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## **CHINA EVERBRIGHT LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 165)**

### **ANNOUNCEMENT**

## **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

### **INTERIM RESULTS**

The board of directors (the “Board” or the “Director(s)”) of China Everbright Limited (the “Company” or “CEL”) presents the unaudited results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2023. The interim financial report is unaudited, but has been reviewed by Ernst & Young (the auditor of the Company) in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, whose review report will be included in the interim report to be sent to shareholders. The interim financial report has also been reviewed by the Company’s Audit and Risk Management Committee.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	<i>Note</i>	<b>1 January to 30 June 2023</b>	1 January to 30 June 2022
		<b>HK\$'000</b>	HK\$'000
Turnover	3	<b><u>3,968,827</u></b>	<b><u>3,900,691</u></b>
Income from contracts with customers	3	<b>320,699</b>	395,143
Net income/(loss) from investments	3	<b>731,601</b>	(2,644,264)
<i>Interest income</i>		<b>302,966</b>	222,903
<i>Dividend income</i>		<b>722,472</b>	1,061,157
<i>Realised (loss)/gain on investments</i>		<b>(69,471)</b>	112,363
<i>Unrealised loss on investments</i>		<b>(224,366)</b>	(4,054,993)
<i>Others</i>		–	14,306
Income from other sources		<b>21,830</b>	58,301
Impairment losses		<b>(67,187)</b>	(27,750)
Operating expenses		<b><u>(438,696)</u></b>	<b><u>(447,353)</u></b>
Profit/(loss) from operations	4	<b>568,247</b>	(2,665,923)
Finance costs		<b>(757,663)</b>	(465,095)
Share of profits less losses of associates	9	<b>452,015</b>	393,000
Share of profits less losses of joint ventures	10	<b><u>13,403</u></b>	<b><u>6,893</u></b>
Profit/(loss) before taxation		<b>276,002</b>	(2,731,125)
Income tax credit	5	<b><u>134,608</u></b>	<b><u>35,054</u></b>
<b>Profit/(loss) for the period</b>		<b><u>410,610</u></b>	<b><u>(2,696,071)</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>312,676</b>	(2,654,846)
Holders of senior perpetual capital securities	21	<b>44,416</b>	44,334
Non-controlling interests		<b><u>53,518</u></b>	<b><u>(85,559)</u></b>
<b>Profit/(loss) for the period</b>		<b><u>410,610</u></b>	<b><u>(2,696,071)</u></b>
<b>Basic and diluted earnings/(loss) per share</b>	7	<b><u>HK\$0.186</u></b>	<b><u>HK\$(1.575)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2023*

	<b>1 January to 30 June 2023</b>	1 January to 30 June 2022
<i>Note</i>	<b>HK\$'000</b>	HK\$'000
<b>Profit/(loss) for the period</b>	<b>410,610</b>	(2,696,071)
<b>Other comprehensive loss for the period:</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	(168,314)	(850,812)
Items that may be reclassified subsequently to profit or loss		
– Share of other comprehensive income and effect of foreign currency translation of associates	(375,419)	(656,671)
– Share of other comprehensive income and effect of foreign currency translation of joint ventures	(31,361)	(42,735)
– Other net movement in exchange reserve	(609,325)	(882,924)
	(1,184,419)	(2,433,142)
<b>Total comprehensive loss for the period</b>	<b>(773,809)</b>	(5,129,213)
<b>Attributable to:</b>		
Equity shareholders of the Company	(649,415)	(4,730,916)
Holders of senior perpetual capital securities	44,416	44,334
Non-controlling interests	(168,810)	(442,631)
<b>Total comprehensive loss for the period</b>	<b>(773,809)</b>	(5,129,213)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023	31 December 2022
	<i>Note</i>	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		489,261	521,718
Investment properties	8	4,705,106	4,898,173
Investments in associates	9	17,816,536	18,002,564
Investments in joint ventures	10	903,369	926,157
Equity investments designated at fair value through other comprehensive income	11	5,236,870	5,405,184
Financial assets at fair value through profit or loss	12	28,872,554	32,898,680
Advances to customers	13	–	360,891
Finance lease receivables		17,569	18,703
		<u>58,041,265</u>	<u>63,032,070</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	12	4,386,439	2,176,224
Advances to customers	13	3,546,319	2,902,542
Inventories		1,297,744	1,383,814
Debtors, deposits, prepayments and others	14	2,621,758	1,984,185
Trading securities	15	3,359,578	4,098,142
Restricted deposits		643,422	664,102
Cash and cash equivalents		10,406,308	8,235,532
		<u>26,261,568</u>	<u>21,444,541</u>
<b>Current liabilities</b>			
Trading securities	15	(331,790)	(532,071)
Creditors, deposits received and accrued charges	16	(3,242,989)	(3,523,042)
Bank loans	17	(14,198,183)	(11,925,501)
Bonds payable	18	(6,507,720)	(2,481,148)
Other financial liabilities	19	(415,724)	(441,187)
Lease liabilities		(33,677)	(35,688)
Provision for taxation		(609,592)	(585,193)
		<u>(25,339,675)</u>	<u>(19,523,830)</u>
<b>Net current assets</b>		<u>921,893</u>	<u>1,920,711</u>
<b>Total assets less current liabilities</b>		<u>58,963,158</u>	<u>64,952,781</u>

		<b>30 June</b>	31 December
		<b>2023</b>	2022
	<i>Note</i>	<b>HK\$'000</b>	HK\$'000
<b>Non-current liabilities</b>			
Bank loans	<i>17</i>	<b>(8,967,593)</b>	(8,991,471)
Bonds payable	<i>18</i>	<b>(4,880,790)</b>	(9,515,580)
Other financial liabilities	<i>19</i>	<b>(6,738,626)</b>	(6,407,464)
Lease liabilities		<b>(16,789)</b>	(29,279)
Deferred tax liabilities		<b>(1,860,740)</b>	(2,131,886)
		<u><b>(22,464,538)</b></u>	<u>(27,075,680)</u>
<b>NET ASSETS</b>		<u><b>36,498,620</b></u>	<u>37,877,101</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>20</i>	<b>9,618,097</b>	9,618,097
Reserves		<b>23,969,354</b>	24,871,106
		<u><b>33,587,451</b></u>	<u>34,489,203</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>33,587,451</b>	34,489,203
Holders of senior perpetual capital securities	<i>21</i>	<b>2,340,755</b>	2,341,083
Non-controlling interests		<b>570,414</b>	1,046,815
		<u><b>36,498,620</b></u>	<u>37,877,101</u>
<b>TOTAL EQUITY</b>		<u><b>36,498,620</b></u>	<u>37,877,101</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to equity shareholders of the Company											
	Note	Share capital HK\$'000	Option premium reserve HK\$'000	Investment revaluation reserve HK\$'000	Goodwill reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Senior perpetual capital securities HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 1 January 2023		9,618,097	1,242	3,997,995	(664,792)	(87,473)	(1,127,494)	22,751,628	34,489,203	2,341,083	1,046,815	37,877,101
Net movement by non-controlling shareholders		-	-	-	-	451	-	-	451	-	(307,591)	(307,140)
Dividends approved in respect of the previous year	6(b)	-	-	-	-	-	-	(252,788)	(252,788)	-	-	(252,788)
Distribution to holders of senior perpetual capital securities	21	-	-	-	-	-	-	-	-	(44,744)	-	(44,744)
Profit for the period		-	-	-	-	-	-	312,676	312,676	44,416	53,518	410,610
Other comprehensive loss for the period		-	-	(168,314)	-	-	(793,777)	-	(962,091)	-	(222,328)	(1,184,419)
As at 30 June 2023		<u>9,618,097</u>	<u>1,242</u>	<u>3,829,681</u>	<u>(664,792)</u>	<u>(87,022)</u>	<u>(1,921,271)</u>	<u>22,811,516</u>	<u>33,587,451</u>	<u>2,340,755</u>	<u>570,414</u>	<u>36,498,620</u>

For the six months ended 30 June 2022

As at 1 January 2022		9,618,097	1,242	4,979,155	(664,792)	(96,162)	2,145,494	30,953,291	46,936,325	2,341,161	1,759,044	51,036,530
Net movement by non-controlling shareholders		-	-	-	-	18,786	-	-	18,786	-	(40,464)	(21,678)
Dividends paid	6(b)	-	-	-	-	-	-	(505,576)	(505,576)	-	-	(505,576)
Distribution to holders of senior perpetual capital securities	21	-	-	-	-	-	-	-	-	(44,617)	-	(44,617)
Share of capital reserve of an associate		-	-	-	-	(10,068)	-	-	(10,068)	-	-	(10,068)
(Loss)/profit for the period		-	-	-	-	-	-	(2,654,846)	(2,654,846)	44,334	(85,559)	(2,696,071)
Other comprehensive loss for the period		-	-	(850,812)	-	-	(1,225,258)	-	(2,076,070)	-	(357,072)	(2,433,142)
As at 30 June 2022		<u>9,618,097</u>	<u>1,242</u>	<u>4,128,343</u>	<u>(664,792)</u>	<u>(87,444)</u>	<u>920,236</u>	<u>27,792,869</u>	<u>41,708,551</u>	<u>2,340,878</u>	<u>1,275,949</u>	<u>45,325,378</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	1 January to 30 June 2023 HK\$'000	1 January to 30 June 2022 HK\$'000
<b>Operating activities</b>		
Cash generated from operations	1,484,546	1,968,998
Tax paid	(69,325)	(210,266)
<b>Net cash inflow from operating activities</b>	<u>1,415,221</u>	<u>1,758,732</u>
<b>Investing activities</b>		
Proceeds from partial disposal of an associate	–	76,649
Increase in restricted cash	(51,799)	(38,389)
Other cash flows arising from investing activities	72,207	433,614
<b>Net cash inflow from investing activities</b>	<u>20,408</u>	<u>471,874</u>
<b>Financing activities</b>		
Net borrowings/(repayments) of bank loans	2,188,875	(1,465,644)
Net (repayments)/proceeds of bonds payable	(243,344)	3,582,024
Redemption of non-controlling shareholders' shares	(300,632)	–
Repayment of lease liabilities	(14,547)	(21,969)
Interest paid	(838,455)	(404,249)
Dividends paid	–	(505,576)
Dividends paid to non-controlling shareholders	(942)	–
Distribution to holders of senior perpetual capital securities	(44,744)	(44,617)
Other cash flows arising from financing activities	–	5,166
<b>Net cash inflow from financing activities</b>	<u>746,211</u>	<u>1,145,135</u>
<b>Net increase in cash and cash equivalents</b>	<u>2,181,840</u>	<u>3,375,741</u>
<b>Cash and cash equivalents</b>		
Beginning of the period	7,945,641	6,894,260
Exchange rate adjustments	(62,863)	(215,590)
End of the period	<u>10,064,618</u>	<u>10,054,411</u>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash-general accounts	8,913,860	9,223,358
Non-pledged time deposits with original maturity of less than three months when acquired	1,492,448	1,130,610
Restricted cash	(341,690)	(299,557)
End of the period	<u>10,064,618</u>	<u>10,054,411</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised by the Board for issuance on 25 August 2023.

The financial information relating to the year ended 31 December 2022 that is included in the unaudited interim financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.
- The Company’s auditor, Ernst & Young, has reported on those financial statements. The auditor’s report was 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 407(3) of the Hong Kong Companies Ordinance.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for those described in note 2.

### 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKAS 1 and  
HKFRS Practice Statement 2

Amendments to HKAS 8

Amendments to HKAS 12

*Disclosure of Accounting Policies*

*Definition of Accounting Estimates*

*Deferred Tax related to Assets and Liabilities arising  
from a Single Transaction*



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

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The adoption of amendments to HKAS 12 did not have any impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the interim condensed consolidated statements of cash flows for the six months ended 30 June 2023 and 2022.

### 3. TURNOVER, INCOME FROM CONTRACTS WITH CUSTOMERS AND INVESTMENTS

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 and investments recognised during the period is as follows:

	<b>1 January to 30 June 2023</b>	1 January to 30 June 2022
	<b>HK\$'000</b>	HK\$'000
<b>Income from contracts with customers</b>		
Recognised over time		
Management fee income	98,277	150,082
Rental income from investment properties	107,473	102,261
Recognised at a point in time		
Consultancy fee and performance fee income	109,841	142,392
Sales of inventories	5,108	408
	<u>320,699</u>	<u>395,143</u>
<b>Net income/(loss) from investments</b>		
Interest income		
Financial assets not at fair value through profit or loss		
Bank deposits	72,280	39,238
Advances to customers	165,118	139,092
Debt investments	65,568	44,573
Dividend income		
Financial assets at fair value through profit or loss and trading securities	391,816	688,660
Equity investments designated at fair value through other comprehensive income	330,656	372,497
Realised gain on investments		
Net realised gain on financial assets at fair value through profit or loss	75,607	132,104
Realised loss on trading securities	(145,078)	(19,741)
Unrealised loss on investments		
Change of unrealised loss on financial assets at fair value through profit or loss	(318,884)	(3,880,384)
Change of unrealised gain/(loss) on trading securities	94,518	(174,609)
Others		
Realised gain on partial disposal of an associate	–	14,306
	<u>731,601</u>	<u>(2,644,264)</u>

#### 4. PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations is stated after charging the following:

	<b>1 January to 30 June 2023</b>	1 January to 30 June 2022
	<b>HK\$'000</b>	HK\$'000
Depreciation and amortisation expenses	<b>28,063</b>	35,476
Employee expenses (wages, bonuses and allowances)	<b><u>128,283</u></b>	<u>148,917</u>

#### 5. INCOME TAX

The provision for Hong Kong profits tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the six months ended 30 June 2023. 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 condensed consolidated statement of profit or loss represents:

	<b>1 January to 30 June 2023</b>	1 January to 30 June 2022
	<b>HK\$'000</b>	HK\$'000
Current taxation		
– Hong Kong profits tax	–	684
– Overseas taxation	<b>95,966</b>	90,017
Over-provision in prior year	<b>(2,107)</b>	–
Deferred taxation		
– Deferred taxation relating to the reversal and origination of temporary differences	<b><u>(228,467)</u></b>	<u>(125,755)</u>
Income tax credit	<b><u>(134,608)</u></b>	<u>(35,054)</u>

## 6. DIVIDENDS

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

	<b>1 January to 30 June 2023</b>	1 January to 30 June 2022
	<b>HK\$'000</b>	HK\$'000
– Interim dividend declared after the end of the reporting period of HK\$0.15 (six months ended 30 June 2022: HK\$0.15) per share	<u>252,788</u>	<u>252,788</u>

Subsequent to the period end, the Board of Directors declared an interim dividend of HK\$0.15 per share (six months ended 30 June 2022: HK\$0.15 per share) for the six months period ended 30 June 2023. The declared 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 and approved during the period

	<b>1 January to 30 June 2023</b>	1 January to 30 June 2022
	<b>HK\$'000</b>	HK\$'000
– Final dividend in respect of the previous financial year approved during the period of HK0.15 (six months ended 30 June 2022: HK\$0.30) per share	<u>252,788</u>	<u>505,576</u>

2022 final dividend of HK\$252,788,000 was approved during the period and distributed on 6 July 2023 (2021 final dividend of HK\$505,576,000 was approved and distributed during the prior period).

## 7. EARNINGS/(LOSS) PER SHARE

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

The calculation of basic and diluted earnings/(loss) per share for the six months period ended 30 June 2023 is based on the profit attributable to equity shareholders of the Company of HK\$312,676,000 (six months ended 30 June 2022: loss attributable to equity shareholders of the Company of HK\$2,654,846,000) and the weighted average number of 1,685,253,712 shares (six months ended 30 June 2022: 1,685,253,712 shares) in issue during the period.

## 8. INVESTMENT PROPERTIES

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
As at 1 January	4,898,173	5,352,758
Additions	–	94,279
Net loss on revaluation of investment properties	(40,682)	(92,839)
Exchange adjustment	<u>(152,385)</u>	<u>(456,025)</u>
As at 30 June 2023/31 December 2022	<u><b>4,705,106</b></u>	<u><b>4,898,173</b></u>

## 9. INVESTMENTS IN ASSOCIATES

### (a) Investments in associates

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Carrying value, net ( <i>note</i> )	<u><b>17,816,536</b></u>	<u><b>18,002,564</b></u>
Market value of shares listed in mainland China	<b>17,861,889</b>	17,515,712
Market value of shares listed in Hong Kong	<u><b>1,150,676</b></u>	<u><b>1,227,199</b></u>

#### *Note:*

As at 30 June 2023, the Group's net carrying value of its investment in Everbright Jiabao Co., Ltd ("Everbright Jiabao"), an associate of the Group, amounted to HK\$2,293,961,000 (31 December 2022: HK\$2,475,081,000).

The Group has reassessed the recoverable amount of Everbright Jiabao as at 30 June 2023 and concluded that no additional or reversal of impairment loss is required for the period.

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 an associate amounting to HK\$1,020,827,000 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% and the perpetual growth rate was 2.0%.

(b) As at 30 June 2023, particulars of 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 ( <i>note 1</i> )	20.73%
China Aircraft Leasing Group Holdings Limited <sup>##</sup> (“CALC”)	Cayman Islands/ the PRC	Investment holding ( <i>note 2</i> )	38.08%*
Everbright Jiabao <sup>###</sup>	The PRC	Real estate development/real estate assets management ( <i>note 3</i> )	29.17%*
China Everbright Senior Healthcare Company Limited (“Everbright Senior Healthcare”)	Hong Kong/ the PRC	Providing senior health care services ( <i>note 4</i> )	49.29%* ( <i>note 5</i> )

<sup>#</sup> Market value of the listed shares in mainland China as at 30 June 2023 was equivalent to HK\$16,476,582,000 (31 December 2022: HK\$15,914,497,000).

<sup>##</sup> Market value of the listed shares in Hong Kong as at 30 June 2023 was HK\$1,150,676,000 (31 December 2022: HK\$1,227,199,000).

<sup>###</sup> Market value of the listed shares in mainland China as at 30 June 2023 was equivalent to HK\$1,385,307,000 (31 December 2022: HK\$1,601,215,000).

\* Held indirectly

*Note 1:* Everbright Securities is the Group’s cornerstone investment, with an investment cost of HK\$1,497,149,000 (31 December 2022: HK\$1,497,149,000).

*Note 2:* CALC is the Group’s key investee engaged in providing full life-cycle aircraft leasing solutions.

*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 30 June 2023, the Group did not control the board of directors of Everbright Senior Healthcare. Upon the completion of the procedures of share subscription by an investor with investment amount of RMB50 million, the Group’s equity interests in Everbright Senior Healthcare stands at 49.29%.

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

## 10. INVESTMENTS IN JOINT VENTURES

### (a) Investments in joint ventures

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Carrying value, net	<b><u>903,369</u></b>	<u>926,157</u>

### (b) As at 30 June 2023, details of the Group's principal investments in joint ventures are as follows:

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

\* Held indirectly

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

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

*Note 3:* CEL Capital Prestige Asset Management Co., Ltd. is a joint venture of the Group 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 condensed consolidated financial statements.

**11. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
At fair value:		
Listed equity securities		
– outside Hong Kong	<u>5,236,870</u>	<u>5,405,184</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 (31 December 2022: HK\$1,407,189,000).

No disposal was made during the six months ended 30 June 2023, and there were no transfers of any cumulative gain or loss within equity relating to this investment (six months ended 30 June 2022: Nil).

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

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
<b>Non-current assets</b>		
At fair value:		
Unlisted equity securities/collective investment schemes		
– outside Hong Kong	22,472,221	26,301,921
Unlisted preference shares		
– outside Hong Kong	6,063,642	6,250,280
Unlisted debt securities		
– outside Hong Kong	<u>336,691</u>	<u>346,479</u>
	<u>28,872,554</u>	<u>32,898,680</u>
<b>Current assets</b>		
At fair value:		
Listed equity securities		
– in Hong Kong	427,904	596,727
– outside Hong Kong	839,209	735,000
Unlisted equity securities/collective investment schemes		
– outside Hong Kong	2,757,822	391,198
Unlisted debt securities		
– outside Hong Kong	<u>361,504</u>	<u>453,299</u>
	<u>4,386,439</u>	<u>2,176,224</u>

As at 30 June 2023, the Group’s listed and unlisted equity securities amounting to a fair value of HK\$20,904,121,000 (31 December 2022: HK\$22,011,177,000) were investments in associates and joint ventures. The Group was exempted from applying the equity method to these investments and they were measured as financial assets at fair value through profit or loss.



During the six months ended 30 June 2023, the Group had certain unlisted financial assets at fair value through profit or loss recorded at a purchase price which was below the fair value at inception that would be determined at that date using a valuation technique. According to the Group's accounting policy, the difference yet to be recognised in the condensed consolidated statement of profit or loss at the beginning and the end of the period/year is as follows:

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
As at 1 January	227,136	251,951
Released during the period/year	–	(4,472)
Exchange adjustment	<u>(6,832)</u>	<u>(20,343)</u>
As at 30 June 2023/31 December 2022	<u><b>220,304</b></u>	<u>227,136</u>

### 13. ADVANCES TO CUSTOMERS

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
<b>Non-current assets</b>		
Term loans to customers		
– secured	–	5,859
– unsecured	<u>–</u>	<u>458,082</u>
	<u>–</u>	<u>463,941</u>
<b>Current assets</b>		
Term loans to customers		
– secured	1,274,317	1,310,647
– unsecured	<u>2,899,434</u>	<u>2,090,961</u>
	<u>4,173,751</u>	<u>3,401,608</u>
Total term loans to customers	<u>4,173,751</u>	<u>3,865,549</u>
Less: Impairment allowance	<u>(627,432)</u>	<u>(602,116)</u>
Net carrying value	<u><b>3,546,319</b></u>	<u>3,263,433</u>

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

Analysis of the gross carrying amount and the corresponding impairment allowance are as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 January 2023	1,924,142	21,484	1,919,923	3,865,549
New assets originated or purchased	1,178,812	–	–	1,178,812
Assets derecognised or repaid	(780,187)	–	–	(780,187)
Transfer from Stage 1 to Stage 2	(474,903)	474,903	–	–
Exchange difference	(41,617)	56	(48,862)	(90,423)
	<u>1,806,247</u>	<u>496,443</u>	<u>1,871,061</u>	<u>4,173,751</u>
As at 30 June 2023	<u>1,806,247</u>	<u>496,443</u>	<u>1,871,061</u>	<u>4,173,751</u>
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 January 2022	3,415,641	34,515	299,996	3,750,152
New assets originated or purchased	918,900	–	–	918,900
Assets derecognised or repaid	(607,835)	(13,056)	–	(620,891)
Transfer from Stage 1 to Stage 3	(1,619,927)	–	1,619,927	–
Exchange difference	(182,637)	25	–	(182,612)
	<u>1,924,142</u>	<u>21,484</u>	<u>1,919,923</u>	<u>3,865,549</u>
As at 31 December 2022	<u>1,924,142</u>	<u>21,484</u>	<u>1,919,923</u>	<u>3,865,549</u>

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 2023	11,220	6,710	584,186	602,116
Other changes (including new assets and derecognised assets)	(8,808)	30,351	3,773	25,316
	<u>2,412</u>	<u>37,061</u>	<u>587,959</u>	<u>627,432</u>
As at 30 June 2023	<u>2,412</u>	<u>37,061</u>	<u>587,959</u>	<u>627,432</u>
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 January 2022	27,050	11,140	299,996	338,186
Other changes (including new assets and derecognised assets)	(15,830)	(4,430)	284,190	263,930
	<u>11,220</u>	<u>6,710</u>	<u>584,186</u>	<u>602,116</u>
As at 31 December 2022	<u>11,220</u>	<u>6,710</u>	<u>584,186</u>	<u>602,116</u>

Except for the above impairment allowance of HK\$627,432,000 (31 December 2022: HK\$602,116,000), there were no other significant receivables, that were aged, requiring significant impairment provision as at 30 June 2023 and 31 December 2022.

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

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Accounts receivable	719,986	746,357
Deposits, prepayments, interest and other receivables and others	<u>2,050,186</u>	<u>1,395,422</u>
	<b>2,770,172</b>	2,141,779
Less: Impairment allowance	<u>(148,414)</u>	<u>(157,594)</u>
	<b><u>2,621,758</u></b>	<b><u>1,984,185</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 values as at 30 June 2023 and 31 December 2022.

Their recoverability was assessed with reference to the credit status of the debtors, and impairment allowance of HK\$148,414,000 was provided as at 30 June 2023 (31 December 2022: HK\$157,594,000).

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

	<b>Stage 1 HK\$'000</b>	<b>Stage 2 HK\$'000</b>	<b>Stage 3 HK\$'000</b>	<b>Total HK\$'000</b>
As at 1 January 2022	–	–	84,723	84,723
Other changes (including new assets and derecognised assets)	<u>1,790</u>	<u>1,634</u>	<u>69,447</u>	<u>72,871</u>
As at 31 December 2022 and 1 January 2023	1,790	1,634	154,170	157,594
Other changes (including new assets and derecognised assets)	<u>957</u>	<u>(80)</u>	<u>(10,057)</u>	<u>(9,180)</u>
As at 30 June 2023	<b><u>2,747</u></b>	<b><u>1,554</u></b>	<b><u>144,113</u></b>	<b><u>148,414</u></b>

## 15. TRADING SECURITIES

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
<b>Current assets</b>		
At fair value:		
Listed equity securities and funds		
– in Hong Kong	<b>102,116</b>	226,434
– outside Hong Kong	<b>160,511</b>	205,023
Listed debt securities		
– in Hong Kong	<b>961,259</b>	900,612
– outside Hong Kong	<b>2,047,260</b>	2,589,566
Unlisted debt securities	<b>65,812</b>	137,290
Derivatives		
– listed	–	330
– unlisted	<b>22,620</b>	38,887
	<b><u>3,359,578</u></b>	<b><u>4,098,142</u></b>
<b>Current liabilities</b>		
At fair value:		
Listed equity securities and funds		
– in Hong Kong	<b>(74,503)</b>	(247,271)
– outside Hong Kong	<b>(117,451)</b>	(72,367)
Listed debt securities		
– in Hong Kong	<b>(60,063)</b>	(133,934)
– outside Hong Kong	<b>(32,110)</b>	(42,088)
Derivatives		
– listed	<b>(121)</b>	(127)
– unlisted	<b>(47,542)</b>	(36,284)
	<b><u>(331,790)</u></b>	<b><u>(532,071)</u></b>

## 16. CREDITORS, DEPOSITS RECEIVED AND ACCRUED CHARGES

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Creditors, deposits received and accrued charges	<b><u>3,242,989</u></b>	<b><u>3,523,042</u></b>

## 17. BANK LOANS

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Maturity details are as follows:		
Within 1 year	<b>14,198,183</b>	11,925,501
1 to 2 years	<b>2,118,806</b>	1,657,847
2 to 5 years	<b>6,402,709</b>	6,920,820
Over 5 years	<b><u>446,078</u></b>	<u>412,804</u>
	<b><u>23,165,776</u></b>	<b><u>20,916,972</u></b>

As at 30 June 2023, the bank loans were secured as follows:

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Bank loans:		
– secured	<b>2,221,232</b>	2,325,589
– unsecured	<b><u>20,944,544</u></b>	<u>18,591,383</u>
	<b><u>23,165,776</u></b>	<b><u>20,916,972</u></b>

As at 30 June 2023, the bank loans were secured by:

- (a) Mortgage over certain investment properties with carrying value of approximately HK\$4,162 million (31 December 2022: approximately HK\$4,362 million);
- (b) No property, plant and equipment were used to secure the bank loans (31 December 2022: Mortgage over certain property, plant and equipment with carrying value of approximately HK\$23 million);
- (c) Mortgage over certain inventories with carrying value of approximately HK\$239 million (31 December 2022: approximately HK\$383 million); and
- (d) The pledge of equity interests in subsidiaries with carrying value of approximately HK\$1,453 million (31 December 2022: approximately HK\$1,563 million).

## 18. BONDS PAYABLE

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
As at 1 January	<b>11,996,728</b>	13,037,445
New issuance during the period/year	–	4,242,930
Repayments during the period/year	<b>(243,344)</b>	(4,017,583)
Exchange adjustment	<b>(364,874)</b>	(1,266,064)
	<b><u>11,388,510</u></b>	<b><u>11,996,728</u></b>

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Maturity details are as follows:		
Within 1 year	<b>6,507,720</b>	2,481,148
1 to 2 years	<b>4,880,790</b>	6,157,140
2 to 5 years	–	3,358,440
	<b><u>11,388,510</u></b>	<b><u>11,996,728</u></b>

As at 30 June 2023, the bonds payable were secured as follows:

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Bonds payable:		
– secured	–	242,188
– unsecured	<b>11,388,510</b>	11,754,540
	<b><u>11,388,510</u></b>	<b><u>11,996,728</u></b>

As at 30 June 2023, no restricted bank balances were used to secure certain bonds payable (31 December 2022: HK\$244 million).

## 19. OTHER FINANCIAL LIABILITIES

		<b>30 June 2023</b>	31 December 2022
	<i>Note</i>	<b>HK\$'000</b>	HK\$'000
<b>Current:</b>			
Financial liabilities to third party investors	(a)	<u>415,724</u>	<u>441,187</u>
<b>Non-current:</b>			
Financial liabilities to third party investors	(a)	<u>6,738,626</u>	<u>6,407,464</u>

- (a) Financial liabilities to third party investors were incurred by the Group's fund management business. The Group issues fund units to third party investors to raise funds through the establishment of investment funds. After the end of the exit period of the investment funds (or the period extended pursuant to the fund agreements and approved by the investors), the Group shall distribute the principal of the fund units and the return thereof to the investors pursuant to the fund agreements, provided that the distribution amount shall be determined in accordance with the fund's performance. The Group does not guarantee the principal and return of third party investors' interests in the investment funds.

## 20. SHARE CAPITAL

	<b>30 June 2023</b>		31 December 2022	
	No. of shares ( '000)	HK\$'000	No. of shares ( '000)	HK\$'000
Ordinary shares issued and fully paid:				
End of period/year	<u>1,685,254</u>	<u>9,618,097</u>	<u>1,685,254</u>	<u>9,618,097</u>

## 21. SENIOR PERPETUAL CAPITAL SECURITIES

	<b>Principal HK\$'000</b>	<b>Distribution HK\$'000</b>	<b>Total HK\$'000</b>
As at 1 January 2022	2,325,540	15,621	2,341,161
Profit attributable to holders of senior perpetual capital securities	–	89,284	89,284
Distribution to holders of senior perpetual capital securities	–	(89,362)	(89,362)
	<u>2,325,540</u>	<u>15,543</u>	<u>2,341,083</u>
As at 31 December 2022 and 1 January 2023	<b>2,325,540</b>	<b>15,543</b>	<b>2,341,083</b>
Profit attributable to holders of senior perpetual capital securities	–	<b>44,416</b>	<b>44,416</b>
Distribution to holders of senior perpetual capital securities	–	<b>(44,744)</b>	<b>(44,744)</b>
	<u>–</u>	<u>(44,744)</u>	<u>(44,744)</u>
As at 30 June 2023	<u><b>2,325,540</b></u>	<u><b>15,215</b></u>	<u><b>2,340,755</b></u>

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

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

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



## 22. MATURITY PROFILE

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

### As at 30 June 2023

	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	-	-	(6,221,106)	(7,977,077)	(8,521,515)	(446,078)	(23,165,776)
- Other financial liabilities	-	(183,902)	(231,822)	-	(1,491,675)	(5,246,951)	(7,154,350)
- Trading securities	(239,617)	-	(92,173)	-	-	-	(331,790)
- Bonds payable	-	-	-	(6,507,720)	(4,880,790)	-	(11,388,510)
- Lease liabilities	-	(3,975)	(9,692)	(20,010)	(16,789)	-	(50,466)
	<u>(239,617)</u>	<u>(187,877)</u>	<u>(6,554,793)</u>	<u>(14,504,807)</u>	<u>(14,910,769)</u>	<u>(5,693,029)</u>	<u>(42,090,892)</u>

### 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)
	<u>(356,049)</u>	<u>(136,623)</u>	<u>(1,345,212)</u>	<u>(13,577,711)</u>	<u>(19,566,885)</u>	<u>(5,376,909)</u>	<u>(40,359,389)</u>

## 23. MATERIAL RELATED PARTY TRANSACTIONS

- (a) Except as disclosed elsewhere in the financial statements, the following transactions were entered into with related parties during the period:

	<b>1 January to 30 June 2023</b>	1 January to 30 June 2022
	<b>HK\$'000</b>	HK\$'000
Management fee income from:		
– a joint venture	78	128
– associates exempted from applying the equity method and were recognised as financial assets at fair value through profit or loss	40,751	46,273
Consultancy and other service income from an associate*	220	576
Bank interest income from a fellow subsidiary/a related party bank	21,636	24,344
Dividend income from:		
– associates exempted from applying the equity method and were recognised as financial assets at fair value through profit or loss	101,465	68,655
– a fellow subsidiary/a related party bank	330,656	372,497
Bank loans interest expense to a fellow subsidiary/a related party bank	85,635	27,310
Consultancy fee to an associate and a fellow subsidiary/a related party bank*	<u>5,004</u>	<u>9,426</u>

\* These related party transactions also constitute continuing connected transactions as defined in Rules 14A of the Listing Rules.

- (b) Except as disclosed elsewhere in the financial statements, included in the condensed consolidated statement of financial position are the following balances with related parties:

	<b>30 June 2023</b>	31 December 2022
	<b>HK\$'000</b>	HK\$'000
Amounts due from associates and a fellow subsidiary/a related party bank (included in debtors, deposits, prepayments and others)	426,335	81,852
Bank deposits with a fellow subsidiary/a related party bank (including bank deposits in trust accounts)	1,946,878	2,773,125
Advances to:		
– associates exempted from applying the equity method and were recognised as financial assets at fair value through profit or loss	2,219,355	2,422,940
– an associate	1,142,105	603,400
Bank loans from a fellow subsidiary/a related party bank	(3,495,148)	(3,260,438)
Interests in collective investment schemes issued by a joint venture (included in financial assets at fair value through profit or loss)	<u>1,974,111</u>	<u>3,384,805</u>

Amounts due from associates arising in the ordinary course of securities trading business are unsecured, interest-bearing and repayable on demand.

Bank deposits and loans with a fellow subsidiary/a related party bank arise from the ordinary course of business for corporate financing. The bank deposits earn interest at floating rates based on daily bank deposit rates. The loans are unsecured, interest-bearing, and have a maturity within 1 year.

All advances to associates arising in the ordinary course of the money lending business are interest-bearing and certain of them are secured and unsecured respectively.

Interests in collective investment schemes are issued on market terms by a joint venture.

**(c) Transactions with other PRC state-owned entities**

The Group operates in an economic regime currently predominated by entities directly or indirectly owned by the PRC government through its government authorities, agencies, affiliations and other organisations (“State-owned Entities”). Transactions with other State-owned Entities include but are not limited to: lending and deposit taking; issuance and redemption of bonds issued by other State-owned Entities; purchase, sale and leases of properties and other assets; and rendering and receiving of utilities and other services. Among the above, transactions on lending and deposit taking, leases of properties and receiving utilities are continuous throughout the period and were conducted in the ordinary course of business, while the remaining types of transactions happened occasionally.

The Group is of the opinion that none of these transactions are material related party transactions that require separate disclosures.

- (d)** Certain related party transactions above constitute connected transactions or continuing connected transactions as defined in chapter 14A of the Listing Rules.

**24. COMMITMENTS**

**(a) Capital commitments**

As at 30 June 2023, the Group had capital commitments as follows:

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Contracted but not provided for:		
– consolidated structured entities	<b>4,810,430</b>	4,762,750
– unconsolidated structured entities	<b>5,501,959</b>	5,449,397
– unlisted equity investments	<b>249,286</b>	324,756
	<b><u>10,561,675</u></b>	<u>10,536,903</u>

- (b) As at 30 June 2023, the undiscounted lease payments receivable by the Group in the future periods under non-cancellable operating leases with its tenants are as follows:

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Within 1 year	<b>176,514</b>	181,900
After 1 year but within 2 years	<b>147,854</b>	148,273
After 2 years but within 3 years	<b>135,199</b>	134,196
After 3 years but within 4 years	<b>92,103</b>	116,991
After 4 years but within 5 years	<b>68,607</b>	75,039
After 5 years	<b>211,206</b>	249,968
	<b><u>831,483</u></b>	<b><u>906,367</u></b>

(c) **Off-balance sheet exposure**

The fair values and the contractual or notional amounts of the Group's trading derivatives outstanding at 30 June 2023 are detailed as follows:

	<b>Fair value assets/ (liabilities)</b>		<b>Contractual/notional amounts</b>	
	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Assets derivative contracts	<b>22,620</b>	39,217	<b>104,622</b>	619,248
Liabilities derivative contracts	<b><u>(47,663)</u></b>	<u>(36,411)</u>	<b><u>2,484,225</u></b>	<u>2,464,207</u>

The financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market prices of the underlying instruments relative to their terms.

Notional amounts of these financial instruments provide a basis for comparison with instruments recognised on the condensed consolidated statement of financial position but do not necessarily indicate the amount of future cash flows involved or the current fair value of the instruments and, therefore, are not a representation of the Group's exposure to the credit or price risks.

## 25. FINANCIAL INSTRUMENTS

Risk management is of fundamental importance to the business operation of the Group. The major types of risk inherent in the Group's business are credit risk, liquidity risk, interest rate risk, currency risk and equity price risk. The Group's risk management 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. This functional structure can assess, identify and document the Group's risk profile and to ensure that the business units focus, control and systematically avoid potential risks in various business 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 receivables, debt investments and unlisted derivative financial instruments.

#### *Credit risk management framework*

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

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

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

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

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

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

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

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

#### *Expected Credit Loss ("ECL") Methodology*

The Group's policy requires the review of individual outstanding amounts at least quarterly or more regularly depending on individual circumstances or market conditions.

The Group has adopted HKFRS 9, where the impairment requirements under HKFRS 9 are based on an ECL model. The Group applies the general approach for impairment of financial assets except for impairment of accounts receivable (included in debtors and deposits), to which the simplified approach was applied. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL. Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition: Stage 1: 12-month ECL, Stage 2: Lifetime ECL – not credit-impaired and Stage 3: Lifetime ECL – credit-impaired.

When determining whether the risk of default has increased significantly since initial recognition, the Group incorporates both quantitative and qualitative assessment such as number of days past due, the Group's historical experience, and market benchmark. When estimating the ECL on term loans to customers, the Group has incorporated forward-looking economic information through the use of industry trend and experienced credit judgement to reflect the qualitative factors, and through the use of probability-weighted scenarios. The measurement of ECL is the product of the financial instrument's probability of default ("PD"), loss given default ("LGD") and exposure at default discounted at the effective interest rate to the reporting date. As at 30 June 2023, ECL of unsecured financial asset is measured based on PD at a range of 0.29% to 100% (31 December 2022: 0.15% to 100%) and LGD at a range of 10% to 76% (31 December 2022: 10% to 88%).

ECL is measured at an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The Group adopts three economic scenarios in the ECL measurement to meet the requirements of HKFRS 9. The “Base” scenario represents a most likely outcome and the other two scenarios, referred to as “Best” scenario and “Worse” scenario, represent less likely outcomes which are more optimistic or more pessimistic compared to Base scenario.

The probability assigned for each scenario reflects the Group’s view for the economic environment, which implements the Group’s prudent and consistent credit strategy of ensuring the adequacy of impairment allowance. A higher probability is assigned to the Base scenario to reflect the most likely outcome and a lower probability is assigned to the Best and Worse scenarios to reflect the less likely outcomes. The probabilities assigned are updated in each quarter.

Audit and Risk Management Committee is responsible for approving ECL methodology. Risk Management, Legal and Compliance Department is responsible for the implementation and maintenance of ECL methodology including models review and parameters update on a regular basis. If there is any change in ECL methodology, the Group will go through a proper approval process.

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

**(b) Liquidity risk**

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

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

**(c) Interest rate risk**

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

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

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

**(d) Currency risk**

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

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

**(e) Equity price risk**

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 15), equity investments designated at fair value through other comprehensive income (see note 11) and financial assets at fair value through profit or loss (see note 12). Other than unlisted securities held for medium to long-term purposes, all of these investments are listed.



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

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

## 26. FAIR VALUE OF FINANCIAL INSTRUMENTS

### Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group engages professional independent valuers to perform valuations of certain financial instruments, including financial assets at fair value through profit or loss categorised into Level 3 of the fair value hierarchy. The professional valuer reports directly to the Vice President of the Group in charge of Risk Management, Legal and Compliance and the Audit and Risk Management Committee. Valuation reports with analysis of changes in fair value measurement are prepared by the professional valuers at each interim and annual reporting date, and are reviewed and approved by the Vice President of the Group in charge of Risk Management, Legal and Compliance and the Audit and Risk Management Committee. Discussion of the valuation process and results with the Vice President of the Group in charge of Risk Management, Legal and Compliance and the Audit and Risk Management Committee is held twice a year to coincide with the reporting dates.

In addition to the above valuers, the Group also makes reference to the valuation reports performed by other professional valuers to ascertain the fair values of certain investments with underlying interests in real estate investments and some other private equity investments.

As at 30 June 2023

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Recurring fair value measurement</b>				
<b>Assets</b>				
Equity investments designated at fair value through other comprehensive income:				
– Listed equity securities	<u>5,236,870</u>	<u>–</u>	<u>–</u>	<u>5,236,870</u>
Financial assets at fair value through profit or loss:				
– Listed equity securities	1,085,568	–	181,545	1,267,113
– Unlisted equity securities/ collective investment schemes	–	–	25,230,043	25,230,043
– Unlisted preference shares	–	–	6,063,642	6,063,642
– Unlisted debt securities	<u>–</u>	<u>–</u>	<u>698,195</u>	<u>698,195</u>
	<u>1,085,568</u>	<u>–</u>	<u>32,173,425</u>	<u>33,258,993</u>
Trading securities:				
– Listed equity securities and funds	262,627	–	–	262,627
– Listed debt securities	–	3,008,519	–	3,008,519
– Unlisted debt securities	–	65,812	–	65,812
– Unlisted derivatives	<u>–</u>	<u>22,620</u>	<u>–</u>	<u>22,620</u>
	<u>262,627</u>	<u>3,096,951</u>	<u>–</u>	<u>3,359,578</u>
<b>Liabilities</b>				
Trading securities:				
– Listed equity securities and funds	(191,954)	–	–	(191,954)
– Listed debt securities	–	(92,173)	–	(92,173)
– Listed derivatives	(121)	–	–	(121)
– Unlisted derivatives	<u>–</u>	<u>(47,542)</u>	<u>–</u>	<u>(47,542)</u>
	<u>(192,075)</u>	<u>(139,715)</u>	<u>–</u>	<u>(331,790)</u>

**As at 31 December 2022**

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Recurring fair value measurement</b>				
<b>Assets</b>				
Equity investments designated at fair value through other comprehensive income:				
– Listed equity securities	<u>5,405,184</u>	<u>–</u>	<u>–</u>	<u>5,405,184</u>
Financial assets at fair value through profit or loss:				
– Listed equity securities	1,013,060	–	318,667	1,331,727
– Unlisted equity securities/ collective investment schemes	–	–	26,693,119	26,693,119
– Unlisted preference shares	–	–	6,250,280	6,250,280
– Unlisted debt securities	<u>–</u>	<u>–</u>	<u>799,778</u>	<u>799,778</u>
	<u>1,013,060</u>	<u>–</u>	<u>34,061,844</u>	<u>35,074,904</u>
Trading securities:				
– Listed equity securities and funds	431,457	–	–	431,457
– Listed debt securities	–	3,490,178	–	3,490,178
– Unlisted debt securities	–	137,290	–	137,290
– Listed derivatives	330	–	–	330
– Unlisted derivatives	<u>–</u>	<u>38,887</u>	<u>–</u>	<u>38,887</u>
	<u>431,787</u>	<u>3,666,355</u>	<u>–</u>	<u>4,098,142</u>
<b>Liabilities</b>				
Trading securities:				
– Listed equity securities and funds	(319,638)	–	–	(319,638)
– Listed debt securities	–	(176,022)	–	(176,022)
– Listed derivatives	(127)	–	–	(127)
– Unlisted derivatives	<u>–</u>	<u>(36,284)</u>	<u>–</u>	<u>(36,284)</u>
	<u>(319,765)</u>	<u>(212,306)</u>	<u>–</u>	<u>(532,071)</u>

As at 30 June 2023, two of the financial assets at fair value through profit or loss with fair values of HK\$156,473,000 and HK\$46,249,000 were previously determined to be Level 3 under the fair value hierarchy using a valuation technique that used significant unobservable inputs. As unadjusted quoted prices are available in the active market, the fair value measurement of these equity securities were accordingly transferred from Level 3 to Level 1 of the fair value hierarchy.

As at 31 December 2022, one of the financial assets at fair value through profit or loss with fair values of HK\$41,056,000 was previously determined to be Level 3 under the fair value hierarchy using a valuation technique that used significant unobservable inputs. As unadjusted quoted prices are available in the active market, the fair value measurement of these equity securities was accordingly transferred from Level 3 to Level 1 of the fair value hierarchy.

Besides, as at 31 December 2022, one of the financial assets at fair value through profit or loss with fair values of HK\$230,152,000 previously determined to be Level 1 under the fair value hierarchy using unadjusted quoted prices available in the active market was suspended in trading during the period and has been valued using a valuation technique with significant unobservable inputs. As such, the fair value measurement of these equity securities were accordingly transferred from Level 1 to Level 3 of the fair value hierarchy.

During the six months ended 30 June 2023 and the year ended 31 December 2022, there were no transfers of fair value measurements between Level 1 and Level 2.

#### **Valuation techniques and inputs used in Level 2 fair value measurements**

The fair value of listed and unlisted debt securities and unlisted derivatives in Level 2 is determined using broker quotes.

#### **Information about Level 3 fair value measurements**

##### **As at 30 June 2023**

<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Range</b>	<b>Increase/ (decrease) in unobservable inputs</b>	<b>Favourable/ (unfavourable) impact on profit or loss HK\$'000</b>
Market comparable companies	Discount for lack of marketability	10% to 30%	5%	(38,565)
			(5%)	38,565
	Market multiples	3.9 to 32.9	5%	168,470
			(5%)	(168,470)
Binomial model and equity allocation model	Volatility	23.86% to 87.09%	5%	(1,135)
			(5%)	518
Put option model	Discount for lack of marketability for restricted shares	5.49%	5%	(360)
			(5%)	360

**As at 31 December 2022**

Valuation techniques	Significant unobservable inputs	Range	Increase/ (decrease) in unobservable inputs	Favourable/ (unfavourable) impact on profit or loss HK\$'000
Market comparable companies	Discount for lack of marketability	10% to 30%	5%	(42,793)
	Market multiples	0.7 to 31.2	(5%)	42,793
Binomial model and equity allocation model	Volatility	28.54% to 94.60%	5%	1,176
			(5%)	(1,116)
Put option model	Discount for lack of marketability for restricted shares	5.17% to 8.80%	5%	(881)
			(5%)	881

Other than using the recent transaction approach as the valuation technique in determining the fair value of Level 3 financial instruments, the valuation techniques in estimating the fair value of other financial instruments are described as follows:

The fair value of unquoted equity investments is estimated using an appropriate combination of:

- (1) making reference to capital statements, management information and valuation reports provided by third parties;
- (2) deducing from prices recently paid for similar assets, quoted market prices in active markets and the financial indicators of the transacted assets such as net book value and net operating profit; and
- (3) applying, if possible, price to earnings (“P/E”) ratios, price to book (“P/B”) ratios, enterprise value to earnings before interest, taxes, depreciation and amortisation (“EV/EBITDA”) ratios and enterprise value to sales (“EV/Sales”) ratios for similar listed companies adjusted to reflect the specific circumstances of the investments.

The Group has certain shares listed on the Shenzhen Stock Exchange and Nasdaq which are subject to restriction on sales for defined periods. The fair value measurement reflected the effect of such restriction with an adjustment to the quoted price of otherwise similar but unrestricted securities and the adjustment was referenced to put option models.

The fair value of preference shares and debt securities are estimated using the equity allocation model and discounted future cash flows respectively. Future cash flows are estimated based on management's best estimate of the amount it would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions. The discount rate used is a market rate for a similar instrument at the end of the reporting period. The fair value of an option contract is determined by applying an option valuation model such as the Black-Scholes valuation model. Inputs are based on market related data at the end of the reporting period.

The movements during the period in the balance of Level 3 financial instruments are as follows:

	<b>Financial assets at fair value through profit or loss</b>				
	<b>Listed equity securities</b>	<b>Unlisted equity securities/collective investment schemes</b>	<b>Unlisted preference shares</b>	<b>Unlisted debt securities</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
As at 1 January 2022	132,910	37,705,211	8,309,392	1,537,058	47,684,571
Purchased	–	553,494	139,263	–	692,757
Net unrealised loss recognised in profit or loss	(265,508)	(5,787,778)	(1,926,925)	(262,080)	(8,242,291)
Exchange adjustments	(11,001)	(2,045,038)	(490,518)	(31,083)	(2,577,640)
Disposals	(42,641)	(3,496,158)	–	(145,850)	(3,684,649)
Reclassification	504,907	(236,612)	219,068	(298,267)	189,096
	<u>318,667</u>	<u>26,693,119</u>	<u>6,250,280</u>	<u>799,778</u>	<u>34,061,844</u>
As at 31 December 2022 and 1 January 2023					
Purchased	–	158,129	22,674	–	180,803
Net unrealised gain/(loss) recognised in profit or loss	36,533	(59,447)	(49,055)	(90,920)	(162,889)
Exchange adjustments	(934)	(615,984)	(133,048)	(10,663)	(760,629)
Disposals	–	(915,773)	(27,209)	–	(942,982)
Reclassification	(172,721)	(30,001)	–	–	(202,722)
	<u>181,545</u>	<u>25,230,043</u>	<u>6,063,642</u>	<u>698,195</u>	<u>32,173,425</u>
As at 30 June 2023					

## 27. SEGMENT INFORMATION

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

### **Fund Management Business**

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

## Business segments

For the six months ended 30 June 2023:

	Fund Management Business			Principal Investments Business				Total HK\$'000
	Primary Market Investments HK\$'000	Secondary Market Investments HK\$'000	Fund of Fund Investments HK\$'000	Key Investee Companies HK\$'000	Financial Investments HK\$'000	Cornerstone Investments HK\$'000	Reportable segments total HK\$'000	
Income from contract with customers	181,809	18,327	5,957	-	114,606	-	320,699	320,699
Net income/(loss) from investments	749,958	16,833	111,813	130,442	(608,101)	330,656	731,601	731,601
Income from other sources	100	9,860	-	-	11,870	-	21,830	21,830
<b>Total income/(loss)</b>	<b>931,867</b>	<b>45,020</b>	<b>117,770</b>	<b>130,442</b>	<b>(481,625)</b>	<b>330,656</b>	<b>1,074,130</b>	<b>1,074,130</b>
Segment operating results	845,257	(20,377)	104,134	109,238	(717,258)	330,656	651,650	651,650
Unallocated head office and corporate expenses *								(841,066)
Share of profits less losses of associates	(102,034)	-	-	85,727	1,330	466,992	452,015	452,015
Share of profits less losses of joint ventures	13,508	-	(105)	-	-	-	13,403	13,403
<b>Profit/(loss) before taxation</b>	<b>756,731</b>	<b>(20,377)</b>	<b>104,029</b>	<b>194,965</b>	<b>(715,928)</b>	<b>797,648</b>	<b>1,117,068</b>	<b>276,002</b>
Less: Non-controlling interests	(22,291)	(55,954)	-	-	24,727	-	(53,518)	
<b>Segment results</b>	<b>734,440</b>	<b>(76,331)</b>	<b>104,029</b>	<b>194,965</b>	<b>(691,201)</b>	<b>797,648</b>	<b>1,063,550</b>	
Other segment information:								
Interest income	114,312	72,748	21,478	14,812	79,616	-	302,966	
Impairment losses recognised in the statement of profit or loss	3,559	-	-	21,204	42,424	-	67,187	

\* 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 six months ended 30 June 2022:

	Fund Management Business			Principal Investments Business			Reportable segments total HK\$'000	Total HK\$'000
	Primary Market Investments HK\$'000	Secondary Market Investments HK\$'000	Fund of Funds Investments HK\$'000	Key Investee Companies HK\$'000	Financial Investments HK\$'000	Cornerstone Investments HK\$'000		
Income from contract with customers	248,099	27,209	11,696	–	108,139	–	395,143	395,143
Net (loss)/income from investments	(1,865,373)	(319,867)	198,206	8,459	(1,052,492)	386,803	(2,644,264)	(2,644,264)
Income from other sources	–	(19,605)	–	–	77,906	–	58,301	58,301
Total (loss)/income	<u>(1,617,274)</u>	<u>(312,263)</u>	<u>209,902</u>	<u>8,459</u>	<u>(866,447)</u>	<u>386,803</u>	<u>(2,190,820)</u>	<u>(2,190,820)</u>
Segment operating results	(1,682,585)	(366,854)	198,509	8,459	(1,116,089)	386,803	(2,571,757)	(2,571,757)
Unallocated head office and corporate expenses*								(559,261)
Share of profits less losses of associates	15,139	–	–	(61,305)	9,972	429,194	393,000	393,000
Share of profits less losses of joint ventures	<u>7,132</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(239)</u>	<u>–</u>	<u>6,893</u>	<u>6,893</u>
(Loss)/profit before taxation	(1,660,314)	(366,854)	198,509	(52,846)	(1,106,356)	815,997	(2,171,864)	<u>(2,731,125)</u>
Less: Non-controlling interests	<u>12,666</u>	<u>40,732</u>	<u>6,101</u>	<u>–</u>	<u>26,060</u>	<u>–</u>	<u>85,559</u>	
Segment results	<u>(1,647,648)</u>	<u>(326,122)</u>	<u>204,610</u>	<u>(52,846)</u>	<u>(1,080,296)</u>	<u>815,997</u>	<u>(2,086,305)</u>	
Other segment information:								
Interest income	54,962	45,198	30,016	8,459	84,268	–	222,903	
Impairment losses recognised in the statement of profit or loss	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>27,750</u>	<u>–</u>	<u>27,750</u>	

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

## Other information

As at 30 June 2023:

	Fund Management Business			Principal Investment Business			Reportable segments total	Total
	Primary Market Investments	Secondary Market Investments	Fund of Funds Investments	Key Investee Companies	Financial Investments	Cornerstone Investments		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	19,877,001	4,391,309	10,453,042	3,233,135	21,470,662	5,781,081	65,206,230	65,206,230
Investments in associates	2,354,870	-	-	2,411,876	483,274	12,566,516	17,816,536	17,816,536
Investments in joint ventures	897,532	-	5,663	-	174	-	903,369	903,369
Unallocated head office and corporate assets								376,698
Total assets								<u>84,302,833</u>
Segment liabilities	2,478,671	1,215,201	5,139,631	-	3,651,978	-	12,485,481	12,485,481
Unallocated head office and corporate liabilities								32,848,400
Provision for taxation								609,592
Deferred tax liabilities								<u>1,860,740</u>
Total liabilities								<u>47,804,213</u>

As at 31 December 2022:

	Fund Management Business			Principal Investments Business			Reportable segments total	Total
	Primary Market Investments	Secondary Market Investments	Fund of Funds Investments	Key Investee Companies	Financial Investments	Cornerstone Investments		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	19,397,815	5,224,606	10,111,206	3,210,177	21,767,112	5,451,519	65,162,435	65,162,435
Investments in associates	2,533,808	-	-	2,339,330	479,902	12,649,524	18,002,564	18,002,564
Investments in joint ventures	925,780	-	-	-	377	-	926,157	926,157
Unallocated head office and corporate assets								385,455
Total assets								<u>84,476,611</u>
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								<u>2,131,886</u>
Total liabilities								<u>46,599,510</u>



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

For Fund Management Business, as at 30 June 2023, total assets under management (“AUM”)<sup>1</sup> of CEL reached approximately HK\$154.8 billion with 78 funds. Through various primary market funds and Fund of Funds 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 comprehensive financial services to Chinese and overseas investors through introducing and combining overseas technologies superiority to the Chinese market.

In respect of 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 in China to build a high quality 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 (“AI”) and Internet of Things (“IoT”) industry. Meanwhile, CEL also invests in financial assets to achieve a balance in return and liquidity in its principal investments 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) in the case of primary market investment and Fund of Funds market investment, and refer to the net asset value of funds in the case of secondary market investment.



## REVIEW AND ANALYSIS

### Macro-economic Situation and Industry Review

According to the Global Economic Prospects published in June by the World Bank, there will be a significantly slower global economic growth compared with last year in view of the ongoing Russo-Ukrainian conflict and the tightening monetary policies implemented by advanced economies to contain high inflation. It is expected that the real global GDP growth will decrease from 3.1% in 2022 to 2.1% in 2023. In emerging markets and developing economies other than China, the growth rate of real GDP is expected to decrease from 4.1% in 2022 to 2.9% in 2023. Besides, the World Bank raises its forecast for China's real GDP growth in 2023 to 5.6%. Meanwhile, credit is tightening in international markets, and the Federal Reserve, European Central Bank and Bank of England have tightened their monetary policies. Hong Kong dollar, which is pegged to the US dollar, has also strengthened along with the strong US dollar, leading to an uptrend, with fluctuations, in the Hong Kong Interbank Offered Rate (HIBOR). The RMB, by contrast, is showing a fluctuating downtrend. According to the data released by the China Foreign Exchange Trade System, the RMB Exchange Rate Index in the first half of the year declined from 100.03 to 96.74, representing a decrease of 3.29%.

In the first half of this year, major global stock indexes exhibited various degrees of growth. The NASDAQ Index led the way with an increase of 31.73%, followed by an increase of 27.19% and 19.65% in the Nikkei 225 and Taiwan Stock Exchange Weighted Index, ranking in the second and third place respectively. In addition, the Dow Jones Industrial Average Index and Standard and Poor's 500 Index in the US grew by 3.8% and 15.91%, respectively. In European markets, Germany's DAX increased by 15.98%, France's CAC 40 increased by 14.31% and the United Kingdom's FTSE 100 slightly increased by 1.07%. Despite a double-digit growth recorded by the major indexes in the US and European market, the major indexes in the Chinese market showed a comparatively weaker performance owing to the composite effect of geopolitical situation, foreign capital outflows and a slower-than-expected economic recovery. Among which, the SSE Composite Index grew by 3.65% and the SZSE Component Index recorded a moderate growth of 0.10%, whereas the CSI 300 Index fell by 0.75% and the ChiNext Index, Hang Seng Index and Hang Seng TECH Index tumbled by 5.61%, 4.37% and 5.27%, respectively.

The global equity investment market felt a downward pressure from the macro economic environment. Despite the number of funds with newly raised capital remains generally stable in China's equity investment market, fundraising size contracted significantly with a poorer performance, as compared with the same period last year, in key areas such as fundraising, investment and exit business. In terms of fundraising, there was a year-on-year decline in the total amount of funds raised. According to the statistics of Zero2IPO Research Center, a total of 3,289 funds completed a new round of fundraising in China's equity investment market in the first half of this year, representing a year-on-year decrease of 0.3%; and the funds raised amounted to RMB734.145 billion, representing a year-on-year decrease of 23.5%. There was also a downward trend in the amount raised by individual funds in addition to the decline in fundraising size. In the first half of this year, the average fundraising amount of individual funds decreased to RMB223 million, representing a year-on-year decrease of 23.3%. In addition, foreign currency funds continued to decline, with a closing of 23 foreign currency funds in total, representing a year-on-year decline of 54.9%; and the funds raised amounted to approximately RMB42.228 billion, representing a year-on-year decrease of 35.4%. In terms of investment, China's private equity investment market continued to exhibit a slowdown trend, with the number and amount of investment both reduced in different degrees as the market entered into a phase of adjustment and transition. The boosting effect on the confidence of market participants from the recovery of macro economy was yet to be fully reflected and the valuation of projects in trending fields are still relatively high, causing the PE market investment activities entered into a "cooling-off period". In terms of exit business, there was a steady recovery of Chinese economy in the first half of 2023, and capital market policies were favourable to domestic and overseas listing of Chinese enterprises, resulting in a steady increase of IPO market activities. There were 218 Chinese enterprises listed in domestic and overseas markets in the first half of 2023, representing a year-on-year increase of 13.5%. IPO financing amount was approximately RMB223.895 billion, representing a year-on-year decrease of 29.1%.

## **Business Review Highlights in the First Half of 2023**

In the first half of 2023, with a view to preventing risks, the Group optimised its strategic planning, focused on its core responsibilities and main business, and improved its risk compliance and monitoring mechanism construction. Faced with the challenges from a complicated and ever-changing global financial environment, the Group adjusted its operating strategies in a step-by-step manner and took the lead to facilitate the transition and development. Meanwhile, benefited from a recovering capital market, there was an improvement in the results of our fund management business and a steady increase in overall operating results, realising a turnaround from loss to profit.

During the reporting period, benefited from a recovering global capital market, there was a rebound in stock price from the beginning of the year in the listed stocks held by the Group; meanwhile, certain projects' valuations have also increased benefiting from the recovery of global capital market, resulting in improved investment gains compared with the same period last year, driving an improvement in the overall operating results of the Group and realising a turnaround from loss to profit. Among which, the Fund Management Business saw a greater improvement with an income of HK\$1.006 billion, as compared with a loss of HK\$1.697 billion in the same period last year. During the reporting period, the Group achieved an overall operating revenue of HK\$1.540 billion, as compared with a loss of HK\$1.791 billion in the same period last year; and achieved a profit of HK\$313 million, as compared with a loss of HK\$2.655 billion in the same period last year.

During the reporting period, the Group reinforced its management in fundraising, investment, management and exit business, strengthened its internal control and continued to improve its risk-prevention ability to realise a gradual transition into high-quality development. The Group made significant progress in the following areas:

**Fund management**

**Proceed fundraising steadily:** despite difficulties in fundraising in industries, CEL Yixing FoFs was newly established and raised new funds of HK\$1.302 billion. The new fund will mainly focus on industries including energy conservation and environmental protection, integrated circuit, and new energy, with a view to serving the economic development of the Yangtze River Delta region.

**Capture investment opportunities prudently:** during the reporting period, the Company held a cautious attitude and invested in key projects including Grit Science and Reforgene Medicine.

**Gain remarkable income from exit business:** there was a capital return of HK\$3.244 billion in total from the exit business in key projects including ASR Microelectronics, Googut Wine & Spirits, Three's Company Media, Ambrx, and Rici Healthcare, realising an income of approximately HK\$1.232 billion against costs, and achieving a better investment return.

**Key investee companies**

**CALC grows steadily:** the number of CALC's aircraft increased to 189, representing an increase of 13 aircraft from the end of 2022, consisting of 162 owned aircraft and 27 managed aircraft. CALC's owned and managed aircraft are leased to 42 airlines in 20 countries and regions.



**Everbright Senior Healthcare improving competitiveness continuously:** it constantly optimised the three-level elderly service model featuring institutional, community-based, and home-based elderly services, improved the ability of “Medical + Senior Healthcare”, “Insurance + Senior Healthcare” and “Service + Senior Healthcare”. It has 190 institutional and community service centers covering over 50 cities across the country, forming a deployment covering the Beijing-Tianjin-Hebei region, Yangtze River Delta, and Chengdu-Chongqing Economic Circle, with more than 32,000 beds under management.

**Terminus achieves high industry recognition:** Terminus was awarded the “2023 AIGC Application Scenario Innovation Top 50” (2023年度AIGC應用場景創新Top 50) released by EqualOcean (億歐), was selected as the Most Valuable Enterprise for Investment in 2022 by Investorn (投資家), and was widely recognised in the industry.

#### **Resources reserve**

**Retain sufficient liquidity reserve:** as of the end of June 2023, the Group had cash and cash equivalents of approximately HK\$10.4 billion and unutilised bank facilities available for use of approximately HK\$10.2 billion, representing a sufficient liquidity condition.

**Increase the coverage depth of technology innovation resources:** the incubator at China Everbright Hong Kong Innovation Centre hit and beat the target earlier than expected by introducing 6 new enterprises and attracting the first foreign enterprise.

**Serve key regional development:** we continued to carry out in-depth overall planning for the Beijing-Tianjin-Hebei region, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, increased investments in real economy, supported and served major national strategies, and served the domestic and international “dual circulation” actively.

**Environmental,  
social and governance  
("ESG")**

**Fulfil social responsibilities:** we granted the title of Youth Science and Technology Innovation Partner of the Joint Incubator to the Hong Kong Young Scientist Association and assisted in launching the "Millions of Youngsters in China and Thousands of Doctors in the Divine Land" programme; we also actively participated in the HKSAR's "Strive and Rise Programme" for youth development and invited 100 students and teachers to watch the performance of La Bayadère by Hong Kong Ballet. We aim to expand the horizon of Hong Kong's youth through the promotion of arts and culture.

**Improve ESG management policy on an ongoing basis:** we continued improving and optimising the ESG management policy by issuing separate and self-contained ESG reports to disclose information in relation to responsible investment and TCFD; we kept track of any changes in the industry closely and were rewarded with a continuous increase of MSCI ESG rating with the latest score of 5.2.

**Improve the Company's management policy on an ongoing basis:** we continued improving the institutional construction of funds establishment and management to promote an operation in compliance with laws and regulations on an ongoing basis; addressed external risk-related issues and strengthened risk prevention and review; and organised training sessions on new regulations for private equity fund industry to raise awareness of operating in compliance with laws and regulations.

## FINANCIAL PERFORMANCE IN THE FIRST HALF OF 2023

### Income

Key income items (in HK\$ hundred million)	2023 1H	2022 1H	Change
Income from contracts with customers, mainly including:	<b>3.21</b>	3.95	<b>(19%)</b>
– Management fee income	<b>0.98</b>	1.50	<b>(35%)</b>
– Rental income	<b>1.07</b>	1.02	<b>5%</b>
– Performance fee and consultancy fee income	<b>1.10</b>	1.42	<b>(23%)</b>
Net income/(loss) from investments, mainly including:	<b>7.32</b>	(26.44)	<b>N/A</b>
– Interest income	<b>3.03</b>	2.23	<b>36%</b>
– Dividend income	<b>7.22</b>	10.61	<b>(32%)</b>
– Realised (loss)/gain on investments	<b>(0.69)</b>	1.12	<b>N/A</b>
– Unrealised loss on investments	<b>(2.24)</b>	(40.55)	<b>94%</b>
Income from other sources	<b>0.22</b>	0.58	<b>(62%)</b>
Share of profits less losses of associates	<b>4.52</b>	3.93	<b>15%</b>
Share of profits less losses of joint ventures	<b>0.13</b>	0.07	<b>86%</b>
<b>Total amount of income</b>	<b>15.40</b>	<b>(17.91)</b>	<b>N/A</b>

During the reporting period, the Group's income from contracts with customers decreased by 19% as a result of, among others, a decrease in net asset value of secondary market funds and certain funds entering into the exit period. In addition, investment income turned around to gain from loss with a total amount of income<sup>2</sup> of HK\$1,540 million in the first half of 2023, whereas a loss of HK1,791 million was recorded over the same period last year.

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

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

- (1) In the first half of 2023, the Group's income from contracts with customers was HK\$321 million, representing a year-on-year decrease of HK\$74 million. Specifically, management fee income was HK\$98 million, representing a year-on-year decrease of HK\$52 million. It was mainly because of newly established fund still in fundraising stage, cessation of receipt of management fee from certain funds entering into their exit period, redemption of secondary market funds from certain investors and exit of certain funds, leading to the decline in AUM of the Company as well as the decline in management fee income. Additionally, performance fee and consultancy fee income was HK\$110 million, representing a year-on-year decrease of HK\$32 million, which was mainly due to the lack of exit of large-scale projects in the first half of 2023.
- (2) The Group's net income from investments was HK\$732 million, whereas net loss from investments of HK\$2,644 million was recorded during the same period last year. Specifically, dividend income was HK\$722 million, representing a year-on-year decrease of HK\$339 million, which was mainly due to a dividend income of approximately of HK\$566 million incurred from the divestment of funds for large-scale projects in the first half of last year. Realised loss on investments was HK\$69 million, whereas realised gain from investments of HK\$112 million was recorded during the same period last year, specifically, a loss of HK\$145 million was realised on trading securities (the same period in 2022: a loss of HK\$20 million) and a net gain of HK\$76 million was realised on the disposal of financial assets at fair value through profit or loss (the same period in 2022: an income of HK\$132 million). Unrealised loss on investments was HK\$224 million, representing a reduction of loss by HK\$3,831 million as compared with the same period last year. The loss was mainly attributable to: in Principal Investments Business, the unrealised loss of HK\$786 million recorded from financial investments (as at the end of 2022, the carrying value of financial investments<sup>4</sup> was HK\$8,640 million) mainly due to valuation decline of certain investment projects, nevertheless, the unrealised loss was partially offset by an unrealised gain of HK\$116 million from the increase in valuation of Key Investee Companies<sup>3</sup> (as at the end of 2022, the carrying value of the Key Investee

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<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.

Companies was HK\$2,793 million); in Fund Management Business, unrealised gain on primary market investments was HK\$293 million which was mainly the gain from primary market funds as a result of increase in market value or valuation of the projects invested (as at the end of 2022, the carrying value of primary market investment<sup>3</sup> was HK\$15.508 billion). As affected by the increase in market price, the secondary market investments recorded an unrealised gain of approximately HK\$72 million (as at the end of 2022, the carrying value of secondary market investments<sup>4</sup> was HK\$4,054 million). Unrealised gain on FoFs investments<sup>3</sup> was HK\$81 million (as at the end of 2022, the carrying value of FoFs investments was HK\$7,646 million).

- (3) During the reporting period, the Group's share of profits less losses of associates was HK\$452 million, representing a year-on-year increase of HK\$59 million, mainly due to an increase in the profit attributable to Everbright Securities, an associate of the Group of HK\$38 million.

### Income from Key Business Segments

#### Income from key business segments

(in HK\$ hundred million)

	2023 1H	2022 1H
– Income/(loss) from Fund Management Business	10.06	(16.97)
– Income/(loss) from Principal Investments Business	5.34	(0.94)
<b>Total amount of income</b>	<b>15.40</b>	<b>(17.91)</b>

<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.

By business segment, the income from Fund Management Business of the Group during the reporting period was HK\$1,006 million, whereas a loss of HK\$1,697 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 recovery in the valuation of certain projects due to a rebound in the stock market in the first quarter of the year, forming an unrealised gain of approximately HK\$446 million. The income from Principal Investments Business was HK\$534 million (the same period last year: a loss of HK\$94 million), in which the unrealised loss decreased to approximately HK\$670 million from HK\$1,182 million in the same period last year, it was principally due to the rebound of market value and interim valuation of principal investment projects. In addition, as the performance of Everbright Securities and investment projects have improved, the share of profit of Everbright Securities and dividend income from the investment projects for the first half of 2023 was HK\$906 million in aggregate, representing an increase of HK\$81 million as compared with the same period last year.

### Earned Management Fee Income<sup>5</sup>

<i>(in HK\$ hundred million)</i>	As presented in the financial report	Elimination of		Other accounting adjustments	Earned Management Fee Income
		management fee income from consolidated funds (a)	Management fee income received by associates/joint ventures (b)		
Primary market	0.82	0.44	0.98	0.01	2.25
Secondary market	0.10	0.12	–	0.03	0.25
FoFs	0.06	0.50	–	0.05	0.61
<b>Management fee income</b>	<b>0.98</b>	<b>1.06</b>	<b>0.98</b>	<b>0.09</b>	<b>3.11</b>

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

For the purpose of resource allocation and business performance evaluation, the management of the Group adopts Earned Management Fee Income as an additional financial measurement indicator. 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.

During the reporting period, management fee income as presented in the financial report was HK\$98 million. After making adjustments<sup>6</sup> between the Earned Management Fee Income recognised by the Group for the reporting period and the management fee income presented in accordance with the Hong Kong Financial Reporting Standards (the total amount of three adjustments was HK\$213 million), Earned Management Fee Income of the Group was HK\$311 million, representing a year-on-year decrease of 23%. Specifically, Earned Management Fee Income of primary market was HK\$225 million, representing a year-on-year decrease of 25%; Earned Management Fee Income of secondary market was HK\$25 million, representing a year-on-year decrease of 38%; and Earned Management Fee Income of FoFs was HK\$61 million, representing a year-on-year decrease of 3%. The decrease in management fee income was mainly due to combined factors, such as newly established fund still in fundraising stage, cessation of receipt of management fee from those funds entering into their exit period, and the decline in AUM of secondary market funds as a result of decrease in net assets and the exit of certain funds.

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<sup>6</sup> The adjustments between the Earned Management Fee Income recognised by the Group for the reporting period and the management fee income presented in accordance with the Hong Kong Financial Reporting Standards 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 its 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 fee income 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.

## Profit

### Profit in Key Business Segments

<i>(in HK\$ hundred million)</i>	2023 1H	2022 1H	Change
Profit/(loss) from Fund Management Business	7.62	(17.69)	N/A
Profit/(loss) from Principal Investments			
Business:	3.02	(3.17)	N/A
– Key investee companies	1.95	(0.53)	N/A
– Financial investments	(6.91)	(10.79)	36%
– Cornerstone investments	7.98	8.15	(2%)
Less: Unallocated corporate expenses, taxes and profit attributable to holders of senior perpetual capital securities	<u>(7.51)</u>	<u>(5.69)</u>	<u>(32%)</u>
Profit/(loss) attributable to shareholders of the Company	<u>3.13</u>	<u>(26.55)</u>	<u>N/A</u>

During the reporting period, the profit attributable to shareholders of the Company was HK\$313 million, whereas loss of HK\$2,655 million was recorded during the same period last year. Reasons for the profit:

- (1) Profit from Fund Management Business was HK\$762 million, whereas loss of HK\$1,769 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 30 June 2023 increased compared with the end of 2022, causing an unrealised gain on investments of HK\$446 million.
- (2) Profit from Principal Investments Business was HK\$302 million, whereas loss of HK\$317 million was recorded during the same period last year. It was mainly due to the recovery in the valuation of certain projects invested and a slight increase in the profit and income contribution from the Group's equity interests in Everbright Securities and China Everbright Bank respectively.



## Dividend

Per share (HK\$)	2023 1H	2022 1H	Change
Earnings/(loss) per share	0.19	(1.58)	N/A
Interim dividend per share	<u>0.15</u>	<u>0.15</u>	<u>-</u>

Profit attributable to shareholders of the Company for the period was HK\$313 million, and net cash inflow from operating and investing activities was HK\$1,436 million in aggregate. In the reporting period, the Group turned loss into profit with sufficient liquidity and the overall financial, business and operating conditions remained solid. Following the practice of sharing the Company's operating results with shareholders, the Board declared interim dividend of HK\$0.15 per share for 2023 (2022 interim dividend: HK\$0.15 per share).

## Key Financial Ratios

Key Financial Data <sup>7</sup>	30 June 2023	31 December 2022	Change
Gearing ratio <sup>8</sup>	94.7%	86.9%	+7.8ppt
Net gearing ratio <sup>9</sup>	84.8%	81.2%	+3.6ppt
Debt-to-asset ratio <sup>10</sup>	56.7%	55.2%	+1.5ppt
Current ratio <sup>11</sup>	103.6%	109.8%	-6.2ppt

The Group executed refined cost control to reduce carbon emissions at the operation level and boosted operating efficiency through technological and electronic methods. Operating costs<sup>12</sup> for the first half year amounted to HK\$439 million, representing a year-on-year decrease of 1.8%.

<sup>7</sup> Gearing ratio, net 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> Gearing ratio is calculated as interest-bearing debt (including bank loans + notes payable + bonds payable)/total equity x 100%

<sup>9</sup> Net gearing ratio is calculated as (interest-bearing debt – available cash)/total equity

<sup>10</sup> Debt-to-asset ratio is calculated as total liabilities/total assets x 100%

<sup>11</sup> The current ratio is calculated as current assets/current liabilities x 100%

<sup>12</sup> Operating costs include staff costs, depreciation and amortisation expenses and other operating expenses

As at the end of June 2023, the gearing ratio of the Group was 94.7%, representing an increase of 7.8 percentage points compared to the end of last year. This was mainly attributable to, among others, the exchange difference arising from the translation of financial statements due to the depreciation of RMB against the Hong Kong dollar, the decline in share price of its holdings in China Everbright Bank after converting into Hong Kong dollar, as well as the distribution of dividends. As at the end of June 2023, cash reserve of the Group increased, netting off the available cash of HK\$3,613 million (as at the end of 2022: HK\$2,143 million of available cash), net gearing ratio increased by 3.6 percentage points to 84.8% as compared with that as at the end of last year. As at the end of June 2023, the Group's total equity decreased to HK\$36.499 billion from HK\$37.877 billion as at the end of last year, leading to an increase in the gearing ratio passively. Total interest-bearing liability at the end of June 2023 was HK\$34.554 billion, representing an increase of HK\$1,640 million from HK\$32.914 billion at the end of last year.

As at the end of June 2023, the Group had cash and cash equivalents of approximately HK\$10.406 billion and unutilised bank facilities available for use of approximately HK\$10.222 billion, representing sufficient liquidity and a sound overall financial condition.

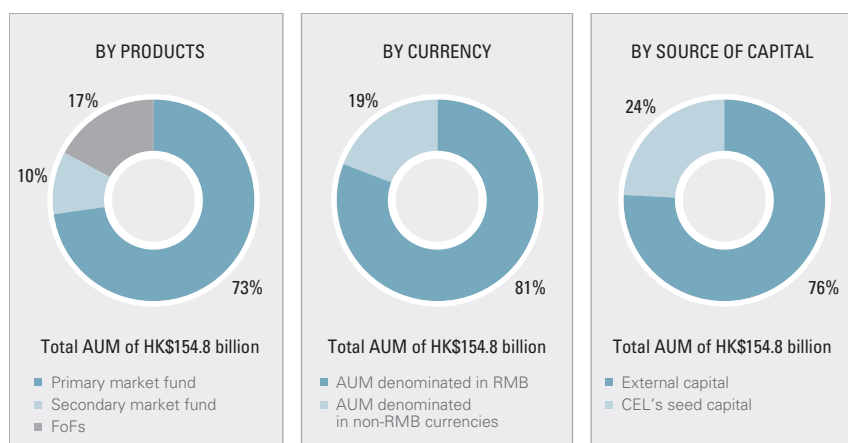
## **BUSINESS PERFORMANCE ANALYSIS**

### **Fund Management Business**

In the first half of 2023, 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\$154.8 billion as at 30 June 2023, representing a decrease of approximately HK\$10.7 billion compared to the end of last year. During the reporting period, one new FoFs were established, with proceeds of approximately HK\$1.302 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\$3.821 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\$124.854 billion and HK\$29.903 billion, accounting for 81% and 19% of the total amount, respectively. In terms of the nature of funds, the Group's Fund Management Business included 44 primary market funds, 25 secondary market funds and accounts and 9 FoFs products.

During the reporting period, the Group tailored to the circumstances to make prudent investment decisions to exit from prevailing projects sensibly. The Fund Management Business made contributions of approximately HK\$178 million to a total of 9 projects, and exited, fully or partially, from 46 projects, recording a cash inflow of approximately HK\$1.782 billion.



### *Primary Market Funds*

As at 30 June 2023, 44 primary market fund products were under the management of the Group, with an aggregate AUM equivalent to approximately HK\$112.5 billion, out of which amounts equivalent to approximately HK\$90.6 billion and approximately HK\$21.9 billion were denominated in RMB and other currencies, accounting for 81% and 19% of the total amount, respectively. From the investment perspective, the Group invested in key projects such as Grit Science and Reforgene Medicine; from the exit perspective, the Group combined transfer, IPO and other diversified exit channels. It exited projects including ASR Microelectronics, Googut Wine & Spirits, Three's Company Media, Ambrx and Rici Healthcare to generate a satisfactory return on investment and cash inflow for the Group.

### *Secondary Market Funds*

As at 30 June 2023, CEL's secondary market business managed a total of 25 funds and discretionary accounts with AUM in terms of net worth of funds of approximately HK\$15.9 billion. In terms of product categories, fixed-income products and equity products accounted for 97% and 3% 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 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 Company'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 was 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 30 June 2023, CEL's FoFs team managed 9 FoFs with an AUM of RMB24.301 billion, equivalent to approximately HK\$26.357 billion.

In the first half of 2023, 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, eastern 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 30 June 2023, there were 95 invested projects (sub-funds and direct investment projects) under the FoFs, and a total of 93 investees in the underlying projects of invested sub-funds and direct investment projects under the FoFs were listed. During the reporting period, 7 new enterprises were listed, all of which came from the underlying projects of sub-funds.

During the reporting period, due to its outstanding performance, CEL's FoFs were awarded "China's Best LPs TOP 30" by ChinaVenture; Recbio, the CEL's investment project, won the award "Best exit cases in China's medical and health services industry TOP 5", and Giant Biogene, the CEL's investment project, won the award "Best exit cases in China's medical and health services industry TOP 5"; and CEL won the award "2022 Best investment institutions in biomedical TOP 20".

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

As at 30 June 2023, CEL held 29.17% equity interest in Everbright Jiabao, an A-share listed company (stock code: 600622.SH), as its largest shareholder. Everbright Jiabao managed 34 projects through EBA Investments, with AUM of approximately RMB42.5 billion, equivalent to approximately HK\$46.096 billion. In the first half of 2023, Everbright Jiabao/EBA Investments adhered to the overall strategy of stable operation and continued to optimise the operating condition of projects under management and endeavoured to boost the operating and management standards of projects. As at the end of the reporting period, EBA Investments and its subsidiaries managed a total of 20 commercial projects of IMIX Parks in mainland China through fund investment or entrusted management, primarily located in consumption center cities in various municipalities and provinces in China. In addition, EBA Investments continued to expand the business of real estate construction and management projects under the brand of "安石建管", and newly expanded and reserved a number of projects during the reporting period. During the reporting period, EBA Investments was ranked first in the "Top 10 Enterprises in terms of Comprehensive Strength among China Real Estate Funds" jointly appraised by the China Enterprise Evaluation Association, Property Research Institute of Tsinghua University and Beijing China Index Academy for nine 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 30 June 2023, the Principal Investments Business managed 66 post-investment projects with an aggregate carrying amount of approximately HK\$33.3 billion. Among these projects, the total carrying amount of equity interest held in CALC, Everbright Senior Healthcare and Terminus was approximately HK\$5.6 billion; the fair value of financial investments was approximately HK\$9.9 billion; the fair value of the cornerstone investments in China Everbright Bank was HK\$5.2 billion, and the carrying amount of Everbright Securities accounted for as an associate was HK\$12.6 billion.

<b>Principal investments (in HK\$ hundred million)</b>	<b>30 June 2023</b>	31 December 2022
– Key Investee Companies	<b>56</b>	55
– Financial Investments	<b>99</b>	113
– Cornerstone Investments	<b>178</b>	181
	<hr/>	<hr/>
Total	<b>333</b>	349
	<hr/>	<hr/>

#### *Key Investee Companies*

#### CALC

As at 30 June 2023, 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 30 June 2023, CALC had a fleet of 189 aircraft with an increase of 13 aircraft from the end of 2022, consisting of 162 owned aircraft and 27 managed aircraft. CALC's owned and managed aircraft are leased to 42 airlines in 20 countries and regions.

## Everbright Senior Healthcare

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

## Terminus

During the reporting period, Terminus actively promoted market expansion, focused on high-growth business opportunities, continued to explore new business scenarios and business models, and comprehensively improved the Company's competitiveness. The project "Software-Defined Ubiquitous Operating System and Environment", which Terminus deeply participated in, has successfully passed the review and was approved. The project will effectively guide the future-oriented digital infrastructure construction in China and accelerate the iterative upgrade of smart cities. At the same time, Terminus and Hong Kong University of Science and Technology (Guangzhou) jointly established the Joint Research Center for Digital World, aiming to promote the research and applications of Artificial Intelligence of things (AIoT). Terminus was recognised by the industry given the fact that it was awarded the "2023 AIGC Application Scenario Innovation TOP 50" released by EqualOcean, and was selected as the Most Valuable Enterprise for Investment in 2022 by Investorscn.

### *Financial Investments*

CEL's financial investments funded by its own capital cover the following aspects: (1) based on the investment/co-investment opportunities brought by the Group's funds and extensive business network, investing in the equity or debt of unlisted companies; (2) investing in structured financing products with a balance in return and liquidity. As at 30 June 2023, CEL's financial investments amounted to HK\$9.9 billion in various sectors including real estate, new economy and technology, artificial intelligence and advanced manufacturing, and green investments, with the aggregate carrying value of the top 10 projects amounting to HK\$6.4 billion.

### *Cornerstone Investments*

As at 30 June 2023, the carrying amount of a certain portion of equity interests in Everbright Securities and China Everbright Bank held by the Group as cornerstone investments each accounted for more than 5% of the Group's total assets and the two investments were regarded as significant investments of the Group. These two cornerstone investments held by the Group accounted for in aggregate 48.8% and 21.1% 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 30 June 2023, the Group held 956 million A-shares in Everbright Securities, representing 20.73% of its total share capital, with an investment cost of HK\$1,497 million. Everbright Securities is accounted for as an associate of the Group. The carrying value of the shares held by the Group was HK\$12.6 billion, accounting for 34.4% and 14.9% of the Group's net assets and total assets respectively. Based on the closing price of RMB15.89 per share as at 30 June 2023, the fair value of the shares in Everbright Securities held by the Group was HK\$16.5 billion. During the reporting period, the Group's share of profit from Everbright Securities as an investment in associate was HK\$467 million, representing a year-on-year increase of 8.9%.



## 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 30 June 2023, the Group held 1.57 billion A-shares in China Everbright Bank, representing 2.66% of the total share capital of China Everbright Bank, with an investment cost of HK\$1,407 million. The shares in China Everbright Bank held by the Group are accounted for as equity investments designated at fair value through other comprehensive income. Based on the closing price of RMB3.07 per share as at 30 June 2023, the carrying amount and fair value of the shares in China Everbright Bank held by the Group amounted to HK\$5.2 billion, accounting for 14.4% and 6.2% of the Group's net assets and total assets respectively. During the reporting period, the Group's income from China Everbright Bank was HK\$331 million, representing a year-on-year decrease of 11.2%.

## OUTLOOK

In the second half of 2023, it is expected that the global market liquidity will remain tight and macroeconomic monetary policies will continue to affect asset prices. Chinese economic growth will mainly depend on the degree of recovery of domestic demands. Along with continued recovery of the economy and gradual implementation of macroeconomic policies, consumption is expected to continue its recovery momentum and be the main driver of economic growth. Under policy supports, infrastructure investments will maintain rapid growth and investments in high-tech industries will provide structural supports for the growth of manufacturing investments. The real estate market is gradually recovering after bottoming off and the decrease in real estate development investments has been narrowing down slowly. International market demands may further slow down and growth in exports faces relatively high pressure. The macroeconomic policies will focus on expanding domestic demands and making concerted efforts to recover from the scars brought by the pandemic continuously while making efforts to promote high-quality development. In terms of fiscal policies, the central government may adopt more proactive policies and agile tools, so as to ensure the reasonableness and sufficiency of liquidity, maintain stable and relatively loose liquidity environment and continue to improve efficiency.

Based on the understanding and judgment of the above macroeconomic and industry development, in the second half of 2023, the Group will still insist on the general principle of ensuring stability and persist in promoting high-quality development as a cornerstone while upholding quality in the first place and giving priority to performance, in order to improve the core competitiveness of private equity investment management continuously, stick to the bottom-line and enhance the risk prevention and disposal capabilities constantly.

**In terms of fundraising, we will develop fund products with a focus on advantageous industries to enhance the quality of fundraising.** We put emphasis on the improvement of key indicators like the proportion of paid-in capital and management fee and promote the cross-market expansion of U.S. dollar funds and RMB funds, so as to lay a solid foundation for the growth of the Group's AUM and increase in turnover. **In terms of investments, we will deploy our specialised industries and strengthen industry researches, so as to select carefully and invest strictly.** 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, respond to national advocacy, conduct in-depth research on policies and industries, enrich the pipeline of projects, strictly review investment projects and continue to apply prudent investment strategies. **In terms of management, we will strengthen post-investment management and build solid lines of defence against risks.** We will continue to strengthen the management of investees and invested projects, so as to ensure investment projects to be "clear, manageable and rewarding". We will monitor quantitative indicators of risk preference monthly and integrate indicators of risk preference with the business management of the Group, prevent and control risks in a forward-looking manner, with a view to eliminating major risks. **In terms of investment exit, we will continue to exit expeditely with better strategies.** We will continue to increase efforts to exit from existing investment projects through M&A, transfer and IPO, so as to recover funds. 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 formulate better exit plans.

The Group will focus on developing the private equity investment management market and maintaining its strategic focus on long-term investments unswervingly while continuing to deploy our specialised industries with strengths in the industry. We will proactively respond to potential risks from the slowdown in global economic growth, upward interest rate, and change in the trade environment. The Group will seize the fundamentals of Chinese economic recovery, firmly grasp the period with opportunities brought by the industrial policy adjustments and proactively push forward business transformation, so as to optimise the full-chain equity investment system of "fundraising, investment, management and exit" and achieve high-quality development of the cross-border asset management market. The Group is committed to maintaining stable returns to share the fruit of our development with Shareholders and investors.

## **FINANCIAL POSITION**

As at 30 June 2023, the Group's total assets amounted to HK\$84.303 billion (31 December 2022: HK\$84.477 billion) with net assets amounting to HK\$36.499 billion (31 December 2022: HK\$37.877 billion). Equity attributable to the Company's shareholders was HK\$33.587 billion (31 December 2022: HK\$34.489 billion) and equity attributable to shareholders of the Company per share was HK\$19.93 (31 December 2022: HK\$20.47).

## **FINANCIAL RESOURCES**

The Group adopts a prudent approach in liquidity management to ensure liquidity risk control and reduce the cost of funds. The Group finances its operations primarily with internally generated cash flow and loan facilities from banks. As at 30 June 2023, the Group had cash and bank balances of HK\$10.406 billion (31 December 2022: HK\$8.236 billion). Currently, most of the Group's cash is denominated in Hong Kong dollars and Renminbi.

## **BORROWING**

As at 30 June 2023, the Group's interest-bearing borrowings amounted to HK\$34.554 billion (31 December 2022: HK\$32.914 billion). The Group will review and ensure sufficient banking facilities to reserve resources to support its business development. As at 30 June 2023, the Group had banking facilities of HK\$33.388 billion (31 December 2022: HK\$32.875 billion), of which HK\$10.222 billion (31 December 2022: HK\$11.958 billion) had not been utilised. The banking facilities were of one to twelve years terms. The Group had an outstanding bank loan of HK\$23.166 billion (31 December 2022: HK\$20.917 billion), which increased by HK\$2.249 billion compared with 31 December 2022, of which HK\$20.945 billion (31 December 2022: HK\$18.591 billion) was unsecured. The Group had issued corporate bonds with an outstanding principal amount of HK\$11.388 billion (31 December 2022: HK\$11.997 billion). The interest-bearing borrowings were denominated in Renminbi, Hong Kong dollars and United States dollars, representing 44%, 49%, 7% of the total respectively. As at 30 June 2023, approximately 66% of the Group's total principal amount of borrowing were at floating rates and the remaining 34% were at fixed rates. The maturity profile of the Group's borrowings is set out in note 22 of the Notes to the Financial Statements in this announcement.

## **PLEDGE OF ASSETS**

As at 30 June 2023, restricted deposits of HK\$643 million (31 December 2022: HK\$664 million) were pledged to a bank to secure a banking facility granted to the Group. Restricted bank balances of HK\$342 million (31 December 2022: HK\$46 million) were pledged to the banks for sales of mortgaged properties to customers and interest reserve account on borrowings, and no restricted bank balances were used to secure certain bonds payable of the Group (31 December 2022: HK\$244 million). Investment properties, inventories and stocks with carrying values of HK\$4,162 million (31 December 2022: HK\$4,362 million), HK\$239 million (31 December 2022: HK\$383 million) and HK\$1,453 million (31 December 2022: HK\$1,563 million), respectively, and were mortgaged to secure certain bank loans granted to the Group. Pursuant to the prime brokerage agreements entered with the prime brokers of a fund held by the Group, cash and securities deposited with the prime brokers were secured against liabilities to the prime brokers. As at 30 June 2023, assets deposited with the prime brokers included HK\$1,160 million (31 December 2022: HK\$1,514 million) and HK\$110.9 million (31 December 2022: HK\$0.5 million) which formed part of the Group's trading securities and debtors respectively. Analysis on collateral of the Group's bank loans and bonds payable is set out in note 17 and note 18 of the Notes to the Financial Statements in this announcement.

## **EMPLOYEES**

As at 30 June 2023, the Group's headquarters and wholly owned subsidiaries had 268 (31 December 2022: 273) full-time employees. The Group ensures that the remuneration packages for employees are fair and competitive and are determined by position, duties, experience and performance of employees. Other benefits to employees include medical insurance, retirement scheme and training programmes.

## **EBA YIDA**

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

<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**

During the period under review, the Group continuously implemented relevant work of the risk management system to effectively control the principal risks which may be encountered by the Group. Those risks include credit risk, liquidity risk, interest rate risk, currency risk and equity price risk, the details of which are set out in note 25 of the Notes to the Financial Statements of this announcement.

## **INTERIM DIVIDEND**

The Board declared the payment of an interim dividend of HK\$0.15 per share for the six months ended 30 June 2023 (2022: HK\$0.15 per share) to those shareholders whose names appear on the register of members of the Company on Friday, 22 September 2023. The interim dividend will be paid on Friday, 6 October 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 19 September 2023 to Friday, 22 September 2023, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with 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 Monday, 18 September 2023.

## **PURCHASE, SALE OR REDEMPTION OF LISTED EQUITY SECURITIES**

There was no purchase, sale or redemption of the Company's listed equity securities by the Company or any of its subsidiaries during the six months ended 30 June 2023.

## **CORPORATE GOVERNANCE CODE**

The Company has complied with all the 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") during the six months ended 30 June 2023.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted its own "Code for Securities Transactions by Directors & 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 six months ended 30 June 2023.

## **REVIEW BY AUDIT AND RISK MANAGEMENT COMMITTEE**

The Audit and Risk Management Committee comprises Dr. Chung Shui Ming Timpson, Dr. Lin Zhijun and Mr. Law Cheuk Kin Stephen. The committee is chaired by Dr. Chung Shui Ming Timpson. All members are independent non-executive Directors.

The Audit and Risk Management Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial report of the Group for the six months ended 30 June 2023.

By order of the Board  
**China Everbright Limited**  
**Zhang Mingao**  
*President*

Hong Kong, 25 August 2023

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

**Executive Directors:**

Mr. Zhang Mingao (*President*)  
Ms. Wang Yun  
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