadily promote quality transformation.

The Group is firmly committed to the strategic objective of becoming a global leading cross-border asset management company. In terms of strategic directions, we will focus on our principal business—asset management to gradually promote asset-light transformation, constantly expand AUM, increase the proportion of management fee income and performance fee income, and improve capabilities in making stable profits. In terms of business development, the Group will further broaden fundraising channels, innovate in fundraising incentives, and plan blockbuster funds with high standards. We will improve investment research capabilities, explore the reform of investment research management system, and strengthen research on policies, industries, sectors, and companies, so as to improve value discovery and investment professionalism. We will strengthen post-investment management, and implement differentiated management of entities and investment projects at all levels. We will capture appropriate exit windows to create more value from post-investment management and investment exit.

The Group will proactively serve China’s national strategies, fully support the development of the real economy, undertake its social responsibility as a central SOE in Hong Kong, and intensify the investment in the “three-universal and one-innovative” industries. We will further increase investment and development in technology, high-end intelligent manufacturing and other related industries based on the new pattern dominated by domestic circulation. Focusing on the information and intelligent transformation of large enterprises and urban systems, we will leverage Everbright’s advantages to invest in new infrastructure, 5G and AIoT and other sectors. The Group will continue to improve its risk management system, enhance its internal control and compliance management mechanism, step up the establishment of its risk management information system, and improve the timeliness and forward-looking of risk alert, so as to boost risk prevention and control capabilities. In the field of social responsibility, we will actively integrate ESG principles into business development and corporate governance, and strive to achieve carbon neutrality at the operational level of CEL’s headquarters in 2022. We will undertake our social responsibility as a central SOE in Hong Kong by supporting social service projects in the fields of education, sports, art, poverty alleviation, etc.

We are in a world that one will retreat if he does not advance. In the post-COVID-19 era, the Group will stick to its strategic objectives, actively refine and adjust strategies, maintain a high risk awareness, and safeguard the bottom line of risks. In the meantime, the Group will proactively integrate into the new development pattern, put into practice the national strategies, insist on tech-driven PE+ industry development, and increase investment in the “three-universal and one-innovative” industries, in an effort to make its investment and asset management business bigger and stronger.

FINANCIAL POSITION

As at 31 December 2021, the Group's total assets amounted to HK\$101.8 billion with net assets amounted to HK\$51.0 billion. Equity attributable to equity shareholders of CEL per share was HK\$27.9, increased by 3.3% compared with 2020 year end. As at 31 December 2021, the Group's gearing ratio increased to 68.4% (31 December 2020: 63.9%).

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 2021, the Group had cash and bank balances of HK\$7.2 billion, decreased by HK\$2.1 billion compared with the end of 2020. Currently, most of the Group's cash, representing 91%, 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 2021, the Group had banking facilities of HK\$31.9 billion, of which HK\$10.0 billion had not been utilised. The banking facilities were of one to eleven years' terms. The Group had outstanding bank loan of HK\$21.9 billion, of which HK\$19.0 billion was unsecured, increased by HK\$3.7 billion compared with the end of 2020. The Group had issued corporate bonds with outstanding principal amount of HK\$13.0 billion. The interest bearing borrowings were mainly denominated in Renminbi, representing about 44% of the total, and the remaining were mainly denominated in Hong Kong dollars, United States dollars, Singapore dollars and Australian dollars. As at 31 December 2021, approximately 60% of the Group's total principal amount of borrowing were at floating rates and the remaining 40% were at fixed rates. The maturity profile of the Group's borrowings is set out in note 19 of the Notes to the Financial Statements in this announcement.

PLEDGE OF ASSETS

As at 31 December 2021, restricted bank balances of HK\$49 million were pledged to the banks for sales of mortgaged properties to customers and interest reserve account on borrowings, and HK\$212 million were used to secure certain bonds payable of the Group. Investment properties, property, plant and equipment, inventories and shares with carrying value of HK\$4,759 million, HK\$23 million, HK\$438 million and HK\$1,650 million, respectively, 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 2021, assets deposited with the prime brokers included HK\$1,618 million and HK\$89 million which formed part of the Group's trading securities and debtors respectively.

EMPLOYEES

As at 31 December 2021, the Group's headquarters and fully owned subsidiaries had 282 full-time employees. The Group ensures that the remuneration packages for employees are fair and competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus scale. Discretionary bonus may also be paid to employees based on individual performance. Other benefits to employees include medical insurance, retirement scheme and training programmes.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The Group's work in the area of risk management is executed by the Risk Management, Legal and Compliance Department and is led by the Head of Risk Management, Legal and Compliance Department. This functional structure can assess, identify and document the Group's risk profile to ensure that the business units focus, control and systematically avoid potential risks in various business 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, accounts receivable, debt investments and unlisted derivative financial instruments.

Credit risk management framework

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

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

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

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

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

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

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

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

The prolonged COVID-19 pandemic has caused significant adverse impact to the global economy during 2021. While the pandemic remains volatile, the operating and financial situations of borrowers will continue to suffer from pressure. In response to the adverse impact and the uncertainty from the pandemic, the Group reviewed and updated the forward-looking macroeconomic factors used in ECL (expected credit loss) computation to reflect the uncertain economic outlook. The Group will closely monitor the situation brought by the COVID-19 pandemic on the economy.

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

(b) Liquidity risk

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

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

(c) Interest rate risk

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

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

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

(d) Currency risk

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

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

(e) Equity price risk

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

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

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

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK\$0.30 per share for the year ended 31 December 2021 (2020: HK\$0.35 per share). Together with the interim dividend of HK\$0.28 per share already paid, the aggregate amount of dividends for the year is HK\$0.58 per share (2020: HK\$0.49 per share).

The final dividend, subject to approval at the forthcoming annual general meeting, is expected to be paid on Friday, 10 June 2022 to those shareholders whose names appear on the register of members of the Company on Monday, 30 May 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 16 May 2022 to Thursday, 19 May 2022, 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, 13 May 2022.

The register of members of the Company will also be closed from Friday, 27 May 2022 to Monday, 30 May 2022, 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, 26 May 2022.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 19 May 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

CORPORATE GOVERNANCE CODE

The Company has complied with all code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2021, save for the deviation from code provision C.2.1 (formerly code provision A.2.1) of the CG Code during the period until 24 March 2021.

Code provision C.2.1 of the CG Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. As disclosed in the announcement of the Company dated 25 September 2020, the Company had deviated from code provision C.2.1 of the CG Code upon the appointment of Dr. Zhao Wei, the then Chief Executive Officer of the Group, as the Chairman of the Board, and the Board considered that with the support of the management of the Group, such arrangement could facilitate strong leadership, promote efficient execution of the Group's business strategies and boost effectiveness of its operation. Upon review of the above arrangement, the Board resolved on 24 March 2021 to separate the two roles by the appointment of Mr. Zhang Mingao as the President of the Group, while Dr. Zhao Wei continued to serve as the Chairman of the Board. After the above changes in the Group's management structure, the Company has complied with code provision C.2.1 of the CG Code.

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 of the Company. Following a specific enquiry made by the Company, all Directors confirmed that they have complied with the required standard set out in both the Code and the Model Code throughout the year ended 31 December 2021.

REVIEW BY AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee comprises Dr. Chung Shui Ming Timpson, Dr. Lin Zhijun and Mr. Law Cheuk Kin Stephen. The committee is chaired by Dr. Chung Shui Ming Timpson. All members of the committee are independent non-executive Directors. The Audit and Risk Management Committee and the management have reviewed the accounting policies and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the financial statements of the Group for the year ended 31 December 2021.

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

Hong Kong, 17 March 2022

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

Executive Directors:

Dr. Zhao Wei (*Chairman*)
Mr. Zhang Mingao (*President*)
Mr. Wang Hongyang
Mr. Yin Yanwu

Independent Non-executive Directors:

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

Non-executive Directors:

Ms. Pan Wenjie
Mr. Fang Bin