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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 2022**

The board of directors (the “Board” or the “Director(s)”) of China Everbright Limited (the “Company” or “CEL”) announces that the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2022 together with relevant comparative figures for the previous year are as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
Turnover	3	<u>7,707,730</u>	<u>21,785,133</u>
Income from contracts with customers	3	843,075	659,392
Net (loss)/income from investments	3	(5,885,695)	4,314,022
Interest income		563,722	527,592
Dividend income		2,123,973	899,410
Realised gain on investments		46,194	379,347
Unrealised (loss)/gain on investments		(8,633,890)	2,481,001
Others		14,306	26,672
Income from other sources	3	(75,407)	(276,533)
Impairment losses		(982,141)	(40,390)
Operating expenses		<u>(919,767)</u>	<u>(1,066,826)</u>
(Loss)/profit from operating activities		(7,019,935)	3,589,665
Finance costs		(1,109,315)	(937,446)
Impairment losses on investments in associates		(1,128,501)	(400,000)
Share of profits less losses of associates	8	616,886	1,229,097
Share of profits less losses of joint ventures	9	<u>17,123</u>	<u>59,237</u>
(Loss)/profit before taxation		(8,623,742)	3,540,553
Income tax credit/(expenses)	4	<u>923,427</u>	<u>(768,186)</u>
<b>(Loss)/profit for the year</b>		<u><b>(7,700,315)</b></u>	<u><b>2,772,367</b></u>
<b>Attributable to:</b>			
Equity shareholders of the Company		(7,443,299)	2,572,840
Holders of senior perpetual capital securities	20	89,284	88,585
Non-controlling interests		<u>(346,300)</u>	<u>110,942</u>
<b>(Loss)/profit for the year</b>		<u><b>(7,700,315)</b></u>	<u><b>2,772,367</b></u>
<b>Basic and diluted (loss)/earnings per share</b>	7	<u><b>HK\$(4.417)</b></u>	<u><b>HK\$1.527</b></u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>(Loss)/profit for the year</b>		<b>(7,700,315)</b>	2,772,367
<b>Other comprehensive (loss)/income for the year:</b>			
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		<b>(981,160)</b>	(1,069,617)
Items that may be reclassified subsequently to profit or loss			
– Share of other comprehensive (loss)/income and effect of foreign currency translation of associates		<b>(1,419,859)</b>	468,683
– Share of other comprehensive (loss)/income and effect of foreign currency translation of joint ventures		<b>(84,987)</b>	29,091
– Other net movement in exchange reserve		<b>(2,047,737)</b>	444,002
		<b>(4,533,743)</b>	(127,841)
<b>Total comprehensive (loss)/income for the year</b>		<b>(12,234,058)</b>	2,644,526
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(11,697,447)</b>	2,555,676
Holder of senior perpetual capital securities	20	<b>89,284</b>	88,585
Non-controlling interests		<b>(625,895)</b>	265
<b>Total comprehensive (loss)/income for the year</b>		<b>(12,234,058)</b>	2,644,526

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		<b>31 December</b>	31 December
		<b>2022</b>	2021
	<i>Note</i>	<b>HK\$'000</b>	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>521,718</b>	597,542
Investment properties		<b>4,898,173</b>	5,352,758
Investments in associates	8	<b>18,002,564</b>	20,418,441
Investments in joint ventures	9	<b>926,157</b>	1,061,340
Equity investments designated at fair value through other comprehensive income	10	<b>5,405,184</b>	6,386,344
Financial assets at fair value through profit or loss	11	<b>32,898,680</b>	45,932,860
Advances to customers	12	<b>360,891</b>	454,178
Finance lease receivables		<b>18,703</b>	41,701
		<b>63,032,070</b>	80,245,164
<b>Current assets</b>			
Financial assets at fair value through profit or loss	11	<b>2,176,224</b>	4,101,670
Advances to customers	12	<b>2,902,542</b>	2,957,788
Inventories	13	<b>1,383,814</b>	1,742,448
Debtors, deposits, prepayments and others	14	<b>1,984,185</b>	2,339,669
Trading securities		<b>4,098,142</b>	3,251,394
Restricted deposits		<b>664,102</b>	–
Cash and cash equivalents		<b>8,235,532</b>	7,155,428
		<b>21,444,541</b>	21,548,397
<b>Current liabilities</b>			
Trading securities		<b>(532,071)</b>	(454,660)
Creditors, deposits received and accrued charges	15	<b>(3,523,042)</b>	(3,237,957)
Bank loans	16	<b>(11,925,501)</b>	(9,970,601)
Bonds payable	17	<b>(2,481,148)</b>	(5,698,905)
Other financial liabilities		<b>(441,187)</b>	(171,818)
Notes payable		–	(27,000)
Lease liabilities		<b>(35,688)</b>	(39,202)
Provision for taxation		<b>(585,193)</b>	(693,348)
		<b>(19,523,830)</b>	(20,293,491)
<b>Net current assets</b>		<b>1,920,711</b>	1,254,906
<b>Total assets less current liabilities</b>		<b>64,952,781</b>	81,500,070

		<b>31 December 2022</b>	31 December 2021
	<i>Note</i>	<b>HK\$'000</b>	HK\$'000
<b>Non-current liabilities</b>			
Bank loans	<i>16</i>	<b>(8,991,471)</b>	(11,895,755)
Bonds payable	<i>17</i>	<b>(9,515,580)</b>	(7,338,540)
Other financial liabilities		<b>(6,407,464)</b>	(7,800,959)
Lease liabilities		<b>(29,279)</b>	(53,173)
Deferred tax liabilities		<b>(2,131,886)</b>	(3,375,113)
		<u><b>(27,075,680)</b></u>	<u>(30,463,540)</u>
<b>NET ASSETS</b>		<u><b>37,877,101</b></u>	<u>51,036,530</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>18</i>	<b>9,618,097</b>	9,618,097
Reserves		<b>24,871,106</b>	37,318,228
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>34,489,203</b>	46,936,325
Holders of senior perpetual capital securities	<i>20</i>	<b>2,341,083</b>	2,341,161
Non-controlling interests		<b>1,046,815</b>	1,759,044
<b>TOTAL EQUITY</b>		<u><b>37,877,101</b></u>	<u>51,036,530</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to equity shareholders of the Company								Senior perpetual capital securities	Non- controlling interests	Total equity
	Share capital	Option premium reserve	Investment revaluation reserve	Goodwill reserve	Capital reserve	Exchange reserve	Retained earnings	Total			
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 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 loss for the year	-	-	(1,069,617)	-	-	1,052,453	-	(17,164)	-	(110,677)	(127,841)
As at 31 December 2021 and as at 1 January 2022	<b>9,618,097</b>	<b>1,242</b>	<b>4,979,155</b>	<b>(664,792)</b>	<b>(96,162)</b>	<b>2,145,494</b>	<b>30,953,291</b>	<b>46,936,325</b>	<b>2,341,161</b>	<b>1,759,044</b>	<b>51,036,530</b>
Net movement by non-controlling shareholders	-	-	-	-	18,210	-	-	18,210	-	(86,334)	(68,124)
Dividends paid	6	-	-	-	-	-	(758,364)	(758,364)	-	-	(758,364)
Distribution to holders of senior perpetual capital securities	20	-	-	-	-	-	-	-	(89,362)	-	(89,362)
Share of capital reserve of associates	-	-	-	-	(9,521)	-	-	(9,521)	-	-	(9,521)
Loss for the year	-	-	-	-	-	-	(7,443,299)	(7,443,299)	89,284	(346,300)	(7,700,315)
Other comprehensive loss for the year	-	-	(981,160)	-	-	(3,272,988)	-	(4,254,148)	-	(279,595)	(4,533,743)
As at 31 December 2022	<b>9,618,097</b>	<b>1,242</b>	<b>3,997,995</b>	<b>(664,792)</b>	<b>(87,473)</b>	<b>(1,127,494)</b>	<b>22,751,628</b>	<b>34,489,203</b>	<b>2,341,083</b>	<b>1,046,815</b>	<b>37,877,101</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>4,059,563</b>	(3,505,426)
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(4,911)</b>	(3,947)
Proceeds from disposal of investment properties	–	6,345
Proceeds from disposal of property, plant and equipment	<b>599</b>	422
Net cash outflow from losing control of subsidiaries	–	(479,968)
Proceeds from partial disposal of an associate	<b>76,649</b>	–
Investment in an associate	–	(1,585)
Investments in joint ventures	<b>(5,820)</b>	(6,320)
(Increase)/decrease in restricted cash	<b>(28,723)</b>	178,080
Increase in restricted deposits	<b>(664,102)</b>	–
Bank interest received	<b>97,779</b>	113,418
Dividends received from investments	<b>372,497</b>	402,562
Dividends received from associates and joint ventures	<b>485,554</b>	273,404
<b>NET CASH INFLOW FROM INVESTING ACTIVITIES</b>	<b>329,522</b>	482,411
<b>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING ACTIVITIES</b>	<b>4,389,085</b>	(3,023,015)

	2022 HK\$'000	2021 HK\$'000
<b>FINANCING ACTIVITIES</b>		
Issue of shares of subsidiaries to non-controlling shareholders	145,962	361,666
Redemption of non-controlling shareholders' shares	(341,327)	(130,565)
Proceeds from bank loans	17,395,279	21,859,223
Proceeds from issue of bonds and resale of bonds repurchased	4,242,930	5,001,290
Repayment of bank loans	(18,200,113)	(18,999,232)
Repayment and repurchase of bonds	(4,017,583)	(5,001,290)
Repayment of lease liabilities	(43,096)	(43,202)
Repayment of notes payable	(27,000)	–
Dividends paid to non-controlling shareholders	(26,260)	(89,821)
Dividends paid	(758,364)	(1,061,710)
Distribution to holders of senior perpetual capital securities	(89,362)	(88,700)
Interest paid	(1,063,451)	(883,472)
	<u>(2,782,385)</u>	<u>924,187</u>
<b>NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES</b>		
	<u>(2,782,385)</u>	<u>924,187</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,606,700</b>	<b>(2,098,828)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	6,894,260	8,860,137
Exchange rate adjustments	(555,319)	132,951
	<u>7,945,641</u>	<u>6,894,260</u>
End of year	<u>7,945,641</u>	<u>6,894,260</u>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash – general accounts	7,098,486	5,901,735
Non-pledged time deposits with original maturity of less than three months when acquired	1,137,046	1,253,693
Restricted cash	(289,891)	(261,168)
	<u>7,945,641</u>	<u>6,894,260</u>
End of year	<u>7,945,641</u>	<u>6,894,260</u>



## 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 2021 annual financial statements except for the changes in accounting policies described in note 2.

The financial information relating to the years ended 31 December 2022 and 2021 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 2021 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 2022 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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced prior to the property, plant and equipment being available for use.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. The amendments did not have any impact on the consolidated financial statements of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendment that is applicable to the Group are as follows:
  - HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group’s financial liabilities during the year, the amendments did not have any impact on the consolidated financial statements 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:

	2022 HK\$'000	2021 HK\$'000
<b>Income from contracts with customers</b>		
Recognised over time		
Management fee income	266,018	340,111
Rental income from investment properties	185,582	184,224
Recognised at a point in time		
Consultancy fee and performance fee income	390,477	132,283
Sales of inventories	998	36,616
Cost of sales	–	(33,842)
	<u>843,075</u>	<u>659,392</u>
<b>Net (loss)/income from investments</b>		
Interest income		
Financial assets not at fair value through profit or loss		
Bank deposits	97,779	113,418
Advances to customers	350,010	327,644
Debt investments	115,933	86,530
Dividend income		
Financial assets at fair value through profit or loss and trading securities	1,751,476	496,848
Equity investments designated at fair value through other comprehensive income	372,497	402,562
Realised gain on investments		
Net realised gain on financial assets at fair value through profit or loss	130,419	278,595
Net realised (loss)/gain on trading securities	(84,225)	100,752
Unrealised (loss)/gain on investments		
Change of unrealised (loss)/gain on financial assets at fair value through profit or loss	(8,462,156)	2,698,361
Change of unrealised loss on trading securities	(171,734)	(217,360)
Others		
Realised gain on partial disposal of an associate	14,306	–
Gain on losing control of subsidiaries	–	26,672
	<u>(5,885,695)</u>	<u>4,314,022</u>
<b>Income from other sources</b>		
Net loss on revaluation of investment properties	(92,839)	(382,979)
Rental income from finance leases	5,548	6,703
Gain on disposal of investment properties	–	4,540
Gain/(loss) on disposal of property, plant and equipment	99	(296)
Exchange differences, net	(82,204)	32,962
Others	93,989	62,537
	<u>(75,407)</u>	<u>(276,533)</u>

#### 4. INCOME TAX (CREDIT)/ EXPENSES

The provision for Hong Kong profits tax is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is calculated at the appropriate current rates of taxation in the relevant tax jurisdictions.

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

	2022 HK\$'000	2021 HK\$'000
Current taxation		
– Hong Kong profits tax	10,963	41,880
– Overseas taxation	67,207	182,310
– Under/(over)-provision in prior years	20,201	(113,182)
Deferred taxation		
– Deferred taxation relating to the origination and reversal of temporary differences	<u>(1,021,798)</u>	<u>657,178</u>
Income tax (credit)/expenses	<u>(923,427)</u>	<u>768,186</u>

Reconciliation between income tax (credit)/expenses and accounting (loss)/profit at applicable tax rates:

	2022 HK\$'000	2021 HK\$'000
(Loss)/profit before taxation	<u>(8,623,742)</u>	<u>3,540,553</u>
Calculated at the rates applicable to (loss)/profits in the tax jurisdictions concerned	(1,839,480)	654,567
Tax effect of income not subject to taxation	(812,191)	(1,057,732)
Tax effect of expenses not deductible for taxation purposes	1,514,982	1,252,992
Tax effect of utilisation of previously unrecognised losses	(6,159)	(572)
Tax effect of tax losses and other deductible temporary differences not recognised	199,220	32,113
Under/(over)-provision of taxation in prior years	<u>20,201</u>	<u>(113,182)</u>
Income tax (credit)/expenses	<u>(923,427)</u>	<u>768,186</u>

**5. (LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS**

Loss for the year of the Company attributable to equity shareholders of the Company of HK\$969,812,000 (2021: profit attributed to equity shareholders of the Company of HK\$117,109,000) 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**

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
– Interim dividend declared and paid of HK\$0.15 (2021: HK\$0.28) per share	<b>252,788</b>	471,871
– Final dividend proposed after the end of the reporting period date of HK\$0.15 (2021: HK\$0.30) per share	<b>252,788</b>	505,576
	<b><u>505,576</u></b>	<b><u>977,447</u></b>

The Board proposed a final dividend of HK\$0.15 per share for the year ended 31 December 2022 (2021: HK\$0.30 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**

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
– Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.30 (2021: HK\$0.35) per share	<b>505,576</b>	589,839

**7. (LOSS)/EARNINGS PER SHARE**

**Basic and diluted (loss)/earnings per share**

The calculation of basic and diluted (loss)/earnings per share for the year ended 31 December 2022 is based on the loss attributable to equity shareholders of the Company of HK\$7,443,299,000 (2021: profit attributable to equity shareholders of the Company of HK\$2,572,840,000) and the weighted average number of 1,685,253,712 shares (2021: 1,685,253,712 shares) in issue during the year.

## 8. INVESTMENTS IN ASSOCIATES

### (a) Investments in associates

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Carrying value, net ( <i>note</i> )	<b><u>18,002,564</u></b>	<u>20,418,441</u>
Market value of shares listed in mainland China	<b>17,515,712</b>	19,100,996
Market value of shares listed in Hong Kong	<b><u>1,227,199</u></b>	<u>1,621,149</u>

*Note:*

As at 31 December 2022, the Group's net carrying value of its investment in Everbright Jiabao Co., Ltd ("Everbright Jiabao"), an associate of the Group, amounted to HK\$2,475,081,000 (2021: HK\$3,919,473,000).

As at 31 December 2022, 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 2022, 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 2022, the recoverable amount of Everbright Jiabao was lower than the carrying value, hence, impairment loss on investment in Everbright Jiabao amounting to HK\$1,020,827,000 (2021: HK\$400,000,000) was recognised during the year ended 31 December 2022.

The pre-tax discount rates applied in the cash flow projection of different key business operations of Everbright Jiabao ranged from 8.0% to 12.8% (2021: 7.9% to 12.3%) and the perpetual growth rate was 2.0% (2021: 2.2%).

(b) As at 31 December 2022, 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 <sup>#</sup> ("Everbright Securities")	The PRC	Securities operations (note 1)	20.73%
China Aircraft Leasing Group Holdings Limited <sup>##</sup> ("CALC")	Cayman Islands	Investment holding (note 2)	38.08%
Everbright Jiabao <sup>###</sup>	The PRC	Real estate development/real estate asset management (note 3)	29.17%*
China Everbright Senior Healthcare Company Limited ("Everbright Senior Healthcare")	Hong Kong	Providing senior health care services (note 4)	49.29%* (note 5)

<sup>#</sup> Market value of the listed shares in mainland China as at 31 December 2022 was equivalent to HK\$15,914,497,000 (2021: HK\$17,538,832,000).

<sup>##</sup> Market value of the listed shares in Hong Kong as at 31 December 2022 was HK\$1,227,199,000 (2021: HK\$1,621,149,000).

<sup>###</sup> Market value of the listed shares in mainland China as at 31 December 2022 was equivalent to HK\$1,601,215,000 (2021: HK\$1,562,164,000).

\* Held indirectly

*Note 1:* Everbright Securities is the Group's cornerstone investment, with an investment cost of HK\$1,497,149,000 (2021: HK\$1,504,118,000). During the year, the Group's equity interest in Everbright Securities was decreased from 20.83% to 20.73% as a result of partial disposal.

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

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

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

*Note 5:* As at 31 December 2022, 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%.

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

	2022 HK\$'000	2021 HK\$'000
Carrying value, net	<u>926,157</u>	<u>1,061,340</u>

### (b) As at 31 December 2022, 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**

	2022 HK\$'000	2021 HK\$'000
At fair value:		
Listed equity securities		
– outside Hong Kong	<u>5,405,184</u>	<u>6,386,344</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 (2021: HK\$1,407,189,000).

No disposal was made during the year ended 31 December 2022, and there were no transfers of any cumulative gain or loss within equity relating to this investment (2021: Nil).

**11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	2022 HK\$'000	2021 HK\$'000
<b>Non-current assets</b>		
At fair value:		
Unlisted equity securities/collective investment schemes (i)*		
– outside Hong Kong	26,301,921	37,246,630
Unlisted preference shares (i)		
– outside Hong Kong	6,250,280	8,309,392
Unlisted debt securities (i)		
– outside Hong Kong	<u>346,479</u>	<u>376,838</u>
	<u>32,898,680</u>	<u>45,932,860</u>
<b>Current assets</b>		
At fair value:		
Listed equity securities		
– in Hong Kong	596,727	1,610,147
– outside Hong Kong	735,000	872,722
Unlisted equity securities/collective investment schemes (i)*		
– outside Hong Kong	391,198	458,581
Unlisted debt securities (i)		
– outside Hong Kong	<u>453,299</u>	<u>1,160,220</u>
	<u>2,176,224</u>	<u>4,101,670</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\$21,559,069,000 (2021: HK\$30,592,792,000).

As at 31 December 2022, the Group's listed and unlisted equity securities amounting to a fair value of HK\$22,011,177,000 (2021: HK\$34,677,673,000) 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 2022, 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:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
As at 1 January	<b>251,951</b>	245,013
Released during the year	<b>(4,472)</b>	–
Exchange adjustment	<b>(20,343)</b>	6,938
	<b><u>227,136</u></b>	<u>251,951</u>

## 12. ADVANCES TO CUSTOMERS

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>Non-current assets</b>		
Term loans to customers		
– secured	<b>5,859</b>	454,289
– unsecured	<b>458,082</b>	–
	<b><u>463,941</u></b>	<u>454,289</u>
<b>Current assets</b>		
Term loans to customers		
– secured	<b>1,310,647</b>	1,346,521
– unsecured	<b>2,090,961</b>	1,949,342
	<b><u>3,401,608</u></b>	<u>3,295,863</u>
Total term loans to customers	<b>3,865,549</b>	3,750,152
Less: Impairment allowance	<b>(602,116)</b>	(338,186)
Net carrying value	<b><u>3,263,433</u></b>	<u>3,411,966</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 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>
<b>As at 31 December 2021 and 1 January 2022</b>	<b>27,050</b>	<b>11,140</b>	<b>299,996</b>	<b>338,186</b>
<b>Other changes (including new assets and derecognised assets)</b>	<b><u>(15,830)</u></b>	<b><u>(4,430)</u></b>	<b><u>284,190</u></b>	<b><u>263,930</u></b>
<b>As at 31 December 2022</b>	<b><u>11,220</u></b>	<b><u>6,710</u></b>	<b><u>584,186</u></b>	<b><u>602,116</u></b>

Except for the above impairment allowance of HK\$602,116,000 (2021: HK\$338,186,000), there were no other significant loans to customers, that were aged, requiring significant impairment provision as at 31 December 2022 and 2021.

### 13. INVENTORIES

	2022 HK\$'000	2021 HK\$'000
Properties under development	137,038	137,490
Completed properties for sale	<u>1,246,776</u>	<u>1,604,958</u>
	<b><u>1,383,814</u></b>	<b><u>1,742,448</u></b>

### 14. DEBTORS, DEPOSITS, PREPAYMENTS AND OTHERS

	2022 HK\$'000	2021 HK\$'000
Accounts receivable	746,357	722,069
Deposits, prepayments, interest and other receivables and others	<u>1,395,422</u>	<u>1,702,323</u>
	<b>2,141,779</b>	<b>2,424,392</b>
Less: Impairment allowance	<u>(157,594)</u>	<u>(84,723)</u>
	<b><u>1,984,185</u></b>	<b><u>2,339,669</u></b>

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 2022 and 31 December 2021.

Their recoverability was assessed with reference to the credit status of the debtors, and impairment allowance of HK\$157,594,000 as at 31 December 2022 (2021: HK\$84,723,000).

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

	<b>Stage 1</b> HK\$'000	<b>Stage 2</b> HK\$'000	<b>Stage 3</b> HK\$'000	<b>Total</b> HK\$'000
As at 1 January 2021, 31 December 2021 and 1 January 2022	–	–	84,723	84,723
Other changes (including new assets and derecognised assets)	<u>1,790</u>	<u>1,634</u>	<u>69,447</u>	<u>72,871</u>
<b>As at 31 December 2022</b>	<b><u>1,790</u></b>	<b><u>1,634</u></b>	<b><u>154,170</u></b>	<b><u>157,594</u></b>

#### 15. CREDITORS, DEPOSITS RECEIVED AND ACCRUED CHARGES

	<b>2022</b> HK\$'000	2021 HK\$'000
Creditors, deposits received and accrued charges	<b><u>3,523,042</u></b>	<u>3,237,957</u>

#### 16. BANK LOANS

	<b>2022</b> HK\$'000	2021 HK\$'000
Maturity details are as follows:		
Within 1 year	<b>11,925,501</b>	9,970,601
1 to 2 years	<b>1,657,847</b>	3,733,448
2 to 5 years	<b>6,920,820</b>	7,527,834
Over 5 years	<b><u>412,804</u></b>	<u>634,473</u>
	<b><u>20,916,972</u></b>	<u>21,866,356</u>

As at 31 December 2022, the bank loans were secured as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Bank loans:		
– secured	<b>2,325,589</b>	2,850,000
– unsecured	<b>18,591,383</b>	19,016,356
	<b><u>20,916,972</u></b>	<u>21,866,356</u>

As at 31 December 2022, the bank loans were secured by:

- (a) Mortgage over certain investment properties with carrying value of approximately HK\$4,362 million (31 December 2021: approximately HK\$4,759 million);
- (b) Mortgage over certain property, plant and equipment with carrying value totalling approximately HK\$23 million (31 December 2021: HK\$23 million);
- (c) Mortgage over certain inventories with carrying value totalling approximately HK\$383 million (31 December 2021: approximately HK\$438 million); and
- (d) The pledge of equity interests in subsidiaries with carrying value of approximately HK\$1,563 million (31 December 2021: approximately HK\$1,650 million).

## 17. BONDS PAYABLE

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
As at 1 January	<b>13,037,445</b>	12,669,450
New issuance and resale of bonds repurchased during the year	<b>4,242,930</b>	5,001,290
Repayments and repurchase during the year	<b>(4,017,583)</b>	(5,001,290)
Exchange adjustment	<b>(1,266,064)</b>	367,995
As at 31 December	<b><u>11,996,728</u></b>	<u>13,037,445</u>

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Maturity details are as follows:		
Within 1 year	<b>2,481,148</b>	5,698,905
1 to 2 years	<b>6,157,140</b>	2,446,180
2 to 5 years	<b>3,358,440</b>	4,892,360
	<b><u>11,996,728</u></b>	<u>13,037,445</u>

As at 31 December 2022, the bonds payable were secured as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Bonds payable:		
– secured	<b>242,188</b>	195,000
– unsecured	<b>11,754,540</b>	12,842,445
	<b><u>11,996,728</u></b>	<u>13,037,445</u>

As at 31 December 2022, the bonds payable were secured by bank balances pledged amounting to approximately HK\$244 million (31 December 2021: approximately HK\$212 million).

## 18. SHARE CAPITAL

	<b>2022</b>		2021	
	<b>No. of shares (‘000)</b>	<b>HK\$'000</b>	No. of shares (‘000)	HK\$'000
<b>Ordinary shares issued and fully paid:</b>				
At 1 January and at 31 December	<b><u>1,685,254</u></b>	<b><u>9,618,097</u></b>	<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 general 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 2022

	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
<b>Liabilities</b>							
– Bank loans	–	–	(1,097,598)	(10,827,903)	(8,578,667)	(412,804)	(20,916,972)
– Other financial liabilities	–	(136,623)	(63,038)	(241,526)	(1,443,359)	(4,964,105)	(6,848,651)
– Trading securities	(356,049)	–	(176,022)	–	–	–	(532,071)
– Bonds payable	–	–	–	(2,481,148)	(9,515,580)	–	(11,996,728)
– Lease liabilities	–	–	(8,554)	(27,134)	(29,279)	–	(64,967)
	<b><u>(356,049)</u></b>	<b><u>(136,623)</u></b>	<b><u>(1,345,212)</u></b>	<b><u>(13,577,711)</u></b>	<b><u>(19,566,885)</u></b>	<b><u>(5,376,909)</u></b>	<b><u>(40,359,389)</u></b>

**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
<b>Liabilities</b>							
- 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>

**20. SENIOR PERPETUAL CAPITAL SECURITIES**

	<b>Principal</b>	<b>Distribution</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
As at 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	-	(88,700)	(88,700)
<b>As at 31 December 2021 and 1 January 2022</b>	<b>2,325,540</b>	<b>15,621</b>	<b>2,341,161</b>
<b>Profit attributable to holders of senior perpetual capital securities</b>	<b>-</b>	<b>89,284</b>	<b>89,284</b>
<b>Distribution to holders of senior perpetual capital securities</b>	<b>-</b>	<b>(89,362)</b>	<b>(89,362)</b>
<b>As at 31 December 2022</b>	<b><u>2,325,540</u></b>	<b><u>15,543</u></b>	<b><u>2,341,083</u></b>

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. During the year, the operating segment of "Wealth Management" has been consolidated into "Primary Market Investments". Segment information for the year ended 31 December 2021 and as at 31 December 2021 was restated to reflect the change in composition of the reportable segments.

### **Fund Management Business**

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

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



## Principal Investments Business

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

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

### (a) Business segments

#### For the year ended 31 December 2022:

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

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

**For the year ended 31 December 2021 (Restated)**

	Fund Management Business			Principal Investments Business			Reportable segments total	Total
	Primary Market Investments	Secondary Market Investments	Fund of Funds Investments	Key Investee Companies	Financial Investments	Cornerstone Investments		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Income from contract with customers	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)
<b>Total income</b>	<b>2,649,068</b>	<b>88,010</b>	<b>943,087</b>	<b>650,362</b>	<b>(36,208)</b>	<b>402,562</b>	<b>4,696,881</b>	<b>4,696,881</b>
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	59,980	-	(31)	-	(712)	-	59,237	59,237
<b>(Loss)/profit before taxation</b>	<b>2,214,122</b>	<b>(31,823)</b>	<b>907,902</b>	<b>828,996</b>	<b>(473,860)</b>	<b>1,278,065</b>	<b>4,723,402</b>	<b>3,540,553</b>
Less: Non-controlling interests	(65,743)	(86,449)	(96,812)	-	138,062	-	(110,942)	
<b>Segment results</b>	<b>2,148,379</b>	<b>(118,272)</b>	<b>811,090</b>	<b>828,996</b>	<b>(335,798)</b>	<b>1,278,065</b>	<b>4,612,460</b>	
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	400,000	-	-	-	40,390	-	440,390	

\* 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 2022**

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

**As at 31 December 2021 (Restated)**

	Fund Management Business			Principal Investments Business			Reportable segments total	Total
	Primary Market Investments	Secondary Market Investments	Fund of Funds Investments	Key Investee Companies	Financial Investments	Cornerstone Investments		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	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	1,059,337	-	-	-	2,003	-	1,061,340	1,061,340
Unallocated head office and corporate assets								407,862
<b>Total assets</b>								<b>101,793,561</b>
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
<b>Total liabilities</b>								<b>50,757,031</b>

**(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 2022			For the year ended 31 December 2021		
	Hong Kong & Others HK\$'000	Mainland China HK\$'000	Total HK\$'000	Hong Kong & Others HK\$'000	Mainland China HK\$'000	Total HK\$'000
Segment revenue						
Income from contracts						
with customers	491,508	351,567	843,075	219,881	439,511	659,392
Income from investments	(401,788)	(5,483,907)	(5,885,695)	1,385,977	2,928,045	4,314,022
Income from other sources	(165,197)	89,790	(75,407)	68,382	(344,915)	(276,533)
	<u>(75,477)</u>	<u>(5,042,550)</u>	<u>(5,118,027)</u>	<u>1,674,240</u>	<u>3,022,641</u>	<u>4,696,881</u>

	For the year ended 31 December 2022			For the year ended 31 December 2021		
	Hong Kong & Others HK\$'000	Mainland China HK\$'000	Total HK\$'000	Hong Kong & Others HK\$'000	Mainland China HK\$'000	Total HK\$'000
Specified non-current assets	<u>2,622,187</u>	<u>21,726,425</u>	<u>24,348,612</u>	<u>2,597,988</u>	<u>24,832,093</u>	<u>27,430,081</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 People's Court issued civil rulings in December 2022 to remove the preservation of the preserved assets of the Group. 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

### BUSINESS OVERVIEW

CEL is a leading cross-border asset management and investment company in China, and a listed company in Hong Kong with alternative investment and asset management as the core business. With more than 25 years of experience in cross-border asset management and private equity (“PE”) investment, CEL has been assessed as one of the top PE firms in China several times. China Everbright Group Ltd. (“Everbright Group”), the largest shareholder of the Company, is indirectly holding 49.74% of the shares of CEL.

For Fund Management Business, as at 31 December 2022, total assets under management (“AUM”)<sup>1</sup> of CEL reached approximately HK\$165.4 billion, with 80 funds under management. Through various primary market funds and Fund of Funds (“FoFs”) under its management, CEL has nurtured many valuable enterprises with high growth potential alongside with its investors. Based on the needs of economic development in China, CEL also provides diverse financial services to Chinese and overseas investors through introducing overseas technologies superiority to the Chinese market.

In respect of the Principal Investments Business, CEL has nurtured China Aircraft Leasing Group Holdings Limited (“CALC”), the largest independent aircraft operating lessor in China; consolidated multiple mid-to-high-end senior healthcare enterprises to form a quality senior healthcare brand, China Everbright Senior Healthcare Company Limited (“Everbright Senior Healthcare”); and invested in Chongqing Terminus Technology Co., Ltd. (“Terminus”), a unicorn company in the artificial intelligence and Internet of Things (“AIoT”) industry. Meanwhile, CEL also invests in financial assets to achieve a balanced return and liquidity in its principal investments in due course. In addition, CEL holds a portion of the equity interests of China Everbright Bank Company Limited (“China Everbright Bank”) and Everbright Securities Company Limited (“Everbright Securities”) as cornerstone investments.

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<sup>1</sup> Total assets under management refer to the committed capital of fund investors (including CEL as an investor) for primary market funds and FoFs, and refers to the net worth of funds for secondary market investments.



## REVIEW AND ANALYSIS

### Macro-economic and Industry Review

The international landscape was complex in 2022, complicated with frequent risk factors and decelerated global economic growth. Amid intense inflationary pressure, the American Federal Reserve, the European Central Bank and the Bank of England all accelerated the tightening of their monetary policies, raising interest rates by 425, 250 and 325 basis points in aggregate respectively during the year, which was the fastest pace of interest rate hikes by these central banks over the past two decades. Driven by the strong US dollar, the Hong Kong dollar, pegged to the US dollar exchange rate, strengthened as well, pushing the Hong Kong Interbank Offered Rate ("HIBOR") to climb continuously. The data from the Hong Kong Association of Banks suggested that the one-month HIBOR related to lending rates hit a 14-year high. As a result of the surge in global interest rate hikes, the effective exchange rate index of RMB against a basket of currencies fluctuated downward as a whole. The data released by the China Foreign Exchange Trade System suggested that the RMB exchange rate index dropped from 102.47 at the end of 2021 to 98.67 at the end of 2022, representing a drop of 3.7% during the year, while the depreciation against the US dollar was even more substantial, with a drop of 8.3% during the year. The International Monetary Fund (IMF) downgraded its economic growth expectations several times during the year. Hit by the twists and turns of the pandemic, China secured its bottom line by securing employment, stabilising commodity prices and assuring people's livelihood. China continued to optimize its economic structure and deepen its economic system reform, thus achieving 3% growth in the gross domestic product ("GDP") for the year as a whole and strong resilience of its overall economic performance.

Major stock indexes around the world declined to vary degrees in 2022. The Dow Jones Industrial Average and the S&P 500 in the United States fell by 9% and 19% in aggregate respectively, while the French CAC40 index and the German DAX30 index of European stocks fell by 10% and 13% in aggregate respectively. In the China market, the Hang Seng Index fell by 15% in aggregate, the SSE Composite Index and the SZSE Component Index fell by 15% and 26% in aggregate respectively, while the NASDAQ Composite Index and the Hang Seng TECH Index, dominated by technology stocks, fell by 33% and 27% in aggregate respectively, which led to the fall in major global stock indexes.

The development of China's domestic equity investment market was subject to greater downside pressure. According to Zero2IPO's research data, 7,061 new equity investment funds were launched for raising proceeds in China, a year-on-year increase of 1.2%, but the total amount of proceeds raised was approximately RMB2,158.3 billion, a year-on-year decrease of 2.3%. In terms of investment, 10,650 investment cases were made in China's equity investment market, involving a total amount of approximately RMB907.7 billion, a year-on-year decrease of 13.6% and 36.2% respectively. A total of 508 Chinese-funded companies were listed in China, Hong Kong and the United States during the year; the number of listed companies decreased by 21.2% year-on-year; and IPO amount was approximately RMB659.9 billion, a year-on-year decrease of 22.9%. Among these companies, 352 listed companies were backed by private equity institutions, with a penetration rate as high as 69.3%, illustrating that private equity institutions were one of the major boosters to support the growth and development of these companies.

## **Review of Business Highlights in 2022**

The extensive and overall pullback in the financial markets around the globe posed major challenges to the Group's cross-border investment and asset management business in 2022. During the year, it was a rare occurrence of the stock market, bond market and foreign exchange market went down simultaneously. Firstly, the capital markets around the globe fluctuated substantially. Most of the major global indexes fell, while the stock indexes in the Asia-Pacific region were substantially under pressure. It resulted in a fall in the market value of the private equity investment projects held by the Group which had been listed but had not yet exited. It also led to a decline in the valuation of some unlisted private equity investment projects which were evaluated with reference to other listed projects. Secondly, the fixed-income and equity investment markets were substantially impacted as global inflation began to tick up and monetary policies were tightened at an accelerated pace, which in turn hit the Group's investment performance in the secondary market. Thirdly, the interest rate spreads in China dropped away considerably from those in the United States as a result of the Federal Reserve's aggressive interest rate hike policy. RMB depreciated significantly against the US dollar and

the Hong Kong dollar pegged to the US dollar exchange rate, resulting in an unfavourable conversion difference in the financial statements when the Group's RMB assets were converted into Hong Kong dollars as the reporting currency. In general, the poor performance in the stock, bond and foreign exchange markets led to a sharp decline in the estimated market values of some of the Group's invested projects compared with the end of 2021, as well as a relatively large degree of unrealised losses in the Group's investment performance.

During the reporting period, the Group proceeded with the fund management business in a steady and orderly manner, and took advantage of the window period for each "fund raising, fund investment, post-investment management and post-investment exit" stage to boost the high-quality development of the business. As the financial market was fluctuating substantially, the management of the Group made defensive decisions and overall arrangements in a timely manner. By stepping up the withdrawal and recovery of project funds, keeping strict control over business costs and expenses, and making selective investments in quality projects, the Group managed to secure the bottom line against risks and to make sure business operations were conducted in an orderly manner. In 2022, the Group launched 2 new funds in the primary market, with newly raised capital of approximately HK\$1.1 billion; HK\$4.2 billion were contributed in aggregate to a total of 49 projects; and 86 projects were fully/partially divested, generating cash inflow of approximately HK\$13.9 billion.

Generally speaking, with a focus on the two core businesses – fund management business and investment business – the Group carried out the fundraising, investment, management and exit business in a steady manner. It managed to assess the situation and strike a balance in the relationship between project investment value and external risks, and maintained a strategic focus, so that progress was made in the following areas:

#### **Fund management**

- **Devise a key plan for emerging industries:** new funds were established to focus on high-end manufacturing, information technology, green and environmental protection, new infrastructure and niche businesses as investment approach; strengthened the investment in Belt & Road Green Fund and the establishment of regional sub-funds.
- **Fundraising efforts proceed steadily:** Capital CEL Specialised and New Enterprises Fund and Nanjing Direct Investment Fund for Belt & Road Green Fund were launched; established funds have received recognition and support from their limited partners which comprising the local governments; Asian Infrastructure Investment Bank ("AIIB") has approved to commit US\$100 million in CEL Infrastructure Investment Fund II.



- **Capture investment opportunities prudently:** investment with careful selection and prudent decisions made in high-quality projects such as CNNP Rich Energy, Kunyu New Energy, issTECH, Tianmu Xiandao Battery and Ganzhou HPY Technology, among which Tianmu Xiandao Battery and Ganzhou HPY Technology won a number of national awards in 2022.
- **Diversified exit channels:** transfer and IPO exit methods were combined together. We exited from several overseas projects such as Norwegian public transportation project, vehicle inspection system and BPG project (an advanced equipment manufacturer) by way of transfer; 7 investment projects (Giant Biogene, Recbio, Credo Technology, SatixFy, ASR Microelectronics, iSoftStone and Haitai Solar) were listed on the Stock Exchange of Hong Kong, NASDAQ in the United States, Shanghai Stock Exchange STAR Market, Shenzhen Stock Exchange ChiNext and Beijing Stock Exchange respectively by way of IPOs.

**Key investee companies**

- **CALC grows steadily with overall planning for the entire industry chain:** the fleet size continued to expand, with the number of fleets increasing to 176; CALC became the first aircraft recycling company rated by the Aircraft Fleet Recycling Association (“AFRA”) as Diamond Grade (the highest grade); CALC was determined to execute the national strategy of opening up the overseas market for China-made large aircraft. Its Indonesian airline TransNusa officially received regional jet ARJ21, which was the first time for China-made jets to enter the overseas market. It was a great significance for the Belt and Road Initiative’s project construction and for the creation of a new development pattern for “dual circulation”.

- **Everbright Senior Healthcare fulfils social responsibilities through development:** having recognised the importance of the prevention and control of the pandemic, it continued to keep zero infection for the elderly residents before the pandemic control was lifted, which effectively protected the health of the elderly and demonstrated the responsibility of a state-owned enterprise; it proactively reacted to the China’s appeal by participating in the training organized by the National Development and Reform Commission in the transformation of nursing homes; it maintained its position as an industry leader, ranking second among the “Integrated Business Enterprises in the Impactful Healthcare Industry for 2022” published by Guandian and continuously ranking among the top three in the monthly updated “Report on the Development of Elderly Care Services” published by Guandian.
- **Terminus reaches a new level of development with research on AIoT:** it upgraded its operating system to a brand new one with the release of TacOS 3.0 and cloud-edge integrated product matrix; it pooled together senior professionals by appointing three fellows from the Institute of Electrical and Electronics Engineers (IEEE Fellow) as the Chief Technology Officer, AI Chief Scientist and IoT Chief Scientist respectively; it set up a laboratory in collaboration with top scientific research institutes, including, among others, the Chinese Academy of Sciences, University of Chinese Academy of Sciences and Tongji University to carry out technical cooperation and personnel training; it took the initiative to undertake national-level technical research tasks, such as a multi-modal network based on 6G communication technology as well as national key communication R&D projects.

## Resources reserve

- **Levelled up liquidity reserve:** during the reporting period, the new bank loan facilities exceeded HK\$21.2 billion, and successfully issued RMB3 billion 3-year medium-term notes in June at the National Association of Financial Market Institutional Investors. As at the end of December 2022, the Group's cash on book amounted to approximately HK\$8.2 billion and unutilised bank facilities amounted to approximately HK\$12 billion.
- **Increased depth of coverage of technology innovation resources:** we supported innovative development based in Hong Kong, with China Everbright Hong Kong Innovation Centre and CEL Global Partner Project in the Hong Kong Science Park as our backup; we supported the construction of an innovation and technology centre in Hong Kong to incubate start-ups, and capture investment opportunities; we pushed forward with the construction and operation of the innovation and technology centre on an ongoing basis. In particular, the incubator at China Everbright Hong Kong Innovation Centre is currently over-occupied with start-ups.
- **Strengthened regional development to increase investment exposure in a mass market:** we carried out an in-depth overall planning for the Beijing-Tianjin-Hebei region, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area; we played an active role in the build-up of the Chengdu-Chongqing Economic Circle, Hainan Free Trade Port and Xiongan New Area. The overall planning comprised software and network, retailing, consumer goods, healthcare and other fields.

**Environmental, social and governance (“ESG”)**

- **Upgraded in category:** MSCI adjusted the Group to the more competitive category of “Asset Management and Custodian Bank” during the reporting period. Our ESG rating was upgraded from B to BB, with a score increase of 48%.
- **Fulfil social responsibilities:** we organised and co-hosted activities to celebrate the 25th Anniversary of Hong Kong’s Return to China such as a pop-up symphony concert at the Victoria Harbour, the tram riding event to mark the 25th Anniversary of Hong Kong’s Return to China, the screening of the movie “Sunshine of My Life” as well as an event for selecting and staging a forum for young pioneers in science and technology.
- **Improve ESG management policy on an ongoing basis:** we optimized a number of internal management rules and regulations such as risk management guidelines and the board diversity; we improved the climate change management policy and organizational structure; we benchmarked ourselves against the industry’s state-of-the-art technology by officially becoming a Task Force on Climate-related Financial Disclosures (TCFD) sponsor; and we strengthened ESG training by means of on-site and online measures to improve the literacy of all employees in ESG.

## FINANCIAL PERFORMANCE IN 2022

### Income

#### Key Income Items

(in HK\$ hundred million)

	2022	2021	Change
Income from contracts with customers, mainly including:	<b>8.43</b>	6.59	28%
– Management fee income	<b>2.66</b>	3.40	(22%)
– Performance fee and consultancy fee income	<b>3.90</b>	1.32	195%
Net (loss)/income from investments, mainly including:	<b>(58.86)</b>	43.15	N/A
– Interest income	<b>5.64</b>	5.28	7%
– Dividend income	<b>21.24</b>	8.99	136%
– Realised gain on investments	<b>0.46</b>	3.79	(88%)
– Unrealised (loss)/gain on investments	<b>(86.34)</b>	24.81	N/A
Income from other sources	<b>(0.75)</b>	(2.77)	(73%)
Share of profits less losses of associates	<b>6.17</b>	12.29	(50%)
Share of profits less losses of joint ventures	<b>0.17</b>	0.59	(71%)
<b>Total amount of income</b>	<b>(44.84)</b>	<b>59.85</b>	<b>N/A</b>

During the reporting period, the Group's income from contracts with customers maintained a steady growth with an increment of performance fee and consultancy fee income. Mainly affected by a significant decrease in gain on investments and a decrease in share of profits less losses of associates, the Group's total amount of income<sup>2</sup> was a loss of HK\$4,484 million.

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

- (1) In 2022, the Group's income from contracts with customers was HK\$843 million, representing a year-on-year increase of HK\$184 million. Specifically, management fee income was HK\$266 million, representing a year-on-year decrease of HK\$74 million. It was mainly because of the decline in the exchange rate of RMB and the maturity of certain funds, leading to the decline in AUM compared to the same period last year. Besides, certain primary market funds have entered the exit period or the extension period, leading

<sup>2</sup> Total amount of income is calculated as income from contracts with customers + net (loss)/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.

to a decrease in management fee. Performance fee and consultancy fee income was HK\$390 million, representing a year-on-year increase of HK\$258 million, which was mainly due to a performance fee of HK\$125 million distributed by Everbright Overseas Infrastructure Investments Fund and a performance fee of HK\$217 million distributed by CEL Global Investment Fund.

- (2) The Group's net loss from investments was HK\$5,886 million, whereas net income from investments of HK\$4,315 million was recorded during the same period last year. Specifically, dividend income was HK\$2,124 million, representing a year-on-year increase of HK\$1,225 million, which was mainly due to the distribution of HK\$566 million from Everbright Overseas Infrastructure Investments Fund and the distribution of HK\$953 million from CEL Global Investment Fund. Realised gain on investments was HK\$46 million, representing a year-on-year decrease of HK\$333 million, which was mainly due to the influence of market environment factors causing the exit returns of certain projects failing to attain the expected level. Unrealised loss on investments was HK\$8,634 million, whereas an unrealised gain on investments of HK\$2,481 million was recorded during the same period last year. The loss was mainly attributable to: On Fund Management Business, (i) the unrealised loss of HK\$4,738 million from primary market investments, including unrealised loss on investments of HK\$1,861 million from the decrease in the net carrying value of Everbright Overseas Infrastructure Investments Fund and CEL Global Investment Fund as a result of the distribution of dividends and performance fees of the same amount, and the loss from primary market investments due to the decrease in market value or valuation of the projects invested (as at the end of 2021, the carrying value of primary market investments<sup>3</sup> was HK\$25,242 million); (ii) unrealised loss from the secondary market investments which were affected by the decrease in market price were approximately HK\$557 million (as at the end of 2021, the carrying value of the secondary market investments<sup>4</sup> was HK\$3,734 million); (iii) unrealised gain on FoFs investments was HK\$248 million (as at the end of 2021, the carrying value of FoFs investments<sup>3</sup> was HK\$7,526 million). On Principal Investments Business, unrealised loss from key investee companies was HK\$1,126 million (as at the end of 2021, the carrying value of key investee companies<sup>3</sup> was HK\$4,295 million) and unrealised loss on the financial investments was HK\$2,461 million (as at the end of 2021, the carrying value of financial investments<sup>4</sup> was HK\$12,034 million). It was mainly due to the decrease in the valuation of certain projects invested.

<sup>3</sup> The carrying value of primary market investments, FoFs investments and key investee companies here represent financial assets at fair value through profit or loss.

<sup>4</sup> The carrying value of secondary market investments and financial investments here represent trading securities and financial assets at fair value through profit or loss.

- (3) During the reporting period, the Group's share of profits less losses of associates was HK\$617 million, representing a year-on-year decrease of HK\$612 million, mainly due to a decrease in the profit attributable to the associates, Everbright Securities and CALC, of HK\$187 million and HK\$186 million, respectively.

### Income from Key Business Segments

<i>(in HK\$ hundred million)</i>	<b>2022</b>	2021
– (Loss)/income from Fund Management Business	<b>(23.49)</b>	38.81
– (Loss)/income from Principal Investments Business	<b>(21.35)</b>	21.04
<b>Total amount of income</b>	<b><u>(44.84)</u></b>	<b><u>59.85</u></b>

By business segment, the loss from Fund Management Business of the Group during the reporting period was HK\$2,349 million, whereas an income of HK\$3,881 million was recorded during the same period last year. It was mainly because the Group used seed capital to invest in the managed funds and there was a decrease in the valuation of certain projects due to a continuous fluctuation in the capital market, forming an unrealised loss of approximately HK\$5,047 million. The loss from Principal Investments Business was HK\$2,135 million, whereas an income of HK\$2,104 million was recorded during the same period last year. It was mainly due to the market downturn, leading to a decrease in the valuation of principal investment projects and forming an unrealised loss of approximately HK\$3,587 million.

Earned Management Fee Income <sup>5</sup> <i>(in HK\$ hundred million)</i>	As presented in the financial report	Elimination of management fee income from consolidated funds <i>(a)</i>	Management fee income received by associates/ joint ventures <i>(b)</i>	Other accounting adjustments <i>(c)</i>	Earned Management Fee Income
Primary market	2.07	1.01	2.63	0.14	5.85
Secondary market	0.36	0.23	–	0.12	0.71
FoFs	0.23	0.98	–	0.03	1.24
<b>Management fee income</b>	<b><u>2.66</u></b>	<b><u>2.22</u></b>	<b><u>2.63</u></b>	<b><u>0.29</u></b>	<b><u>7.80</u></b>

For the purpose of resource allocation and business performance evaluation, the management of the Group adopts Earned Management Fee Income as an additional financial measurement indicator. Earned Management Fee Income refers to the management fee income received by the Group as the fund manager in accordance with relevant agreements of fund management.

<sup>5</sup> The Earned Management Fee Income is a measure used by the management of the Group for monitoring business performance and financial position. It may not be comparable to similar measures presented by other companies.

During the reporting period, management fee income as presented in the financial report was HK\$266 million. After making adjustments<sup>6</sup> 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 (the total amount of three adjustments was HK\$514 million), Earned Management Fee Income of the Group was HK\$780 million, representing a year-on-year decrease of 21%. Specifically, Earned Management Fee Income of primary market was HK\$585 million, representing a year-on-year decrease of 21%; Earned Management Fee Income of secondary market was HK\$71 million, representing a year-on-year decrease of 26%; and Earned Management Fee Income of FoFs was HK\$124 million, representing a year-on-year decrease of 12%. The decrease in management fees was mainly due to the unfavourable difference in statement translation when RMB assets were converted into Hong Kong dollars as the reporting currency and certain funds have entered the exit period or extension period.

### *Profit*

#### **Profit in Key Business Segments**

<i>(in HK\$ hundred million)</i>	<b>2022</b>	2021	<b>Change</b>
(Loss)/profit from Fund Management Business	<b>(38.10)</b>	28.42	N/A
(Loss)/profit from Principal Investments Business:	<b>(31.93)</b>	17.71	N/A
– Key investee companies	<b>(12.23)</b>	8.29	N/A
– Financial investments	<b>(30.45)</b>	(3.36)	806%
– Cornerstone investments	<b>10.75</b>	12.78	(16%)
Less: Unallocated corporate expenses, taxes and profit attributable to holders of senior perpetual capital securities	<b>(4.40)</b>	(20.40)	(78%)
(Loss)/profit attributable to shareholders of the Company	<b>(74.43)</b>	25.73	N/A

During the reporting period, the loss attributable to shareholders of the Company was HK\$7,443 million, whereas profit of HK\$2,573 million was recorded during the same period last year. Reasons for loss:

<sup>6</sup> The adjustments between the Earned Management Fee Income recognised by the Group for the current reporting period and the management fee income presented in accordance with the Hong Kong Financial Reporting Standards include (a) elimination of management fee income from consolidated funds: the Group acts as both the fund manager and the major limited partner in certain funds, where the management fee paid by the fund and the management fee income received by the fund manager is eliminated when consolidating into the Group's consolidated financial statements; (b) management fee income received by associates/joint ventures: (i) the Group acts as the joint fund manager through the establishment of a joint venture with a third party, and the management fees received by such joint venture are presented as the Group's share of profits from the joint venture; (ii) Everbright Jiabao, an associate of the Group, holds 51% interest in EBA Investments, which is included in Everbright Jiabao's scope of consolidation. The Group holds the remaining 49% interest in EBA Investments through another subsidiary and such interest is accounted for as financial assets. The management fee income of EBA Investments is reflected in the share of profits of associates of the Group; and (c) other accounting adjustments.



- (1) Loss from Fund Management Business was HK\$3,810 million, whereas profit of HK\$2,842 million was recorded during the same period last year, mainly because the Group used seed capital to invest in the managed funds while the market value or the valuation of investment projects held by funds as of 31 December 2022 was reduced compared with the end of 2021, causing an unrealised loss on investments of HK\$5,047 million.
- (2) Loss from Principal Investments Business was HK\$3,193 million, whereas profit of HK\$1,771 million was recorded during the same period last year. It was mainly due to the decrease in the valuation of certain projects invested and a slight decrease in the profit and dividend income contribution from the Group's equity interests of Everbright Securities and China Everbright Bank respectively.

*Dividend*

<b>Per share</b> <i>(HK\$)</i>	<b>2022</b>	2021	<b>Change</b>
(Loss)/earnings per share	<b>(4.42)</b>	1.53	N/A
Interim dividend per share	<b>0.15</b>	0.28	(46%)
Final dividend per share	<b>0.15</b>	0.30	(50%)
Total dividend per share	<b>0.30</b>	0.58	(48%)

Although the Group recorded an unrealised loss on investments and a net loss due to a decrease in the valuation of investment projects during the reporting period, the unrealised loss on investments did not impose a direct impact on the Group's cash flow. During the reporting period, project exit and capital withdrawal of the Group were sound with sufficient liquidity and the overall financial, business and operating conditions remained stable. Following the practice of sharing the Company's operating results with shareholders, the Board declared a final dividend of HK\$0.15 per share for 2022 (2021 final dividend: HK\$0.30 per share).

## Key Financial Ratios

Key Financial Data <sup>7</sup>	2022	2021	Change
Gearing ratio <sup>8</sup>	<b>86.9%</b>	68.4%	+18.5 ppt
Debt-to-asset ratio <sup>9</sup>	<b>55.2%</b>	49.9%	+5.3 ppt
Current ratio <sup>10</sup>	<b>109.8%</b>	106.2%	+3.6 ppt

The Group executed refined cost control to reduce carbon emissions at the operation level and boosted operating efficiency through technological and electronic means. Operating costs<sup>11</sup> for 2022 amounted to HK\$920 million, representing a year-on-year decrease of 13.8%.

As at the end of December 2022, the gearing ratio of the Group was 86.9%, representing an increase of 18.5 ppt compared to the end of last year. This was mainly attributable to a significant decrease in the Group's total equity from HK\$51.04 billion at the end of last year to HK\$37.88 billion at the end of 2022 due to the impact of the operating loss for the period, the exchange difference arising from the translation of financial statements due to the depreciation of RMB against the Hong Kong dollar, the decline in the share price of its holdings in China Everbright Bank and the distribution of dividends, leading to a passive increase in the gearing ratio. Total interest-bearing liabilities at the end of 2022 were HK\$32.9 billion, representing a decrease of HK\$2 billion from HK\$34.9 billion at the end of last year.

As at the end of December 2022, the Group had cash and cash equivalents of approximately HK\$8.2 billion and unutilised bank facilities available for use of approximately HK\$12 billion, representing sufficient liquidity and a sound overall financial condition.

<sup>7</sup> Gearing ratio, debt-to-asset ratio and current ratio are the measures used by the management of the Group for monitoring business performance and financial position. These may not be comparable to similar measures presented by other companies.

<sup>8</sup> The gearing ratio is calculated as interest-bearing debt (including bank loans + notes payable + bonds payable)/total equity x 100%

<sup>9</sup> Debt-to-asset ratio is calculated as total liabilities/total assets x 100%

<sup>10</sup> The current ratio is calculated as current assets/current liabilities x 100%

<sup>11</sup> Operating costs include staff costs, depreciation and amortisation expenses and other operating expenses.

## Business Performance Analysis

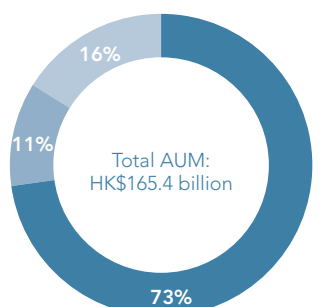
### *Fund Management Business*

In 2022, the Group continued to facilitate fundraising and maintained its market position as a leading fund management institution in China. The total AUM of the Group's funds reached approximately HK\$165.4 billion as at 31 December 2022, representing a decrease of HK\$37.6 billion compared to the end of last year. During the year, two new primary market funds were established, with proceeds of approximately HK\$1.1 billion. The decrease in AUM was attributable to, firstly, the decline in the exchange rate of RMB, resulting in a decrease in AUM of approximately HK\$11.6 billion in Hong Kong dollar terms; secondly, the AUM of secondary market funds decreased due to the impact of fund redemptions and the decrease in net asset value of secondary market funds; and thirdly, the decrease in AUM due to the maturity of certain funds.

The source of funding of the Group's funds is extensive, where external investors are 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\$134.5 billion and HK\$30.9 billion, accounting for 81% and 19% of the total amount, respectively. In terms of the nature of funds, the Group's Fund Management Business managed 45 primary market funds, 27 secondary market funds and accounts and 8 FoFs products.

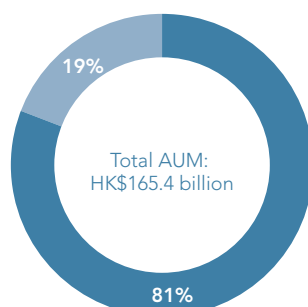
During the reporting period, the Group tailored to the circumstances to make prudent investment decisions to sensibly exit from prevailing projects. The Fund Management Business made contributions of approximately HK\$3.7 billion to a total of 41 projects, and exited, fully or partially, from 66 projects, recording a cash inflow of approximately HK\$12.4 billion.

FUND BUSINESS SEGMENTS



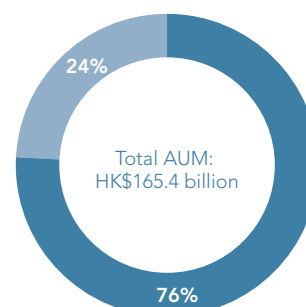
■ Primary market fund  
■ Secondary market fund  
■ FoFs

BY CURRENCY



■ AUM denominated in RMB  
■ AUM denominated in non-RMB currencies

BY SOURCE OF CAPITAL



■ External capital  
■ CEL's seed capital

### *Primary Market Funds*

As at 31 December 2022, 45 primary market fund products were under the management of the Group, with an aggregate AUM equivalent to approximately HK\$120.5 billion, out of which amounts equivalent to approximately HK\$98.6 billion and approximately HK\$21.9 billion were denominated in RMB and other currencies, accounting for 82% and 18% of the total amount, respectively.

From the fundraising perspective, the newly launched Capital CEL Specialised and New Enterprises Fund and Nanjing Direct Investment Fund for Belt & Road Green Fund raised additional proceeds of HK\$1.1 billion. Several funds were in the fundraising stage with progressive results. In particular, AIIB has approved to commit US\$100 million in CEL Infrastructure Investment Fund II.

From the investment perspective, the Group focused on fields such as technology, environmental protection and advanced manufacturing, and invested in green energy enterprises, including CNNP Rich Energy, Delan Minghai, Yingzhen Technology, etc., and new economy technology enterprises, including Denglin Technology, GZ Luxvisions, etc.

From the exit perspective, the Group combined transfer, IPO and other diversified exit channels. In particular, it exited the Norwegian public transportation project and BPG project, a manufacturer of automotive inspection systems and advanced equipment through overseas transfer to generate a satisfactory return on investment and cash inflow for the Group. Its funds invested in projects, namely Credo Technology, SatixFy, ASR Microelectronics, iSoftStone and Haitai Solar, and they were listed on the NASDAQ in the US, Shanghai Stock Exchange STAR Market, Shenzhen Stock Exchange ChiNext Board and Beijing Stock Exchange respectively.

### *Secondary Market Funds*

As at 31 December 2022, CEL's secondary market business managed a total of 27 funds and accounts with AUM in terms of net worth of funds of approximately HK\$19.1 billion. In terms of product categories, fixed-income products and equity products accounted for 87% and 13% of the total AUM respectively.

By leveraging on its investment capabilities, CEL's secondary market funds have built a one-stop product business portfolio with years of cross-border experience, which covers Asian credit bond hedge funds, Asian convertible bond hedge fund, offshore Greater China equity hedge fund, onshore A+H shares long-only strategies funds (including private fund managers and institutional investors) and investment advisory business. CEL has a well diversified fixed income product line covering offshore funds, QFII & RQFII managed accounts, offshore managed accounts and asset securitisation products. Everbright Convertible Opportunities Fund, a flagship Asian convertible bond product, delivered sound results during the reporting period. The fund received the "Best Asian Hedge Fund (3-year)" and "Best Asian Hedge Fund (5-year)" awards by the 2022 I&M Professional Investment Award, demonstrating the recognition of the team's investment capability and comprehensive strength by independent ranking agencies. China Everbright Assets Management being an investment advisor to Everbright Income Focus Fund, a public bond fund in Hong Kong, which has awarded a five-star rating (the highest rating) by Morningstar, an authoritative fund rating agency, for overall rating and in three-year rating, for its superior performance and risk-adjusted returns.

#### *Fund of Funds*

CEL's FoFs not only invested in external funds with proven track records and robust governance, but also invested in funds launched and managed by CEL, and co-invested or directly invested in equity projects. As at 31 December 2022, CEL's FoFs team managed 8 FoFs with an AUM of RMB23.1 billion, equivalent to approximately HK\$25.9 billion.

In 2022, 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. As at the end of December 2022, there were 95 invested projects (sub-funds and direct investment projects) under the FoFs, and a total of 86 investees in the underlying projects of invested sub-funds and direct investment projects under the FoFs were listed. During the reporting period, 23 new enterprises were listed, including 21 underlying projects of sub-funds and two direct investment projects. The two direct investment projects were Recbio and Giant Biogene listed on the Stock Exchange of Hong Kong.

During the reporting period, due to its outstanding performance, CEL's FoFs were awarded "2022 China's Best FoFs Top 30", "2022 China's Most Popular FoFs Top 30 among GPs" and "2022 China's Best Venture Capital LP Top 30" by ChinaVenture; "2022 Best LPs in China's PE Investment Market Top 30" by Zero2IPO; "2022 Best Returns State-owned Market-oriented FoFs Top 20" by china-fof.com, and was named the "Nansha Merchants Ambassador" of the 8th Guangzhou Annual Investment Conference in 2022.

### *Real Estate Investment and Asset Management Business*

As at 31 December 2022, CEL held 29.17% equity interest in Everbright Jiabao, an A-share listed company (stock code: 600622.SH), as its largest shareholder. Everbright Jiabao managed 36 projects through EBA Investments, with AUM of approximately RMB45.5 billion, equivalent to approximately HK\$50.9 billion. In 2022, Everbright Jiabao/EBA Investments adhered to the overall strategy of stable operation and continued to optimise the operating condition of projects under management and endeavoured to boost the operating and management standards of projects. As at the end of 2022, EBA Investments and its subsidiaries managed a total of 24 commercial projects of IMIX Parks in China through fund investment or entrusted management, primarily located in major cities of various provinces in China. In addition, EBA Investments continued to bolster the real estate asset securitisation business and issued securities under "Everbright Securities Asset Management – EBA Commercial Real Estate Phase 4 Asset-backed Special Plan" during the reporting period. During the reporting period, EBA Investments was ranked first in the "2022 Top 10 Funds in Terms of Comprehensive Strength among China Real Estate Funds" jointly appraised by the China Enterprise Evaluation Association, Property Research Institute of Tsinghua University and Beijing China Index Academy for eight consecutive years.

### *Principal Investments Business*

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

As at the end of 2022, the principal investments business managed 68 post-investment projects with an aggregate carrying amount of approximately HK\$34.9 billion. Among these projects, the total carrying amount of equity interest held in CALC, Everbright Senior Healthcare and Terminus was approximately HK\$5.5 billion; the fair value of financial investments was approximately HK\$11.3 billion; the fair value of the cornerstone investments in China Everbright Bank was HK\$5.4 billion, and the carrying amount of Everbright Securities accounted for as an associate was HK\$12.7 billion.

<b>Principal investments</b> (in HK\$ hundred million)	<b>2022</b>	2021
– Key Investee Companies	<b>55</b>	70
– Financial Investments	<b>113</b>	151
– Cornerstone Investments	<b>181</b>	199
<b>Total</b>	<b>349</b>	<b>420</b>

### **Key Investee Companies**

#### *CALC*

As at 31 December 2022, CEL held 38.08% of the equity interest in CALC (stock code: 1848.HK), as its largest shareholder. CALC is a one-stop full life-cycle solutions provider for global airlines. CALC's scope of business includes regular operations such as aircraft operating leasing, leaseback after purchase 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 a strong capability and rich experience in financing both domestically and abroad. As at 31 December 2022, CALC had a fleet of 176 aircraft with an increase of 24 aircraft from the end of 2021, consisting of 150 owned aircraft and 26 managed aircraft. CALC's owned and managed aircraft are leased to 38 airlines in 17 countries and regions.

### *Everbright Senior Healthcare*

Everbright Senior Healthcare seized the development opportunities in China's healthcare industry. In addition to effectively responding to the epidemic and fully safeguarding the health of the elderly residents and our staff, it constantly optimized the three-level elderly service model featuring institutional, community-based, and in-home elderly services, improved the ability of "Medical + Senior Healthcare", "Insurance + Senior Healthcare" and "Service + Senior Healthcare", and became a first-class healthcare service provider in China with strong presence and competitiveness in the senior healthcare segment. As at 31 December 2022, Everbright Senior Healthcare has 194 institutional and community service centers covering 54 cities across the country, forming a deployment covering the Beijing-Tianjin-Hebei region, Yangtze River Delta, and Chengdu-Chongqing Economic Circle, with more than 34,000 beds under management. Everbright Senior Healthcare has a good brand reputation in the market in terms of professional senior healthcare services, stringent quality control, convenient services, and diversified senior healthcare experiences, has been highly acclaimed by its customers, its peers and the government, and continues to rank the top position in the industry.

### *Terminus*

During the reporting period, Terminus's pace of smart city business deployment slowed down because of the epidemic. Faced with intensified competition in the artificial intelligence industry, coupled with China's ever-evolving laws and regulations on privacy and data protection, Terminus experienced challenges in its phased development. Terminus highly regarded R&D investment and officially announced the TacOS 3.0 cloud edge integration product matrix, which has the digital intelligence to support multi-scale scenes of buildings, communities, parks and cities, comprehensively promote the intelligent development of cities in all areas, in all quantities and at all hours, and provides cities with a super technology base and an enabling platform. Meanwhile, 3 world-renowned scientists joined Terminus, bringing together technical elites in related fields. Terminus has been making breakthroughs in AI research and development and many of its research results have been accepted and published by CVPR (Conference on Computer Vision and Pattern Recognition), a summit in the field of artificial intelligence. It has been carrying out special technology research in AIoT, carbon neutrality, and other areas and implementing the promotion of five national topics and the successful commissioning of five joint laboratories. Terminus was highly recognised by the industry given the fact that it was selected as the Top 100 Unicorns in 2022 by CCID Technology (賽迪科創) and Top 100 Value Companies in 2021 by Investoscen (投資家), received the "Ecosystem Brand Certification" in 2022 from Caijing Magazine, and was listed in ESG Innovative Enterprise of the Year by TMTPost.



## **Financial Investments**

CEL's financial investments funded by its own capital cover the following aspects: (1) based on the investment/co-investment opportunities brought by the Group's funds and extensive business network, investing in the equity or debt of unlisted companies; (2) investing in structured financing products with balanced returns and liquidity. As at 31 December 2022, CEL's financial investments amounted to HK\$11.3 billion in various sectors including real estate, new economy and technology, artificial intelligence and advanced manufacturing, and green investments, with the aggregate valuation of the top 10 projects amounting to HK\$7.1 billion.

## **Cornerstone Investments**

As at 31 December 2022, the carrying amount of a certain portion of equity interests in Everbright Securities and China Everbright Bank held by the Group as cornerstone investments each accounted for more than 5% of the Group's total assets and the two investments were regarded as significant investments of the Group. These two cornerstone investments held by the Group accounted for in aggregate 47.7% and 21.4% 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 2022, the Group held 956 million A-shares in Everbright Securities, representing 20.73% of its total share capital, with an investment cost of HK\$1,497 million. Everbright Securities is accounted for as an associate of the Group. The carrying value of the shares held by the Group was HK\$12.7 billion, accounting for 33.4% and 15.0% of the Group's net assets and total assets respectively. Based on the closing price of RMB14.87 per share as at 31 December 2022, the fair value of the shares in Everbright Securities held by the Group was HK\$15.9 billion. During the reporting period, the Group's share of profit from Everbright Securities as an investment in associate was HK\$688 million, representing a year-on-year decrease of 21.4%.

### *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 2022, 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 are accounted for as equity investments designated at fair value through other comprehensive income. Based on the closing price of RMB3.07 per share as at 31 December 2022, the carrying amount and fair value of the shares in China Everbright Bank held by the Group amounted to HK\$5.4 billion, accounting for 14.3% and 6.4% of the Group's net assets and total assets respectively. During the reporting period, the Group's income from China Everbright Bank was HK\$372 million, representing a year-on-year decrease of 7.5%.

### **OUTLOOK**

Looking forward to 2023, the global market liquidity will remain tight, and macroeconomic monetary policies will continue to affect asset prices. In its latest Global Economic Outlook report, the World Bank lowered the global economic growth forecast for 2023 to 1.7%. The Fed's aggressive rate hikes are peaking, but the central banks of developed countries are expected to maintain a tight monetary policy for a long time, which will put sustained pressure on financial asset prices. The impacts of high inflation and the Russia-Ukraine conflict will be prolonged and international trade will still be under great pressure, while the U.S. economic resilience and China's economic recovery will provide support for the world economy. As such, it is expected that the global economy will remain weak in the first half of the year, possibly with further contraction of demand and output. As countries expect to usher in a turning point in monetary policy, it is expected that policy focus will shift to promoting economic growth, which will improve the financing environment and liquidity and thus drive a rebound in economic growth in the second half of the year.

Currently, China has ample fiscal policy space, and the economy is rapidly recovering after the adjustment of COVID policies. Driven by consumption recovery, asset prices in the real economy are expected to stabilise and rebound. At the same time, China's private equity market has entered a new stage of accelerating the survival of the fittest with growing market concentration. As the reform and innovation of the equity market continue with growing openness, China's private equity market size and its percentage in GDP still have much room for growth.

Based on the above insight and judgment on macroeconomic and industry development, in 2023, the Group will face up to challenges, stick to the key principle of maintaining stability, and leverage the unique geographical advantages of Hong Kong as an international financial centre and the beneficiary of “One Country, Two Systems” and its access to cross-border resources to promote the high-quality development of fund management business and the comprehensive improvement of professional investment capabilities.

**In terms of fundraising, we will facilitate the implementation of fundraising and develop fund products with a focus on advantageous industries.** We will strive to develop a one-stop product portfolio with hit products, gradually lower the percentage of our principal investments in the funds under our management, and promote the cross-market expansion of U.S. dollar funds and RMB funds. **In terms of investment, we will increase our pipeline of projects with core competitiveness, and explore investment opportunities at home and abroad.** After the correction of global asset prices, the private equity industry will usher in more investment opportunities. With a focus on industries with competitive advantages, particularly technological innovation companies, specialised and new enterprises, consumer goods and environmental companies, we will concentrate on the core business growth potential of investees, conduct in-depth research on policies and industries, and enrich the pipeline of projects on the basis of selecting the best from the good and consistently applying prudent investment strategies. **In terms of management, we will continue to strengthen post-investment management and risk prediction, monitoring and prevention.** Based on a professional, stable and transparent valuation system, we will build a comprehensive risk management system suitable for cross-border investment and asset management business, prevent and control risks in a forward-looking manner, and refine risk assessment, with a view to eliminating major risks. **In terms of investment exit, we will maintain a variety of exit channels and choose to exit at the right time and in the right way.** We will continue to increase efforts to exit from existing investment projects through M&A, transfer and IPO, so as to recover funds and facilitate value re-creation in the post-investment management and exit stage. Focusing on the core value of each project and based on professional market analysis, we will capitalise on the long investment cycle of the private equity industry to explore better exit strategies.

Over the past 25 years, the Group has been firmly committed to long-term investment strategy and going deep in promising specialised industries. The Group has gone through multiple economic and industry cycles and built valuable and rich management experience and a solid track record. In the future, we will uphold the business philosophy of “seeking progress while maintaining stability” to address “risks” and “opportunities” and coordinate “stability” and “progress”, continue to expand AUM to increase the contribution of management fee income, and re-achieve efficient value creation through precise investments and reliable exits. In addition, we will continue to develop an asset-liability structure with sufficient liquidity, and further enhance dividend-paying ability to share the fruits of the Group’s development with shareholders and investors.

## **FINANCIAL POSITION**

As at 31 December 2022, the Group's total assets amounted to HK\$84.477 billion (31 December 2021: HK\$101.794 billion) with net assets amounting to HK\$37.877 billion (31 December 2021: HK\$51.037 billion). Equity attributable to the Company's shareholders was HK\$34.489 billion (31 December 2021: HK\$46.936 billion) and equity attributable to shareholders of the Company per share was HK\$20.47 (31 December 2021: HK\$27.85).

## **FINANCIAL RESOURCES**

The Group adopts a prudent approach in liquidity management to ensure liquidity risk control and reduce the cost of funds. The Group finances its operations primarily with internally generated cash flow and loan facilities from banks. As at 31 December 2022, the Group had cash and bank balances of HK\$8.236 billion (31 December 2021: HK\$7.155 billion). Currently, most of the Group's cash is denominated in Hong Kong dollars and Renminbi.

## **BORROWING**

As at 31 December 2022, the Group's interest-bearing borrowings amounted to HK\$32.914 billion (31 December 2021: HK\$34.931 billion). The Group will review and ensure sufficient banking facilities to reserve resources to support its business development. As at 31 December 2022, the Group had banking facilities of HK\$32.875 billion (31 December 2021: HK\$31.906 billion), of which HK\$11.958 billion (31 December 2021: HK\$10.040 billion) had not been utilised. The banking facilities were of one to ten years terms. The Group had an outstanding bank loan of HK\$20.917 billion (31 December 2021: HK\$21.866 billion), which decreased by HK\$0.949 billion compared with 31 December 2021, of which HK\$18.591 billion (31 December 2021: HK\$19.016 billion) was unsecured. The Group had issued corporate bonds with an outstanding principal amount of HK\$11.997 billion (31 December 2021: HK\$13.037 billion). The interest-bearing borrowings were denominated in Renminbi, Hong Kong dollars and United States dollars, representing 46%, 46%, 8% of the total respectively. As at 31 December 2022, approximately 62% of the Group's total principal amount of borrowing were at floating rates and the remaining 38% 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 2022, restricted deposits of HK\$664 million (31 December 2021: nil) were pledged to a bank to secure a banking facility granted to the Group. Restricted bank balances of HK\$46 million (31 December 2021: HK\$49 million) were pledged to the banks for sales of mortgaged properties to customers and interest reserve account on borrowings, and HK\$244 million (31 December 2021: HK\$212 million) were used to secure certain bonds payable of the Group. Investment properties, property, plant and equipment, inventories and stocks with carrying values of HK\$4,362 million (31 December 2021: HK\$4,759 million), HK\$23 million (31 December 2021: HK\$23 million), HK\$383 million (31 December 2021: HK\$438 million) and HK\$1,563 million (31 December 2021: HK\$1,650 million), respectively, and were mortgaged to secure certain bank loans granted to the Group. Pursuant to the prime brokerage agreements entered with the prime brokers of a fund held by the Group, cash and securities deposited with the prime brokers were secured against liabilities to the prime brokers. As at 31 December 2022, assets deposited with the prime brokers included HK\$1,514 million (31 December 2021: HK\$1,618 million) and HK\$0.5 million (31 December 2021: HK\$89 million) which formed part of the Group's trading securities and debtors respectively. Analysis on collateral of the Group's bank loans and bonds payable is set out in note 16 and note 17 of the Notes to the Financial Statements in this announcement.

## **EMPLOYEES**

As at 31 December 2022, the Group's headquarters and wholly owned subsidiaries had 273 (31 December 2021: 282) full-time employees. The Group ensures that the remuneration packages for employees are fair and competitive and are determined by position, duties, experience and performance of employees. Other benefits to employees include medical insurance, retirement scheme and training programmes.

## **EBA YIDA**

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

<b>Name of Key Project</b>	<b>Business Type</b>	<b>Location</b>	<b>Investment Type</b>
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 RISKS AND UNCERTAINTIES**

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

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

### **(a) Credit risk**

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

#### *Credit risk management framework*

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

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

The Vice President of the Group in charge of Risk Management, Legal and Compliance Department that 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 defence 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. The Risk Management, Legal and Compliance Department, which is independent from the business units, is responsible for the management of credit risks and it is an ongoing process for identifying, measuring, monitoring and controlling credit risk to ensure effective checks and balances, as well as drafting, reviewing and updating credit risk management policies and procedures. It is also responsible for the design, development and maintenance of the Group's internal rating system and it ensures that the system complies with the relevant regulatory requirements. Credit risk is approved by the Vice President of the Group in charge of Risk Management, Legal and Compliance Department and reported to 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 the collateral provided by the customer. Any subsequent change in value as well as the quality of the 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 a 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 on 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 their 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 needs, 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 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 the 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\$0.15 per share for the year ended 31 December 2022 (2021: HK\$0.30 per share). Together with the interim dividend of HK\$0.15 per share already paid, the aggregate amount of dividends for the year is HK\$0.30 per share (2021: HK\$0.58 per share).

The final dividend, subject to approval at the forthcoming annual general meeting, is expected to be paid on Friday, 9 June 2023 to those shareholders whose names appear on the register of members of the Company on Monday, 29 May 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 15 May 2023 to Thursday, 18 May 2023, both days inclusive, during which no transfer of shares will be registered. Shareholders are reminded that, in order to qualify for attendance at the annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration at the Company's Share Registrar, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 12 May 2023.

The register of members of the Company will also be closed from Thursday, 25 May 2023 to Monday, 29 May 2023, both days inclusive, during which no transfer of shares will be registered. Shareholders are reminded that, in order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration at the Company's Share Registrar, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 24 May 2023.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held on Thursday, 18 May 2023.

## **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 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 2022.

## **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 2022.

## **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 2022.

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

Hong Kong, 17 March 2023

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

**Executive Directors:**

Mr. Zhang Mingao (*President*)

Mr. Wang Hongyang

Mr. Yin Yanwu

**Non-executive Directors:**

Mr. Yu Fachang (*Chairman*)

Ms. Pan Wenjie

Mr. Fang Bin

**Independent Non-executive Directors:**

Dr. Lin Zhijun

Dr. Chung Shui Ming Timpson

Mr. Law Cheuk Kin Stephen