光大控股
EVERBRIGHT LIMITED

The Power to *Transform*
專 注 致 遠　順 勢 有 為

Enduring Commitment
TRANSFORMATIVE IMPACT
堅 韌 致 遠　水 滴 石 穿

Annual Report 2024 I Stock code: 165

COVER STORY

Enduring Commitment
TRANSFORMATIVE IMPACT

A water droplet, minute yet unrelenting.
It falls, again and again — silent but ceaseless.
Each ripple breaks barriers;
Every groove etches resilience.
Patience in waiting; power amassed in stillness.

With 27 years in cross-border asset management, CEL masters resilience and focus — transforming time into expertise, challenges into growth. Like water droplet, we nurture patient capital, persisting through challenges to carve pathways where others see obstacles — proving that time, grit, and purpose transform persistence into legacy.

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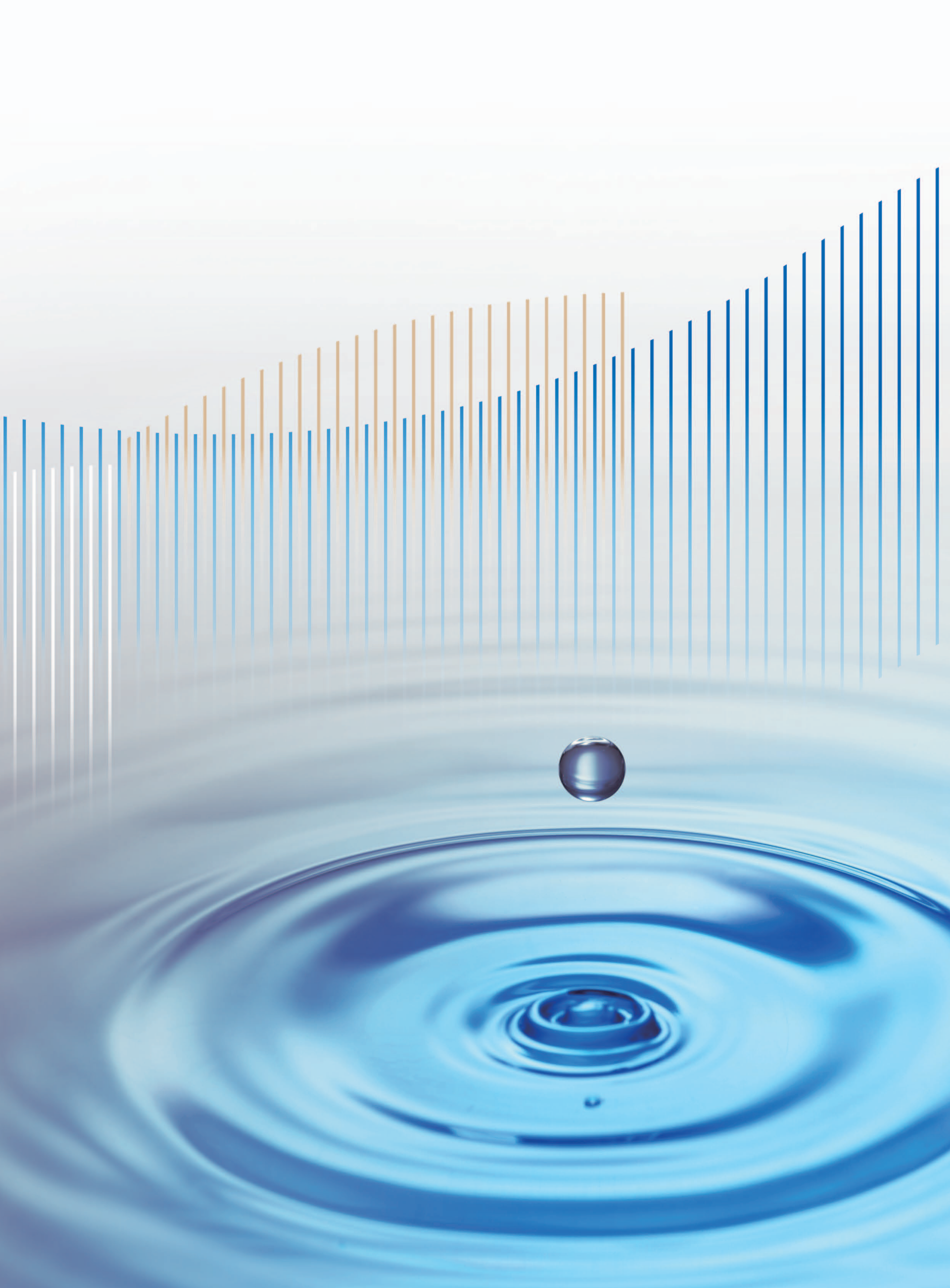
FINANCIAL SECTION

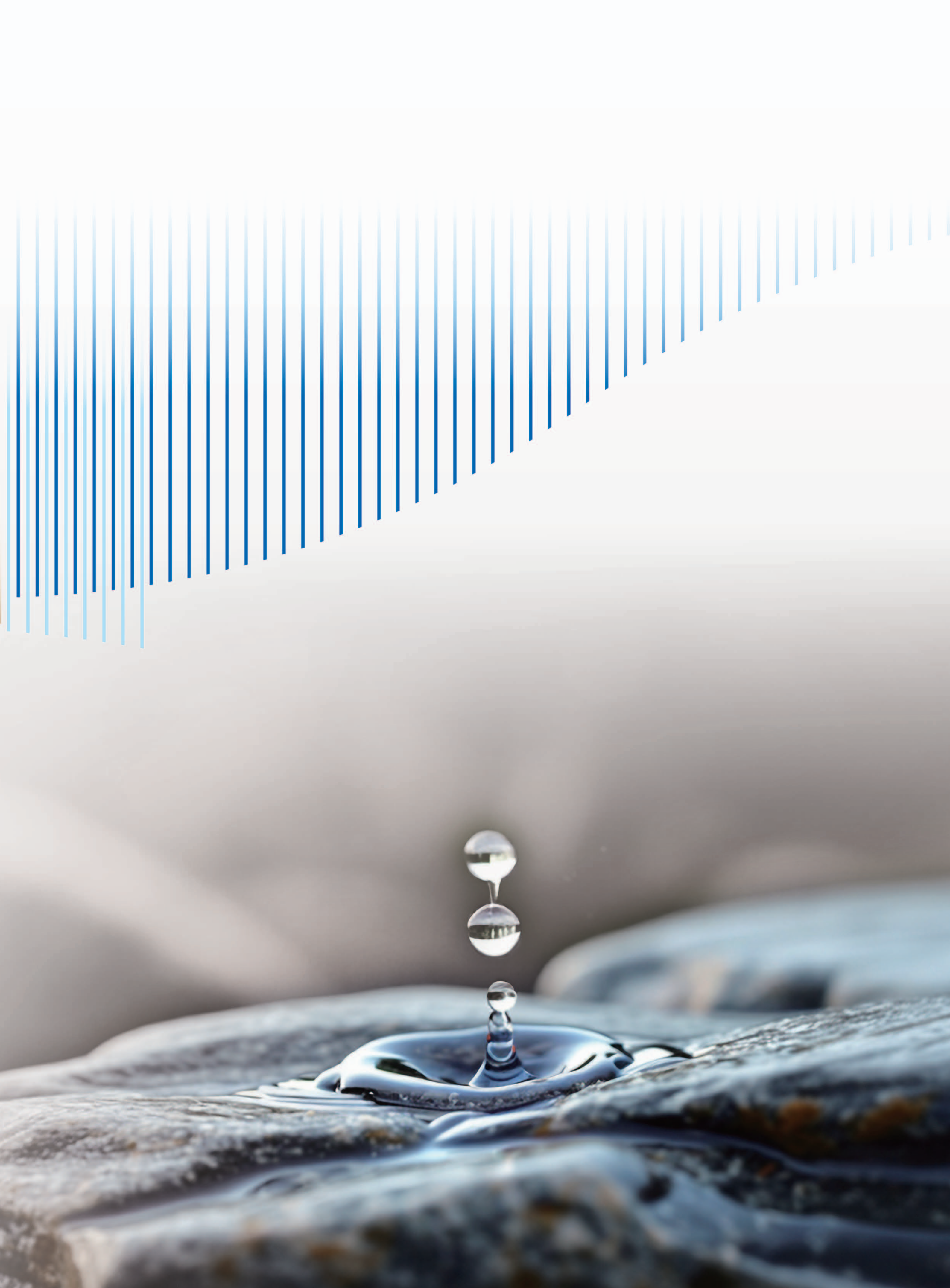
INNOVATING TO BREAK THROUGH

CEL leverages its forward-looking strategic framework and robust cross-cycle strength to solidify the foundation for high-quality development, showcasing the remarkable resilience of innovative growth.



ENDURING SUCCESS

CEL prioritizes innovative productive forces while actively nurturing patient capital. With over 27 years of cross-border asset management expertise, we are dedicated to consistently delivering long-term value for our shareholders and investors.



COMPANY OVERVIEW

China Everbright Limited (stock code: 165.HK) ("CEL" or the "Company", together with its subsidiaries, collectively the "Group") is a leading cross-border asset management and private equity investment company in China, and a listed company in Hong Kong with management and investment of private funds as the core business. With more than 27 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"), the largest shareholder of the Company, indirectly holds 49.74% of the shares of CEL.

For Fund Management Business, as at 31 December 2024, total assets under management ("AUM")[1] of CEL reached approximately HK$117.4 billion, with 71 funds. By forming a rich asset management product line covering primary market funds, secondary market funds, FoFs, S funds, etc., CEL has nurtured many promising enterprises with high growth potential alongside with investors. CEL fully capitalised its role as a cross-border investment platform to support strategic emerging industries, prospective industries and scientific and technological innovation, foster new quality productivity and contribute to the development of the real economy.

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

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

中国光大集团
CHINA EVERBRIGHT GROUP

49.74%

光大控股
EVERBRIGHT LIMITED

FUND MANAGEMENT BUSINESS

PRIMARY MARKET INVESTMENTS	SECONDARY MARKET INVESTMENTS	FUND OF FUNDS INVESTMENTS

- Fund products including primary market funds (including real estate private funds under EBA Investments), secondary market funds and FoFs
- Invests in both domestic and overseas markets, including USD and RMB-denominated products
- AUM amounting to approximately HK$117.4 billion, of which seed capital committed by CEL accounts for approximately 28.5%, with an amount of approximately HK$33.5 billion

PRINCIPAL INVESTMENTS BUSINESS

KEY INVESTEE COMPANIES	FINANCIAL INVESTMENTS	CORNERSTONE INVESTMENTS

- **Key Investee Companies:** focusing on aircraft full life-cycle services, senior healthcare management, and AIoT
- **Financial Investments:** financial investments in equity, debts, and structured products
- **Cornerstone Investments:** a portion of the equity interests in China Everbright Bank and Everbright Securities
- The scale of the Principal Investments Business amounting to approximately HK$31.9 billion

2024 BUSINESS DEVELOPMENT HIGHLIGHTS

BUSINESS HIGHLIGHTS IN 2024

In 2024, although the policy synergies helped propel China's economy toward general stability and structural optimisation, challenges such as insufficient effective demand, weak social expectations and structural adjustment persisted. During the reporting period, generally unfavourable conditions in the primary market and the volatility of the real estate sector caused some projects to record unsatisfactory results and encounter difficulty in exit. Our results are affected by the relatively large unrealised investment loss recorded during the reporting period. Nevertheless, the Company managed to maintain positive cash inflow from operating activities and investing activities due to the stable operation of our core business and our effective measures in enhancing cost control. During the reporting period, CEL proactively adopted a series of initiatives to cope with various challenges posed by the market and coordinated transformation and development, seizing the opportunities arising from the gradually recovering capital market, enabling the Group to focus on increasing revenue and controlling cost, thereby successfully turning around certain business segments from the loss position in the first half of the year. Furthermore, certain core indexes have shown improvements, achieving the anticipated operating quality.

Committed to cultivating our major business to achieve steady development. During the reporting period, focusing on Fund Management Business, we successfully established CEL Liaoning Fund (光控遼寧基金) (RMB700 million) and CEL Ganzhou Guohui Industrial Development Fund (光控贛州國惠產業發展基金) (RMB400 million). We also completed investments in, amongst others, Xiaomi Industry Fund (小米產業基金), Hongjun Microelectronics (鴻鈞微電子), Yizhuang Automobile Fund (亦莊汽車基金), supporting the growth of domestic industries such as Artificial Intelligence (AI) computing infrastructure, semiconductor, electronic equipment, domestic new energy vehicles, and automated driving. Our secondary market funds promptly seized opportunities presented by market recovery, yielding satisfactory results with substantial increase in income. In particular, Everbright Convertible Opportunities Fund recorded an annual net return rate of 19.64%. Regarding exit, we completed exit such as Shuyi Tealicious (書亦燒仙草), Liaoji Food (廖記食品) and JD Logistics (京東物流). The total exit amount of funds and principal investments exceeded HK$3.8 billion, with a multiple on invested capital (MOIC) of 1.54 times. During the reporting period, our Principal Investments Business has managed to reverse losses while one of our Key Investee Companies, Terminus, filed a listing application with HKEx. Our cornerstone investments have performed well and provided stable income for the Company.

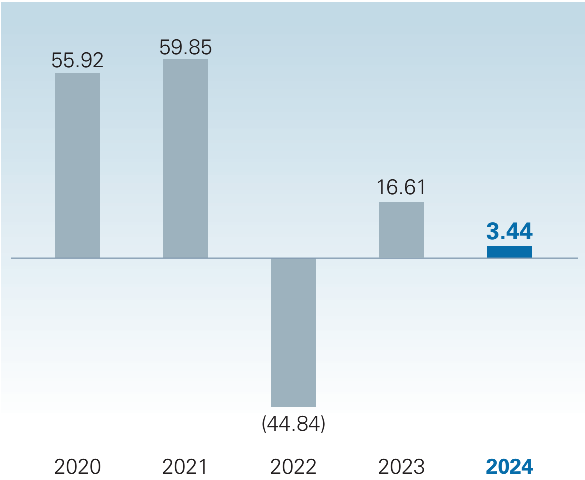
Optimise operation and management through reform and innovation. During the reporting period, the Company achieved remarkable results in reducing costs and increasing efficiency. We had been actively replacing existing loans, optimising debt maturity and currency structure, which resulted in reduction of financial expenses by over HK$300 million compared to the previous year, and successfully lowered the leverage ratio by nearly 3% compared to the end of the previous year. By refining cost control measures, operating costs were reduced by more than 9%. At the same time, we actively promoted the classification of risky assets, strengthened valuation management and implemented rigid risk monitoring. Further, we continued to establish and improve our risk prevention mechanism, maintaining proper daily monitoring of the risks associated with invested projects, and developed a new risk mechanism to monitor, alert and address risks in a timely manner. The Company attaches great importance to ESG (Environmental, Social and Governance) initiatives. During the reporting period, the Company attained an A grade in MSCI ESG rating, marking our third successive ascension.

Develop forward-looking strategies to guide actions. During the reporting period, the Company overcame difficulties and was calmly responding to challenges, adhering to our general principal of seeking progress in stability, accurately and effectively capitalising on favourable incremental policies and fully leveraging our strengths to increase investment returns. We proactively developed a "15th Five-Year" strategic plan ("十五五"戰略規劃) according to the guidance of the "Executive Meeting of State Council" (國常會) and the "17 Provisions on Policy for Promoting Venture Capital Development" (創投十七條). Leveraging on our advantages as a cross-border platform, in synergistic collaboration, and with state-owned background, we formulated strategic plans aimed at enhancing the Company's intrinsic value in key industries and strategic regions. At the same time, we strengthened our presence in Hong Kong through partnering with the city's industrial parks and six universities to promote the construction of the Everbright Hong Kong Innovation Centre, while contributing to cultivation and incubation of local technological ventures, assisting domestic enterprises from mainland China in expanding overseas, and reinforcing our brand influences.

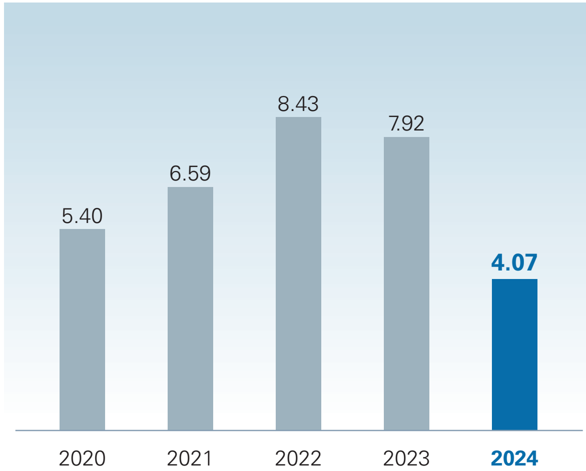
A summary of the Group's medium-term note issuance in 2024 is as follows:

Bond abbreviation	Date of issuance	Size of issuance	Use of proceeds
24 Everbright Limited MTN002	May 2024	RMB4.5 billion	Repayment of domestic maturing medium-term notes and corporate bonds, net of underwriting fees.
24 Everbright Limited MTN001	March 2024	RMB4.0 billion	Repayment of foreign bank loans and domestic medium-term notes, net of underwriting fees.

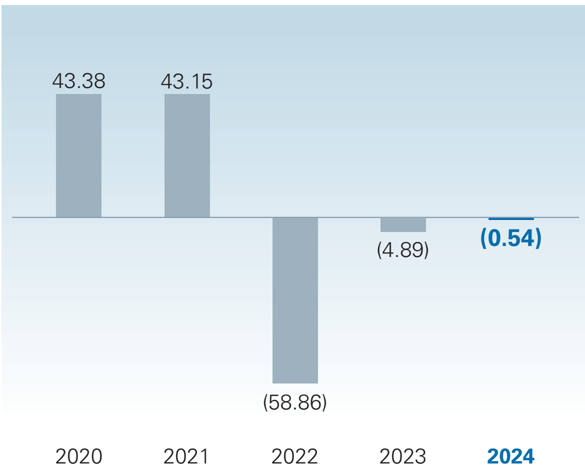
TOTAL AMOUNT OF INCOME
(HK$ hundred million)



INCOME FROM CONTRACTS WITH CUSTOMERS
(HK$ hundred million)

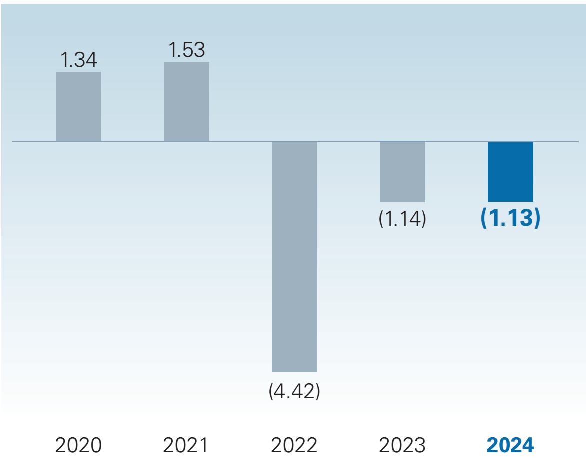


(LOSS)/INCOME FROM INVESTMENTS
(HK$ hundred million)



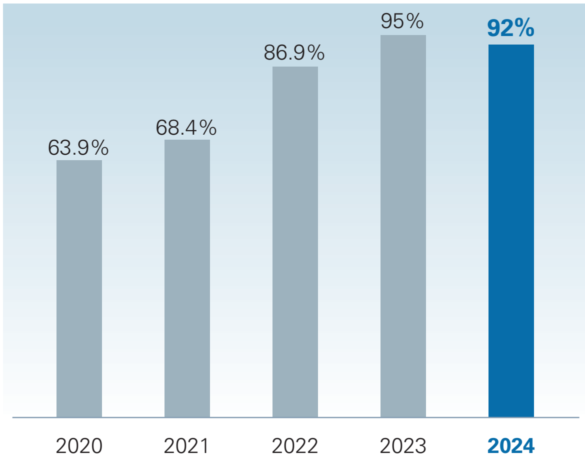
BASIC (LOSS)/EARNINGS PER SHARE

(HK$)



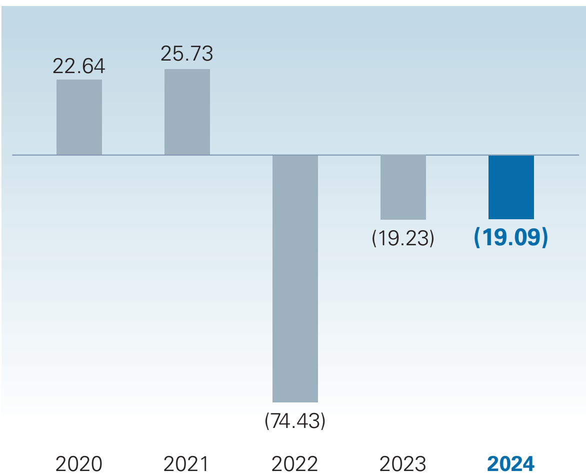
GEARING RATIO#

(%)



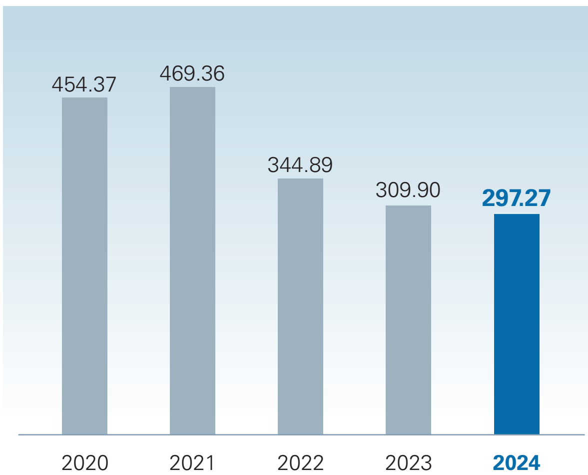
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(HK$ hundred million)



TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(HK$ hundred million)



Note:

It is calculated as interest-bearing debt (including bank loans + notes payable + bonds payable)/total equity.

2024 REVIEW

BUSINESS DEVELOPMENT

In 2024, CEL, in performing its role as a Hong Kong-based Chinese financial enterprise, proactively catered for the national strategy, focused on new quality productivity in business operation and made steady progress in operation and development.

- Convened the 2024 CEL Work Conference and committed to achieving ground-breaking high-quality development.

- Capital structure is optimised on an ongoing basis with the successful issuance of two tranches of the medium-term notes of RMB8.5 billion in total size.

Recognised by world-class university foundations, CEL was selected as one of the first batch of potential partners of the Entrepreneurship Engine Fund of the University of Hong Kong and secured investment commitments, becoming the only central state-owned enterprise fund manager included.

CEL held talks with Fortune Venture Capital with an aim to further strengthen exchanges and cooperation, actively explore development trends in hard-tech, advanced manufacturing, and renewable energy sectors, cultivate new quality productivity and facilitate high-quality economic development.

CEL held talks with Guangzhou Municipal Science and Technology Bureau to exchange their views in further consolidating the collaboration in Guangzhou Fund of Funds, the investment in new quality productivity and the support provided to the youth innovation and entrepreneurship in Guangzhou, Hong Kong and Macao.

CEL, China Everbright Bank Xiamen Branch and Xiamen Torch Group entered into a cooperation agreement in connection with the Xiamen Torch Guangyu Marine Hi-Tech Industry Development Equity Investment Fund (厦門火炬光煜海洋高新業發展股權投資基金) (tentative name).

SOCIAL RESPONSIBILITY

During the Spring Festival, CEL held the "Dragon Lantern Blessing Charity Walk" (龍燈送祝福公益行) event in Beijing and Hong Kong.

During the May 4th Youth Day, CEL held youth festival volunteer service activities of "Tree Protection" and "Environmental Protection Again" in Beijing and Hong Kong respectively. The Company's young employees continued to participate in social welfare undertakings and serve the society with practical actions.

CEL actively supports the Hong Kong SAR government's "Strive and Rise Programme" and holds a simulated flight experience event called "Strive and Rise Programme — Dream Flight, Soaring Wings".

CEL organized a visit for Hong Kong employees to the National Security Exhibition Hall to strengthen patriotism education, enhance national security awareness and the sense of responsibility in safeguarding national security.

CEL organized the Shine Hong Kong — Mid-Autumn Festival "Food Angel" charity event to send greetings and care to the elderly living alone during the festive season.

CEL initiated the "Shine Campus" education public welfare project and organized the first "Shine Campus" financial knowledge public welfare seminar at Pui Kiu Middle School in Hong Kong to help build Hong Kong as an international financial center.

CEL invited Hong Kong youths to watch a folk-dance performance to promote the excellent traditional Chinese culture and enhance the national identity and cultural confidence of Hong Kong youths.

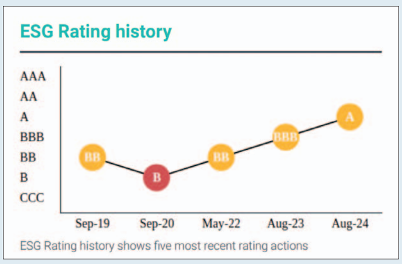
CEL strongly supports the rodent prevention and control program in Wan Chai District, Hong Kong, by launching the "Rat Control Mission" (鼠擋防衛戰) of "Rat Eradication 2.0" (《消鼠奇兵2.0》), and has long been committed to community assistance to respond to Hong Kong's community needs.

AWARDS AND HONORS IN 2024

In 2024, CEL and its professional funds won a number of prestigious industry awards and honors, and its cross-border asset management and investment capabilities were highly recognized by the industry.

Company awards

CEL's MSCI ESG rating has continuously jumped to A level



CEL has been named among the " Top 30 Best Private Equity Investment Institutions in Guangdong-Hong Kong-Macau Greater Bay Area " for six consecutive years

CEL won the "ESG Asset Management Pioneer Award" at the CCXGFI and Hong Kong ESG Reporting Awards

CEL was awarded the "TOP50 Influential PE Investment Institutions in China" and the "Top 50 China Most Influential State-owned investment institutions" in the Golden Investment Prize of China Venture Capital Institute

CEL was awarded the "China Best State-owned investment institutions TOP100"

Professional Fund Awards

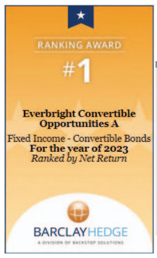
CEL Fund-of-Funds

Awarded the "Best State-owned Market-oriented FoFs TOP13 in 2024" by China-fof.com

Awarded the "TOP20 Best Market-oriented FoFs in China " for 2023-2024 by Chinese Venture

Awarded the "2024 China's Top 30 Influential Limited Partners" by China Venture Capital Research Institute

Awarded FOFWEEKLY's "Top 20 Soft Power Ranking of New Quality Productivity Investment Institutions — Financial Institutions 2024"



Everbright Convertible Opportunities Fund was rated "No. 1 in Fixed Income Convertible Bond Fund Performance in 2023" by BarclayHedge

China Everbright Assets Management Limited. won the "Bond Underwriting and Trading Active Participation in Overseas Institutions" award from Shenzhen Stock Exchange

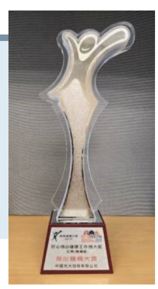
Everbright Income Focus Fund won the "Best Return Product of the Year" award from the Chinese Asset Management Association of Hong Kong

Corporate Social Responsibility & Human Resources

CEL has been rated as a "Happy Company " by the Chinese Manufacturer's Association of Hong Kong and Promoting Happinness Index Foundation for 10 consecutive years, and was awarded the "Happy Company 10+" Logo

CEL has been awarded the title of "Breastfeeding Friendly Workplace" by UNICEF for three consecutive years

CEL won the "Joyful@healthy Workplace Award (Corporate/Organization Category) — Outstanding Organization Award" jointly awarded by the Hong Kong Department of Health, Labor Department and Occupational Safety and Health Council



CHAIRMAN'S STATEMENT

2024 was a critical year for achieving the goals and tasks of the "14th Five-Year Plan". The international situation was complex and domestic reform tasks were challenging. In the face of multiple internal and external challenges, the domestic economy has demonstrated strong resilience, achieving not only reasonable quantitative growth, but also effective qualitative improvements. New quality productive forces have developed steadily with high-quality development being advanced solidly.

For CEL, 2024 was an extraordinary year. In the face of the complex external environment, the Company's management has led the team to stay united, under the guidance of Everbright Group, focused on the main business, deepen reforms, and balance stability with development, achieving positive results and further strengthening the foundation for the Company's high-quality development.

STRENGTHENING THE FOUNDATION TO FOCUS ON THE MAIN BUSINESS OF ASSET MANAGEMENT

Despite the complex macroeconomic and industry situation, the Company has closely followed national policy guidelines with a focus on its main responsibilities and businesses, actively participating in the selection of government investment fund managers. It successfully established CEL Liaoning Fund (光控遼寧基金) and CEL Ganzhou Guohui Industrial Development Fund (光控贛州國惠產業發展基金), while several funds in cooperation with local governments have made positive progress. Liaoning Smart Manufacturing Industry Investment Fund (遼寧智能製造產業投資基金) is the first QFLP (Qualified Foreign Limited Partner) fund in Northeast China, which aims to strengthen cooperation between central and local governments, promote integrated development of central and local governments, and contribute to the overall revitalization of Northeast China.

Guided by the "Five Major Financial Initiatives", the Company is committed to serving the high-quality development of the real economy. It actively responds to the policy guidance of making early and small size investments, with a long-term focus on hard technologies. During the year, the Company completed investments in multiple new quality productive forces projects such as Xiaomi Industry Fund (小米產業基金), Hongjun Microelectronics (鴻鈞微電子) and Yizhuang Automobile Fund (亦莊汽車基金). At the same time, the secondary market team has actively seized market opportunities, achieved good investment returns, won a number of authoritative industry awards, and continued to gain industry recognition.

Focusing on serving the real economy and national regional strategies, the Company has fulfilled its role as a central financial institution, leveraging its professional advantages to optimise its project investment layout and reserves. The investment scale in green industries, technology industries and private enterprises continues to grow. It also supports the "Belt and Road" initiative, and assists the overseas expansion of COMAC C909 aircraft, while continuing to strengthen its development in the Guangdong-Hong Kong-Macao Greater Bay Area, where the Zhuhai Hengqin project is being conducted in an orderly manner.

OPTIMISING OPERATIONS TO ENHANCE MANAGEMENT QUALITY AND EFFICIENCY

The Company coordinates its transformation and development, optimises resource allocation, and injects impetus into new business development. On the one hand, it actively implements "cost control and efficiency improvement". By replacing existing loans, optimising debt maturity and currency structure, the Company has successfully reduced leverage and financing costs. At the same time, it has streamlined the organizational structure, optimised business processes, strengthened budget management, improved procurement control, and implemented refined management, continuously enhancing management quality and efficiency. On the other hand, the Company has strengthened talent cultivation and team building. Focusing on talent team building and upgrading the management mechanism, it has shaped a corporate culture with its values, deepened the communication mechanism and strengthened employee care. Encouraging learning and innovation, the Company has explored and optimised its incentive and discipline mechanism, appraisal system and follow-up investment mechanism. By leveraging the exemplary role of appraisal and incentives, the Company fully motivates its employees to be more proactive and engaged.

PLANNING DEVELOPMENT STRATEGIES WITH CLEAR POSITIONING

The Company has thoroughly implemented the central government's directives on financial and economic work, as well as the strategic plan of Everbright Group. It has further reaffirmed the strategic position to focus on cross-border investment and asset management, streamlined its development approach, and formulated strategic optimisation measures along with a list of negative developments. Firstly, we have reaffirmed our key business areas and strictly adhered to national strategic guidelines. By fully leveraging our advantages in cross-border platform and state-owned background, we have actively participated in the selection of government investment fund managers, thereby expanding our involvement and presence in venture capital funds and enhancing our ability to raise long-term, patient capital. These efforts have improved the quality and effectiveness of our services for the real economy. Secondly, we have strengthened business synergies by advancing national key regional development strategies, actively engaging with local governments to strongly support the construction of Everbright Group's regional synergic mechanism. Thirdly, we have boosted our brand influence by actively promoting the implementation of key fund projects. This has increased the paid-in capital of the funds, improved their market competitiveness, and strengthened the Company's influence and brand value.

STAYING TRUE TO OUR ASPIRATIONS IN FULFILLING SOCIAL RESPONSIBILITY

In 2024, guided by President Xi Jinping's important speeches and instructions on the "One Country, Two Systems" policy and Hong Kong affairs, the Company has strengthened the coordination and planning of its social responsibility efforts in Hong Kong. Firstly, we have actively contributed to building the "Bright+" (光彩+) brand to better coordinate and manage our social responsibility efforts in Hong Kong, participating in a wide range of public welfare services in areas such as "community care", "cultural services", "innovative technology", "ecological and environmental protection", and "labour fraternity and cohesion programme". Secondly, we dedicated "everything CEL has" to serve "what the community needs", with a focus on young people and disadvantaged groups in Hong Kong. We made every effort to carry out social responsibility projects that support education, promote traditional Chinese culture and art, and show care for the elderly. Staying true to the core values of CEL, we have contributed to the development of the grassroots communities in Hong Kong through various initiatives. These include sending warmth to elderly residents in nursing homes, delivering festive "fortune gifts" to grassroots communities, the "Strive and Rise" programme, and the "Hong Kong · Under the Blessing of Dragon Lanterns — a Charity Walk Event" (香港・龍燈送祝福公益行). Thirdly, in the area of sustainability advocacy, we have optimised our ESG working mechanism with a clearer and more refined division of responsibilities. In 2024, the Company's MSCI ESG rating surged from last year's BBB to A, marking our third consecutive upgrade in three years.

2025 not only marks the conclusion of the "14th Five-Year Plan" but also serves as a critical year for CEL to deepen reforms and transition into high-quality development. As a cross-border asset management company that has grown alongside Hong Kong since its return to the motherland and is focused on long-term development, CEL will leverage its cross-border advantages and local resources to continue optimising its business. Focusing on "fundraising, investment, management, exit and transfer", we are committed to achieving continuous improvement in the Company's core competitiveness. Furthermore, we will adhere to the overarching principle of seeking progress in stability and dedicate all our efforts to put our thoughts into practice to make bold progress and positive impacts on the community. Together with all sectors of society, we will overcome every hurdle on the path of reform and advance high-quality development solidly.

Looking ahead, with the gradual optimisation of the industry ecosystem, the Company will encounter new opportunities to enhance its core competitiveness. Driven by a stronger sense of commitment, we will continue to deepen reforms, facilitating transformation through reforms. We will also strengthen cohesion and inspire a proactive, ambitious and enterprising spirit across our workplaces, laying a solid foundation for the Company's stable and long-term development, while propelling it to new heights in its journey into the new era. On behalf of the management of the Company, I would like to express my sincerest gratitude to all shareholders, employees and partners. In the future, we will stay true to our aspirations and forge ahead with an open mindset and more pragmatic actions. We will embrace new opportunities and tackle new challenges through proactively deepening reforms, continuing to create greater value for our shareholders.

Yu Fachang
Chairman
27 March 2025

MANAGEMENT DISCUSSION & ANALYSIS

In 2024, the company maintained strategic focus, anchored its goals in high-quality development, and leveraged its core business as the central pillar, leading to improved operational efficiency. On one hand, we proactively seized opportunities arising from industrial transformation by strategically entering cutting-edge fields such as Artificial Intelligence and semiconductors. Through innovation-driven growth and industrial synergy, we further strengthened our core business operations. On the other hand, we deepened lean management practices, optimizing debt structures and resource allocation to achieve comprehensive operational enhancements. Throughout the year, the company made progress in structural optimization and efficiency improvements, reinforcing a more sustainable development trajectory.

REVIEW AND ANALYSIS

Macro-economic and Industry Review

Despite numerous uncertainties in 2024, the world showed resilience in economic growth as inflation cooled down and the monetary policy of major economies became more accommodative. According to the International Monetary Fund ("IMF") and the Organisation for Economic Co-operation and Development ("OECD"), global GDP growth is projected to be 3.2% in 2024, the same as in 2023. Following a strong start in the first quarter of 2024, China's economic growth slowed in the second and third quarters. In September, the Political Bureau of the Central Committee actively implemented a basket of policies to stabilise growth, including incremental measures such as monetary easing, reducing hidden debt, boosting consumption and stabilising property and stock markets. These efforts successfully led to a 5.4% growth in the fourth quarter, enabling China to meet its annual GDP growth target of 5%.

The year 2024 posed challenges for Asian markets. Non-USD currencies were generally under pressure due to the impact of a strong US dollar ("USD"), with Japanese Yen, Euro, Pound Sterling depreciated by 11.46%, 6.2% and 1.74% against the USD respectively. In contrast, Renminbi ("RMB") remained generally strong compared to other major international currencies. Despite a slight depreciation of 2.92% against the USD, the RMB Exchange Rate Index of the China Foreign Exchange Trade System, which tracks the exchange rate of RMB against a basket of currencies, experienced an annual appreciation of 4.2%. Meanwhile, Asian stock markets were also affected in varying degrees. The Japanese and Indian stock markets experienced a surge in the first half of the year but saw significant volatility in the second half, while China's A-share market faced a slow start but recovered, with all key indices showing an upward trend, as reflected by the annual growth of 12.67%, 13.23% and 16.07% in the SSE Composite Index, the ChiNext Index and the SSE Science and Technology Innovation Board 50 Index respectively. The Hong Kong stock market also reversed from its continuous downward trend in the past four years, with the Hang Seng Index and the Hang Seng Technology Index rising by 17.67% and 18.70% during the year respectively.

In recent years, China's private equity sector faced severe challenges and has yet shaken off such weak momentum due to rising uncertainties in the macro environment and economy. Market participants, who have been struggling with difficulties in fundraising and exiting, have grown increasingly cautious about establishing new funds. Zero2IPO data indicates that 3,981 new funds were raised in China's private equity market in 2024, with a fund size of RMB1.44 trillion, reaching the lowest level in recent years in terms of both fund size and number. Exiting barriers have posed another difficulty in circulating the vast amount of exited funds into new funds, which has, to a certain extent, undermined investor confidence and affected their investment decisions. The ever-increasing difficulties in fundraising and exiting barriers exerted further pressure on the investment side. According to Zero2IPO data, there were a total of 8,408 investment cases in 2024, with a disclosed amount (excluding outliers) of RMB603.6 billion, representing a year-on-year decrease of approximately 10%. To revitalise the market, China has been focusing on the private equity sector's development quality and promulgating favourable policies to guide investors to make early and small-amount investments, with a long-term focus on science and technology. China was also encouraging the development of venture capital and equity investment. The industry is expected to usher in more new funds, which will serve as a key source of capital to promote science and technology innovation and industrial innovation.

FINANCIAL PERFORMANCE ANALYSIS OF 2024

Income

Key income items (in HK$ hundred million)	2024	2023	Change
Income from contracts with customers, mainly including:	4.07	7.92	(49%)
— Management fee income	1.49	1.82	(18%)
— Performance fee and consultancy fee income	0.35	3.77	(91%)
Loss from investments, mainly including:	(0.54)	(4.89)	89%
— Interest income	5.56	6.60	(16%)
— Dividend income	12.91	9.92	30%
— Realised income/(loss) from investments	1.52	(0.13)	N/A
— Unrealised loss from investments	(20.51)	(21.28)	4%
Income from other sources	0.28	11.02	(97%)
Share of profits less losses of associates	0.04	2.31	(98%)
Share of profits less losses of joint ventures	(0.41)	0.25	N/A
Total amount of income	3.44	16.61	(79%)

During the year, total amount of income of the Group was HK$344 million, representing a year-on year decrease of HK$1,317 million as compared to HK$1,661 million for last year. Its income from contracts with customers decreased by HK$385 million year-on-year, mainly due to the lower-than-expected performance fee and consultancy fee income. In respect of loss from investments, with pressure on project valuations in general, our unrealised loss from investments remained more or less on par with that of last year. However, benefiting from increase in dividend income, overall loss from investments narrowed significantly to HK$54 million for the current year from HK$489 million for last year.

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

(1) In 2024, the Group's income from contracts with customers was HK$407 million, representing a decrease of HK$385 million from last year. During the year, the Group realised management fee income of HK$149 million, decreased moderately by HK$33 million from that of last year. The effects of cyclical fluctuations in the industry have caused the scale of asset management to decline from its peak. However, in the face of a complex and volatile market environment, the Group had adhered to a prudent approach in its operations, proactively optimising its asset allocation structure and striving to improve the quality of its core assets. These efforts had provided a stable source of income for the Group. Meanwhile, performance fee and consultancy fee income decreased by HK$342 million from last year to HK$35 million, primarily due to a periodical reduction in relevant income resulting from the prudent management of exit pace in line with the philosophy of value investing.

(2) The Group recorded a loss from investments of HK$54 million, compared to HK$489 million for last year, representing a year-on-year improvement of HK$435 million, amongst which dividend income was HK$1.291 billion, representing a year-on-year increase of HK$299 million, mainly due to the significant increase in dividends received from Fund Management Business. The Group achieved a turnaround in its realised income/(loss) from investments from a loss of HK$13 million for last year to a gain of HK$152 million, mainly driven by the timely exit of mature projects by the Group's investment team, resulting in satisfactory returns.

Unrealised loss from investments was HK$2,051 million, reduced by HK$77 million as compared to last year, with volatility narrowing. This was mainly due to a rebound in the valuation of Key Investee Companies within the Principal Investments Business, resulting in an unrealised gain of HK$344 million (the carrying value of Key Investee Companies as at the end of 2023 was HK$2.162 billion), representing a significant improvement compared to the unrealised loss of HK$448 million last year. Unrealised loss from financial investments amounted to HK$1,012 million, slashed by HK$787 million from a loss of HK$1.799 billion last year, mainly due to the stabilisation of valuation fluctuations in financial investment projects as the market slowly rebounded (the carrying value of Financial Investments as at the end of 2023 was HK$6.313 billion). In Fund Management Business, unrealised loss from primary market investments was HK$1.054 billion, mainly attributable to the loss in primary market funds resulting from the decrease in market value or valuation of invested projects (the carrying value of primary market investments as at the end of 2023 was HK$15.083 billion). Benefiting from market recovery, we recorded an unrealised gain from secondary market investments of approximately HK$40 million (the carrying value of secondary market investments as at the end of 2023 was HK$2.859 billion), and an unrealised loss from FoFs investments of HK$369 million (the carrying value of FoFs investments as at the end of 2023 was HK$7.074 billion).

(3) During the year, the Group's income from other sources was HK$28 million, compared to HK$1,102 million in last year. The income from other sources last year was mainly non-recurring from Financial Investments. During the year, the Group's share of profits less losses of associates was HK$4 million, representing a decrease of HK$227 million when compared with last year. In particular, the share of profit from Everbright Securities decreased by HK$273 million compared with last year, and the share of profit from CALC increased by HK$83 million compared with last year.

Income from key business segments (in HK$ hundred million)	2024	2023
— (Loss)/income from Fund Management Business	(2.90)	10.01
— Income from Principal Investments Business	6.34	6.60
Total amount of income	3.44	16.61

By business segments, the loss from Fund Management Business of the Group during the year was HK$290 million, compared with a gain of HK$1.001 billion last year. The main reasons for the change include: (1) the Group used seed capital to invest in the managed funds, and with the reduction in investment valuations of certain projects, its unrealised gain and loss from investments changed from an unrealised gain of HK$119 million last year to an unrealised loss of HK$1.383 billion in the reporting period; and (2) during the year, the dividend income of the Fund Management Business segment was HK$823 million, representing an increase of 69% compared with HK$488 million last year, which partly offset the impact of the unrealised loss from investments. Additionally, during the year, the Group's income from Principal Investments Business was HK$634 million, which substantially remained stable compared to HK$660 million last year. Although the market price and annual valuation result of principal investment projects further dropped due to market conditions, the improved performance of certain investment projects, such as the year-on-year increase of HK$83 million in the share of profits from CALC, contributed to the stable performance of the Group's principal investment.

Profit and Loss

Profit in Key Business Segments (in HK$ hundred million)	2024	2023	Change
(Loss)/profit from Fund Management Business	(7.23)	2.76	N/A
Profit/(loss) from Principal Investments Business:	1.88	(1.89)	N/A
— Key investee companies	2.72	(5.41)	N/A
— Financial investments	(9.91)	(8.60)	(15%)
— Cornerstone investments	9.07	12.12	(25%)
Less: Unallocated corporate expenses, taxes and profit attributable to holders of senior perpetual capital securities	(13.74)	(20.10)	32%
Loss attributable to shareholders of the Company	(19.09)	(19.23)	1%

During the year, the net loss attributable to shareholders of the Company was HK$1.909 billion, compared to a loss of HK$1.923 billion last year, achieving an overall slight decrease in loss:

(1) Loss from Fund Management Business was HK$723 million, mainly due to the underperformance of certain investment projects in this segment and unrealised loss arising from further valuation adjustments. During the year, unrealised income/loss from investment projects slumped to a loss of HK$1.383 billion from profit of HK$119 million last year. Additionally, realised income saw significant growth during the year, improving from HK$31 million last year to HK$234 million this year. This demonstrates the effectiveness of our active management of investment portfolio, which helped effectively offset the impact of unrealised loss on the statement of profit or loss.

(2) Profit from Principal Investments Business was HK$188 million, representing a turnaround from a loss of HK$189 million last year, mainly attributable to the improvement in the overall performance of Key Investee Companies. Profit from Key Investee Companies shifted from a loss of HK$541 million last year to a profit of HK$272 million in the year, effectively offsetting part of the downside risk and generating revenue to the Group.

Dividends

Per share (HK$)	2024	2023	Change
Loss per share	(1.13)	(1.14)	1%
Interim dividend per share	0.05	0.15	(67%)
Final dividend per share	0.05	0.10	(50%)
Total dividend per share	0.10	0.25	(60%)

Loss attributable to shareholders of the Company for the year was HK$1.909 billion, and net cash inflows from operating activities and investing activities amounted to HK$1.691 billion and HK$1.106 billion, respectively. During the year, the Group narrowed the loss slightly, with sufficient liquidity and solid overall financial, business and operating conditions. Following the practice of sharing the Group's operating results with shareholders, the Board declared final dividend of HK$0.05 per share for 2024 (2023 final dividend: HK$0.10 per share).

KEY FINANCIAL RATIOS

Key financial data[1]	2024	2023	Change
Gearing ratio[2]	92%	95%	–3 ppt
Net gearing ratio[3]	86.8%	86.4%	+0.4 ppt
Debt-to-asset ratio[4]	56.3%	57.1%	–0.8 ppt
Current ratio[5]	135.6%	109.5%	+26.1 ppt

The Group implemented refined cost control through wider technology and electronic application to boost operational efficiency. Operating costs[6] for this year amounted to HK$824 million, representing a year-on-year decrease of 9.2%. This reduction highlights the positive impact of the Group's efforts in cost control and efficiency improvement.

Due to the losses incurred during the year, the Group's total equity decreased from HK$34.1 billion at the end of last year to HK$32.7 billion at the end of the year, which had a negative impact on the gearing ratio. However, the Group took proactive measures on deleveraging, successfully reducing its interest-bearing liabilities by over HK$2 billion, from HK$32.4 billion at the beginning of the year to HK$30.1 billion at the end of the year. As at the end of December 2024, the Group's gearing ratio was 92%, a decrease of 3 percentage points as compared to the end of 2023, reflecting the effectiveness of our deleveraging efforts. The Group's available cash reserves at the end of December 2024 amounted to HK$1.786 billion (as at the end of 2023: HK$2.927 billion). Excluding the impact of available cash, the net gearing ratio was 86.8%, representing an increase of 0.4 percentage points as compared to the end of 2023.

As at the end of December 2024, the Group had cash and cash equivalents of approximately HK$8.4 billion, with available and unutilised bank facilities of approximately HK$8 billion, representing sufficient liquidity and a strong financial position.

1 The 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
2 The gearing ratio is calculated as interest-bearing debt (including bank loans + bonds payable)/total equity x 100%
3 The net gearing ratio is calculated as (interest-bearing debt - available cash)/total equity x 100%
4 The debt-to-asset ratio is calculated as (total liabilities/total assets) x 100%
5 The current ratio is calculated as (current assets/current liabilities) x 100%
6 Operating costs include staff costs, depreciation and amortisation expenses and other operating expenses

BUSINESS PERFORMANCE ANALYSIS

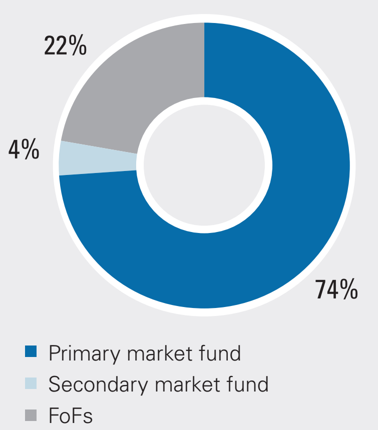
Fund Management Business

As at 31 December 2024, the total AUM of CEL's funds amounted to approximately HK$117.4 billion, representing a decrease of approximately HK$8.8 billion as compared to the end of last year. The decrease in AUM was mainly attributable to 1) the withdrawal of certain funds due to maturity; 2) some investors of secondary market funds and discretionary accounts took profits and redeem their investments following the maturity of certain funds and accounts; and 3) the depreciation of RMB against HKD, which resulted in a decrease in AUM when converted into Hong Kong dollar.

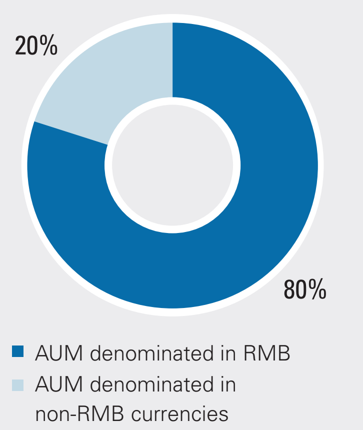
CEL's funds have extensive source of funding, where external investors are primarily institutional investors, with a diversified mix of institutions covering, amongst others, commercial banks, insurance companies, family offices and government agencies. In terms of currency, funds denominated in RMB and all other currencies were equivalent to approximately HK$93.9 billion and HK$23.5 billion, accounting for 80% and 20% of the total amount, respectively. In terms of nature of funds, the Company's Fund Management Business included 42 primary market funds, 20 secondary market funds and discretionary accounts, and 9 FoFs products.

During the reporting period, CEL tailored to the circumstances to make prudent investment decisions, and to exit from prevailing projects. The Fund Management Business made capital contributions of approximately HK$310 million to a total of 13 projects, and exited, fully or partially, from 73 projects, recording a cash inflow of approximately HK$3.123 billion.

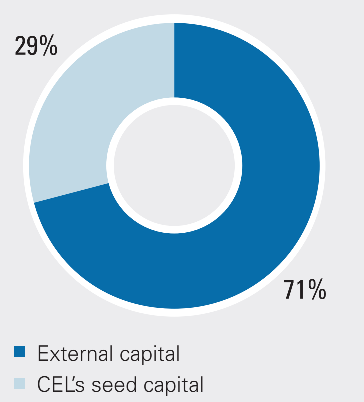
BY FUND BUSINESS SEGMENTS



BY CURRENCY



BY SOURCE OF CAPITAL



Primary Market Funds

As at 31 December 2024, there were 42 primary market fund products under the management of CEL, with an aggregate AUM equivalent to approximately HK$86.5 billion and scope of investment covering various industries including semiconductors, Industrial Internet and high-end manufacturing. CEL also actively explored potential opportunities in artificial intelligence, new energy and other sectors. By currency, amounts equivalent to approximately HK$67.4 billion were denominated in RMB and approximately HK$19.1 billion were denominated in other currencies, accounting for 78% and 22% respectively. During the reporting period, CEL achieved strong investment returns and cash flow recovery through a combination of disposal of shares of listed companies and other diversified exit channels (such as transfer). The projects CEL had exited included Shuyi Tealicious (書亦燒仙草), Liaoji Food (廖記食品) and JD Logistics (京東物流).

Leveraging the diversified fund structure and leading integrated capabilities, CEL's primary market fund maintained a cross-border portfolio from the "Perspective of China", developed and expanded patient capital by focusing on "Five Major Articles" and financial support for "New Quality Productivity Forces", and invested in new industries and fields.

Secondary Market Funds

As at 31 December 2024, CEL's secondary market business managed a total of 20 funds and discretionary accounts with AUM in terms of net worth of approximately HK$4.7 billion.

With years of cross-border experience and by leveraging on its investment capabilities, CEL's secondary market funds have built a one-stop portfolio, which covers Asian credit bond hedge funds, Asian convertible bond hedge funds, offshore Greater China equity hedge funds, onshore A+H shares long-only strategies funds (including private fund managers and institutional investors) and investment advisory business.

CEL has well diversified fixed income products covering offshore funds, QFII managed accounts, offshore managed accounts and asset securitisation products. Everbright Convertible Opportunities Fund, a flagship Asian convertible bond product, delivered superior results during the reporting period. The fund received the "Best Asian Ex-Japan Fixed-Income Hedge Fund (10-year)", "Best Asian Ex-Japan Fixed-Income Hedge Fund (5-year)", "Best Asian Ex-Japan Fixed-Income Hedge Fund (3-year)", "Best Asian Ex-Japan Multi-Strategy Hedge Fund (10-year)"and "Best Asian Ex-Japan Multi-Strategy Hedge Fund (5-year)" awards by the 2024 I&M Professional Investment Award, demonstrating the recognition of the team's investment capability and comprehensive strength by independent ranking agencies. Everbright Income Focus Fund, a public bond fund in Hong Kong and being an investment advisor, was awarded a five-star rating (the highest rating) by an authoritative fund rating agency, for overall rating and in five-year rating, for its superior performance and risk-adjusted returns.

Fund of Funds

CEL's FoFs not only invested in external funds with proven track records and robust governance, but also invested in funds launched and managed by the Company, and coinvested or directly invested in equity projects. As at 31 December 2024, the FoFs team managed 9 FoFs with an AUM equivalent to approximately HK$26.2 billion. The Company's FoFs business has established an investment matrix primarily targeting information technology, biopharmaceuticals, consumption and entertainment, and technology manufacturing, with active collaborations with well-established major (white horse) managers, emerging and promising (dark horse) managers, and leading managers in specialised sectors both domestically and internationally. As at 31 December 2024, there were 98 invested projects (sub-funds and direct investment projects) under the FoFs, and a total of 166 investees in the underlying projects of invested sub-funds and direct investment projects under the FoFs were listed. During the reporting period, 13 new enterprises were listed, all of which came from the underlying projects of sub-funds. CEL's FoFs team also promoted the listing application and exit of direct investment projects, dedicating to bring excellent returns to investors.

CEL's FoFs have won numerous industry recognitions and awards, further enhancing its brand and influence in the industry. During the reporting period, with their outstanding performance, the Company's FoFs were awarded the "2024 New Quality Productive Financial Institutions TOP20" and "2024 Best State-owned Market-oriented FoFs TOP13" by FoF Research Centre , the "2023-2024 Best Market-Oriented Chinese FoFs TOP20" by Chinese Venture and the "2024 Top 50 Influential State-owned Investment Institutions in China" by China Venture Capital Research Institute ("CVCRI").

Real Estate Investment and Asset Management Business

As at 31 December 2024, 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 56 projects through the platform under EBA Investments, including 21 investment management projects being under management, with total fund size under management of approximately RMB22.1 billion (equivalent to approximately HK$24.0 billion) and AUM of approximately RMB46.9 billion (equivalent to approximately HK$50.7 billion). During the reporting period, Everbright Jiabao/EBA Investments took the opportunity of building a new development model for the real estate industry to accelerate the creation of a leading real estate asset management platform in China, while continuing to optimise the operating conditions of projects under management, endeavouring 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 consumption infrastructure projects of IMIX Parks in mainland China through fund investment or entrusted management, primarily located in core consumer spending cities in various municipalities and provinces in China. In addition, during the reporting period, EBA Investments continued to expand the business of real estate construction and management projects under the brand of "安石建管", and expanded and reserved a number of projects. During the reporting period, EBA Investments was ranked first in the "Excellent Enterprises in terms of Comprehensive Strength among China Real Estate Funds" jointly announced by the China Enterprise Evaluation Association, Property Research Institute of Tsinghua University and Beijing China Index Academy for the tenth consecutive year.

Principal Investments Business

The Company strives to achieve the following 3 objectives through 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 co-investment opportunities brought by the Fund Management Business and participating in equity and related financial investments to obtain investment returns; (3) Cornerstone Investments: holding a portion of the equity interest in China Everbright Bank and Everbright Securities to obtain stable dividends and investment returns.

As at the end of December 2024, the Principal Investments Business managed 50 post-investment projects with an aggregate carrying value of approximately HK$31.9 billion. Among these projects, the total carrying amount of equity interest held in CALC, Everbright Senior Healthcare and Terminus was approximately HK$5.0 billion; the fair value of Financial Investments was approximately HK$7.1 billion; the fair value of the Cornerstone Investments in China Everbright Bank was HK$6.6 billion, and the carrying amount of Everbright Securities accounted for as an associate was HK$13.2 billion.

Principal investments (in HK$ hundred million)	2024	2023
— Key Investee Companies	50	47
— Financial Investments	71	92
— Cornerstone Investments	198	182
Total	319	321

Key Investee Companies

CALC

As at 31 December 2024, CEL held 38.06% of the equity interest in CALC (stock code: 1848.HK) and was its largest shareholder. CALC is a one-stop full life-cycle solutions provider for the global aviation sector. CALC's scope of business includes regular operations such as aircraft operating leasing, leaseback after purchase, aircraft asset package transactions and asset management, and value-added services such as fleet upgrading, aircraft maintenance, aircraft disassembling and parts selling. CALC has the advantages of dual-platform financing, leasing and sales channels, as well as a strong capability and rich experience in both domestic and overseas financing. Meanwhile, CALC is also a "pioneer" in advocating the commercialisation of overseas operations of domestically-produced aircraft and firmly adheres to the national civil aviation strategy. In 2024, the core business of CALC progressed steadily with remarkable improvements in operating quality, and the net profit attributable to shareholders achieved a significant year-on-year increase. During the reporting period, the profit of CALC attributable to the Group increased by HK$83 million as compared to the same period of last year. As at 31 December 2024, CALC had a fleet of 189 aircraft, consisting of 159 owned aircraft and 30 managed aircraft. CALC's owned and managed aircraft are leased to 40 airlines in 21 countries and regions.

Everbright Senior Healthcare

Everbright Senior Healthcare has been seizing development opportunities in China's healthcare industry. Building on the core business of institutional elderly care, it has expanded into CCRC, nursing homes, rehabilitation hospitals, home elderly care and other highly related businesses. Targeting elderly customers of advanced age who have care needs, and focusing on seniors' rigid demands on rehabilitation, it provides a portfolio of elderly care services comprise of medical and nursing care, which serve as its core products, and supplemented by other services such as elderly catering, mental care and entertainment. With its strong presence and competitiveness in the senior healthcare segment, it is one of the most influential healthcare service providers in China. As at 31 December 2024, Everbright Senior Healthcare has 234 institutions of various types which include institutional and community service centres, forming a deployment covering the Beijing-Tianjin-Hebei region, Yangtze River Delta, and Chengdu-Chongqing Economic Circle. Riding on its professional senior healthcare services, stringent quality control, convenient services and diversified senior healthcare experiences, Everbright Senior Healthcare has garnered a good brand reputation in the market, which has earned it high recognitions from customers, peers and governments, and a regular spot among the top industry players.

Terminus

During the reporting period, based on the five-layer architecture of Artificial Intelligence Internet of Things (AIoT), Terminus continued to promote the framework concept of industrial intelligent transformation and built an AIoT industry cluster to strengthen the overall competitiveness of the Company. Terminus was deeply involved in the green, digital and intelligent upgrading of Taohuatan Station and Chang'anji Station on the South Extension of Hefei Metro Line 4; reached a cooperation with Ethara, a large-scale sports venue and major event management company in the United Arab Emirates (UAE), to create a full-stack AIoT-driven digital and intelligent solution for the Abu Dhabi National Sports Centre in the UAE; collaborated with Chongqing Institute of Green and Intelligent Technology under the Chinese Academy of Sciences to build the first "Key Laboratory of Edge Intelligence Computing (Chongqing)" in Chongqing Hi-Tech Industrial Development Zone. Terminus was awarded the "2024 APEC Award for Science, Technology and Innovation (APSTI)" and the "New Quality Productivity Industry Leader Award of the Year" by Asia-Pacific Economic Cooperation (APEC).

Financial Investments

The Company's Financial Investments funded by its own capital cover the following aspects: (1) based on the investment/co-investment opportunities brought by the Company's funds and extensive business network, investing in the equity or debt of unlisted companies; (2) investing in structured financing products with a balance in return and liquidity. As at 31 December 2024, the Company's financial investments amounted to HK$7.1 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$5.1 billion.

Cornerstone Investments

As at 31 December 2024, 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 60.5% and 26.5% of the Group's net assets and total assets, respectively.

Everbright Securities (601788.SH)

Established in 1996 with its headquarters in Shanghai, Everbright Securities is one of the first 3 innovative pilot securities firms approved by the China Securities Regulatory Commission. As at the end of December 2024, the Group held 956 million A-shares in Everbright Securities, representing 20.73% of its total share capital, with an investment cost of HK$1,497 million. Everbright Securities is accounted for as an associate of the Group. The carrying value of the shares held by the Group was HK$13.2 billion, accounting for 40.4% and 17.7% of the Group's net assets and total assets respectively. Based on the closing price of RMB18.11 per share as at 31 December 2024, the fair value of the shares held by the Group was HK$18.7 billion. During the reporting period, the Group's share of profit from an investment in associate attributable to Everbright Securities was HK$608 million, representing a year-on-year decrease of 31.0%.

China Everbright Bank (601818.SH)

Established in August 1992, China Everbright Bank is a national joint-stock commercial bank approved by the State Council and the People's Bank of China. As at the end of December 2024, 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 RMB3.87 per share as at 31 December 2024, the carrying amount and fair value of the shares in China Everbright Bank held by the Group amounted to HK$6.6 billion, accounting for 20.1% and 8.8% of the Group's net assets and total assets respectively. During the year, the Group's income from China Everbright Bank was HK$299 million, representing a year- on-year decrease of 9.5%.

OUTLOOK

At present, despite the complex international situation and the great challenges faced by China, the fundamentals of long-term economic development remain unchanged. The global situation is turbulent with ongoing regional conflicts and rising trade protectionism, while the road to global economic recovery is full of unexpected difficulties with increasing uncertainties, all of which have had a spillover effect on China's economy. 2025 marks the conclusion of the "14th Five-Year Plan", which also bears great significance to carry on success and chart the future. With the introduction of more proactive fiscal policies and moderately loose monetary policies domestically, the momentum of economic upturn has been further strengthened. Domestic demand such as household consumption will remain the key driver for economic growth. Artificial intelligence technology is rapidly iterating and being applied to multiple industries. The cultivation and development of new quality productive forces will provide support for high-quality economic development.

China has attached great importance to the venture capital industry. In 2024, the State introduced a number of favourable policies to guide capital towards initial investments, small size investments, investments on hard science and technology, long-term investments, encouraging development of venture capital and equity investments. With more long-term capital with greater patience entering the market, it may gradually invigorate social capitals, and the fundraising environment is expected to improve in 2025. Changes brought about by new policies on venture capital funds of central State-owned enterprises, such as extending the duration of the funds and improving the assessment mechanism, may further improve the investment ecology. The characteristics of market bottoming are gradually emerging. With the increasing policy support and deepening of capital market reforms, the private equity industry may be presented with broader development opportunities. In view of this, CEL will step up efforts in research and planning on macro economy, industry development trends and new opportunities for venture capital, deepen its development in Hong Kong, and insist on focusing on private equity fund investment management business. CEL will forge core capabilities around "fund-raising, investment, management, exit and transfer", improve investment and research capabilities, focus on long-term value, and comprehensively serve and engage with the "Dual Circulation" new development pattern, further consolidating the foundation for transformation and development.

In terms of fund-raising, we will optimise the management mechanism and fully mobilise resources to strengthen fund-raising. We will further optimise the fund establishment process and encourage our teams to actively raise external funds by refining the management mechanism. At the same time, we will actively explore collaborations on business innovation and leverage the synergy and coordination advantages of Everbright Group's asset management segment. We will continue to promote the cross-border dual-circulation business by leveraging the Company's potential in the cross-border financial management market, to strengthen the expansion of overseas customers, and explore the expansion in scale of secondary market funds and other products with good performance. **In terms of investment, we will leverage our cross-border investment advantages and seize new opportunities in strategic industries.** We will strengthen industry research and the construction of investment and research systems, encourage initial investments, small size investments and investments on hard science and technology, seize investment opportunities such as new energy development, domestic substitution of integrated circuit (CPU/GPU), artificial intelligence, biomedicine, and overseas expansion of domestic products, and encourage investment in high-quality projects, especially focus on the deep integration of artificial intelligence technology in traditional industries. **In terms of management, we will strengthen post-investment management and empower investee companies to foster high-quality development.** We will improve comprehensive post-investment service capabilities, help investee companies to strengthen and optimise their operations, and strive to meet the demands of LP investors on investment attraction, upstream and downstream integration, industry guidance, etc. to create a good post-investment management brand. We will continue to optimise management of our self-owned funds, strengthen the look-through post-investment management of our key fund projects, and enhance our internal control capabilities. **In terms of exit, we will seek diversified exit methods and expedite precise exit.** It is crucial to seize the opportunity of recovery of the secondary market for listed projects and expedite the precise exit of listed projects on the premise of complying with national strategies and legal regulations. We will simultaneously explore exit strategies such as mergers and acquisitions, restructuring, round-by-round transfer of shares, and transfer of S shares to optimise exit paths and speed up fund recovery.

Looking ahead, CEL will focus on its main businesses, keep abreast of the development trend of the industry, increase tracking and research on cutting-edge technologies, and give full play to the advantages of cross-border platforms. With its strong foundation in Hong Kong and global perspective, CEL will focus on key core technology areas in the high-tech field and actively explore the development of angel investment and venture capital fund products to further enhance core competitiveness. The Company is committed to enhancing its intrinsic value and continuing to share the results of development with shareholders.

FINANCIAL POSITION

As at 31 December 2024, the Group's total assets amounted to HK$74.686 billion (31 December 2023: HK$79.588 billion) with net assets amounting to HK$32.650 billion (31 December 2023: HK$34.106 billion). Equity attributable to the Company's shareholders was HK$29.727 billion (31 December 2023: HK$30.990 billion) and equity attributable to shareholders of the Company per share was HK$17.64 (31 December 2023: HK$18.39).

FINANCIAL RESOURCES

The Group adopts a prudent approach in liquidity management to ensure liquidity risk control and reduce the cost of funds. The Group finances its operations primarily with internally generated cash flow and loan facilities from banks. As at 31 December 2024, the Group had cash and bank balances of HK$8.422 billion (31 December 2023: HK$9.588 billion). Currently, most of the Group's cash is denominated in Hong Kong dollars and Renminbi.

BORROWING

As at 31 December 2024, the Group's interest-bearing borrowings amounted to HK$30.123 billion (31 December 2023: HK$32.397 billion). The Group will review and ensure sufficient banking facilities to reserve resources to support its business development. As at 31 December 2024, the Group had banking facilities of HK$21.415 billion (31 December 2023: HK$32.694 billion), of which HK$8.030 billion (31 December 2023: HK$14.090 billion) had not been utilised. The banking facilities were of one to eleven years terms. The Group had outstanding bank loans of HK$13.385 billion (31 December 2023: HK$18.604 billion), which decreased by HK$5.219 billion compared with 31 December 2023, of which HK$12.493 billion (31 December 2023: HK$16.442 billion) was unsecured. The Group had issued corporate bonds with an outstanding principal amount of HK$16.738 billion (31 December 2023: HK$13.793 billion). The interest bearing borrowings were denominated in Renminbi and Hong Kong dollars, representing 64%, 36% of the total respectively. As at 31 December 2024, approximately 38% of the Group's total principal amount of borrowing were at floating rates and the remaining 62% were at fixed rates. The maturity profile of the Group's borrowings is set out in note 20 of the Notes to the Financial Statements in this report.

PLEDGE OF ASSETS

As at 31 December 2024, Restricted bank balances of HK$32 million (31 December 2023: HK$57 million) were pledged to the banks for sales of mortgaged properties to customers and interest reserve account on borrowings. Investment properties with carrying values of HK$2,289 million (31 December 2023: HK$4,542 million) were mortgaged to secure certain bank loans granted to the Group. No inventory or stocks were mortgaged to secure certain bank loans granted to the Group (31 December 2023: HK$230 million and HK$1,475 million respectively) . Pursuant to the prime brokerage agreements entered with the prime brokers of a fund held by the Group, cash and securities deposited with the prime brokers were secured against liabilities to the prime brokers. As at 31 December 2024, assets deposited with the prime brokers included HK$1,238 million (31 December 2023: HK$1,417 million) and HK$111.4 million (31 December 2023: HK$16.4 million) which formed part of the Group's trading securities and debtors respectively. Analysis on collateral of the Group's bank loans is set out in note 16 of the Notes to the Financial Statements in this report.

EBA YIDA

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

Name of Key Project	Business Type	Location	Investment Type
Beijing Zhongguancun Project	Commercial	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

EMPLOYEES

As at 31 December 2024, the Group's headquarters and wholly owned subsidiaries had 242 (31 December 2023: 255) 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.

PRINCIPLE RISKS AND UNCERTAINTIES

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

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

(a) Credit risk

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

Credit risk management framework

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

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

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

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

For advances to customers, generally collaterals would be advised to be pledged before advances are granted the amount of advances permitted depends on the quality and value of collateral provided by the customer. Any subsequent change in value as well as quality of collateral is closely monitored in order to determine whether any corrective action is required.

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

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

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

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

(b) Liquidity risk

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

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

(c) Interest rate risk

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

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

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

(d) Currency risk

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

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

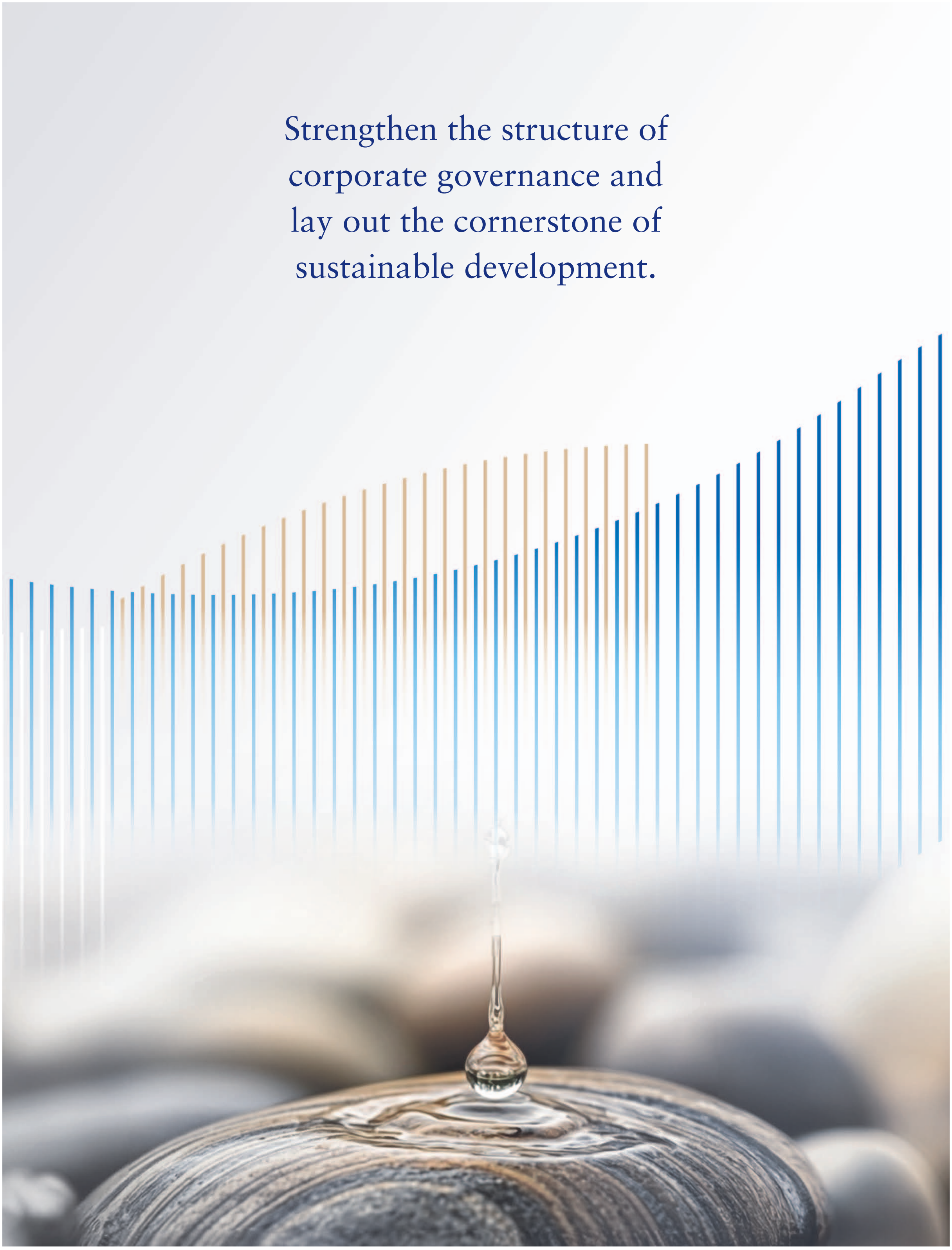
(e) Equity price risk

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

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

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

CORPORATE GOVERNANCE REPORT

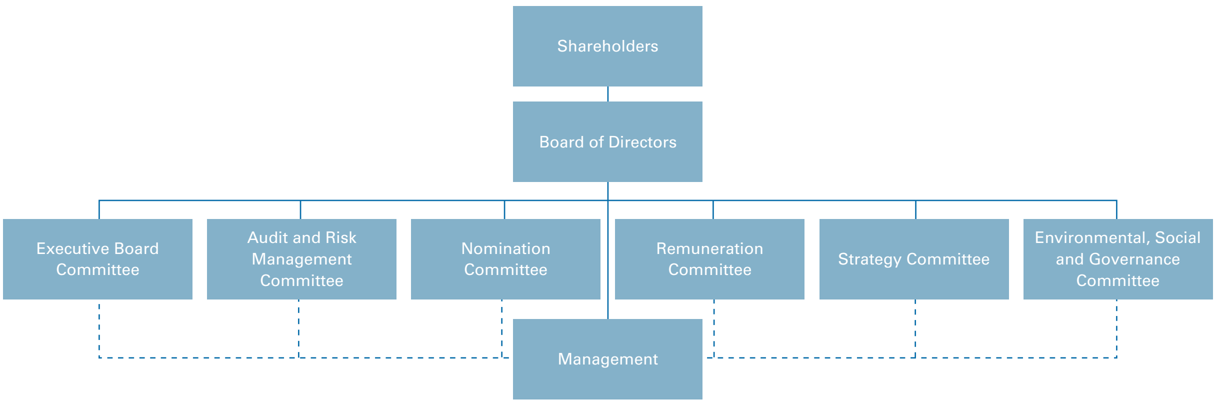


GOVERNANCE PRINCIPLES AND STRUCTURE

China Everbright Limited ("CEL" or the "Company") and its subsidiaries (the "Group") always aim to comply with established corporate governance best practices, and the core value of the Company is to protect the interests of its shareholders (the "Shareholders"), customers, staff and other stakeholders. It is committed to strictly abiding by the laws and regulations of Hong Kong and observing the rules and guidelines issued by the relevant regulatory authorities such as the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company also constantly reviews its corporate governance practices to meet international and local best practices including the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). One of the core values of the Company is that the highest standard of integrity is essential to business development.

The Company recognises the importance of high standards of corporate governance and maintains an effective corporate governance framework which contributes to the long-term success of CEL. The Company is also strongly committed to embracing and enhancing sound corporate governance principles and practices. The established and well-structured corporate governance framework directs and regulates the business ethical conduct of the Company, thereby protecting and upholding the value of the Shareholders and its stakeholders as a whole in a sustainable manner.

CEL's corporate governance structure is set out as follows:



Detailed information on the composition of the Company's board (the "Board") of directors (the "Director(s)") and various Board committees of the Company, their Terms of Reference can be found on the Company's website under "Investor Relations" column.

The Board would like to confirm that, following careful examination and review, the Company has complied with all code provisions of the CG Code for the year ended 31 December 2024, save for the deviation from code provision F.2.2 of the CG Code which stipulates that the chairman of the board should attend annual general meeting. Mr. Yu Fachang, the Chairman of the Board, did not attend the annual general meeting held on 23 May 2024 ("2024 AGM") due to other important business commitments and Mr. Lin Chun, an Executive Director and the President, was elected as the chairman of 2024 AGM by the Directors presented pursuant to the Articles of Association of the Company (the "Articles"). Other Directors, including the chairman of each of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee, as well as the external auditor, attended 2024 AGM and were of sufficient calibre for answering questions at 2024 AGM.

CORPORATE CULTURE AND STRATEGY

The Company's purpose is to be "China's cross-border asset management industry pioneer". With over 27 years' experience in cross-border asset management and PE investments, the Board is committed to maintaining the development requirements of the Company and promoting a positive and progressive culture to its stakeholders to achieve its purpose. The Company's Vision is "To innovate the asset management industry by creating leading-edge investment solutions". CEL's understanding of clients' experience and its long-term investment philosophy provides favourable conditions to achieve higher returns. The Company's Value (Corporate Philosophy) is "The Power to Transform — Focus and long-term drive, Transforming challenge into opportunities". With a firm footing in Hong Kong — a true bridge between East and West — an international platform, and specialised sector focused teams, CEL is well-positioned to take advantage of the long-term opportunities presented by changes in the global markets, to respond flexibly, and to become a pioneer in Chinese cross-border investment and asset management.

BOARD

Composition of the Board

The Company is led by the Board that is effective and of quality. The Board is charged with promoting the success of CEL by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith in the best interests of the Company, so as to bring maximum value to the Shareholders in the long term and practically fulfill its obligations to the stakeholders of the Group. The Directors are aware of their collective and individual responsibilities to all Shareholders for the manner in which the affairs of the Company are managed, controlled and operated. As at the date of this report, the Board has nine Directors, made up of four Executive Directors and five Non-executive Directors, including three Independent Non-executive Directors ("INED(s)"). The Board members are set out as follows:

EXECUTIVE DIRECTORS

- Mr. Lin Chun (President)
- Mr. An Xuesong
- Mr. Pan Jianyun *(appointed on 27 March 2025)*
- Mr. Yin Yanwu
- Ms. Wang Yun *(resigned on 27 March 2025)*

NON-EXECUTIVE DIRECTORS

- Mr. Yu Fachang (Chairman)
- Dr. Qin Hongyuan

INDEPENDENT NON-EXECUTIVE DIRECTORS

- Dr. Lin Zhijun
- Mr. Law Cheuk Kin Stephen
- Mr. Wong Chun Sek Edmund

All Directors possess extensive experiences in the financial industry. They have abundant professional expertise to fully understand our business and the necessary skills to deal with our business matters. Each of them is prudent, objective and diligent and has devoted sufficient time and efforts to handle the Company's affairs. Each Director confirms to the Company yearly he/she has spent sufficient time to perform his/her responsibilities as a Director of the Company. Each Director discloses to the Company (at the time of appointment and in a timely manner for any changes) the numbers and nature of office held in public companies or organisations and other significant commitments. The relevant content will also be disclosed in the announcements in relation to his/her appointment and the annual reports of the Company.

With the assistance of the Nomination Committee, the Board reviews its structure, size and composition (including skills, expertise, experiences and gender diversity) on an annual basis. The Board considers the composition and proportion of its members reasonable and appropriate, which can fully leverage balance of powers such that the interests of the Company, the Shareholders and the stakeholders are protected to the maximum extent.

All the existing Directors (including Non-executive Directors and INEDs) have been appointed through formal service contracts or letters of appointment setting out the key terms and conditions of their appointment.

The appointment of a new Director is a matter for consideration by the Nomination Committee in accordance with the "Director Nomination & Succession Policy" which is posted on the Company's website under "Investor Relations" column and decision by the full Board. Pursuant to the Articles, all Directors shall retire by rotation at least once every three years at annual general meetings and be eligible for re-election. All new Directors appointed by the Board are subject to re-election by Shareholders at the first annual general meeting after his appointment. At every annual general meeting of the Company, re-election of each Director has been assigned as a separate resolution for Shareholders' approval.

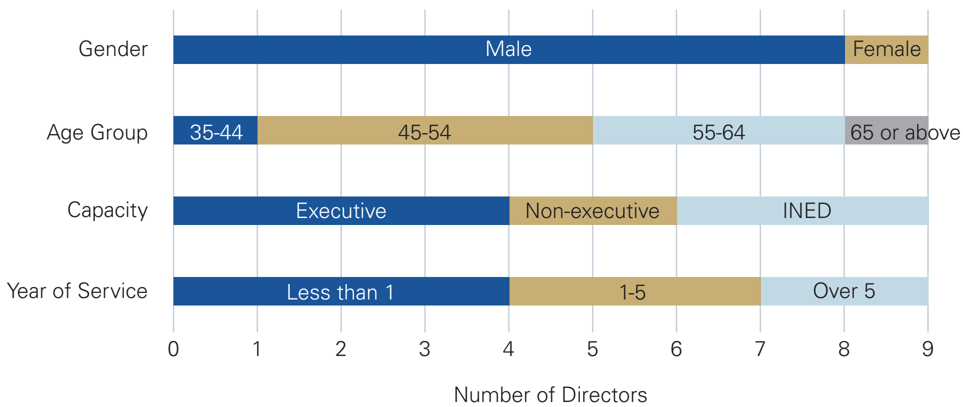
If any substantial Shareholder or Director has a potential conflict of interest in a matter to be considered by the Board, which the Board has determined to be material, the matter will be dealt with by a physical meeting (rather than a written resolution), the relevant Directors shall abstain from voting and a Board meeting attended by INEDs who have no material interest in the matter shall be held to discuss and vote on the resolution. There are no relationships (including financial, business, family or other material/relevant relationship(s)) among the Board members. Any Director concerned should declare the nature and extent of his/her interest prior to the relevant meeting agenda of the Board or the Board committees.

Diversity

According to the "Board Diversity Policy" of the Company which is posted on the Company's website under "Investor Relations" column, the Board recognises the importance of having a diverse Board for enhancing the board effectiveness and corporate governance. A diverse Board should possess and make good use of differences in the skills, industry knowledge and experience, education, race, age, gender, background and other qualities of directors. These differences are taken into account in determining the optimum composition of the Board and when possible should be balanced appropriately.

According to the Director Nomination & Succession Policy of the Company, the Nomination Committee has the responsibility of identifying and nominating directors for approval by the Board. It takes the responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required by the Board, assessing the extent to which the required skills are represented on the Board and overseeing Board succession. It is also responsible for reviewing and reporting to the Board in relation to Board diversity on an annual basis.

As at 31 December 2024, the Board's composition and diversity profile is as follows:



As at 31 December 2024, the senior management of the Group comprised all the Executive Directors (i.e. 3 males and 1 female) and one additional male member; and among the 242 employees of the Group, the ratio of male to female staff was 1:0.98. The Board considers that the Board, the Group's senior management and workforce were all diverse in terms of gender. At present, the Company has not set any measurable objectives for implementation of the diversity policies in relation to the Board members and the workforce of the Group (including gender diversity). However, the Company will review the "Board Diversity Policy" from time to time and will consider setting of any measurable objectives for achieving gender diversity (if applicable).

Under the current Board structure, all Directors possess extensive experience in financial industry and management, of whom some are experts in strategic development, financial and/or risk management. Biographical details with the professional experience, skills and knowledge of the Directors are available in the section of "Directors and Senior Management" on pages 87 to 91 of this Annual Report.

The Board considers that diversity of the Board is a vital asset to the business of the Group. Board appointments and employee recruitments are based on merit, and candidates are considered against objective criteria, having due regard to the benefits of diversity, including but not limited to gender diversity. Selection of candidates of different genders depends on the pool of candidates of each gender with the necessary knowledge, experience, skills and educational background. The final decision is based on merit and contribution that the chosen candidate will bring to the Board or the Group.

Role of Independent Non-executive Directors

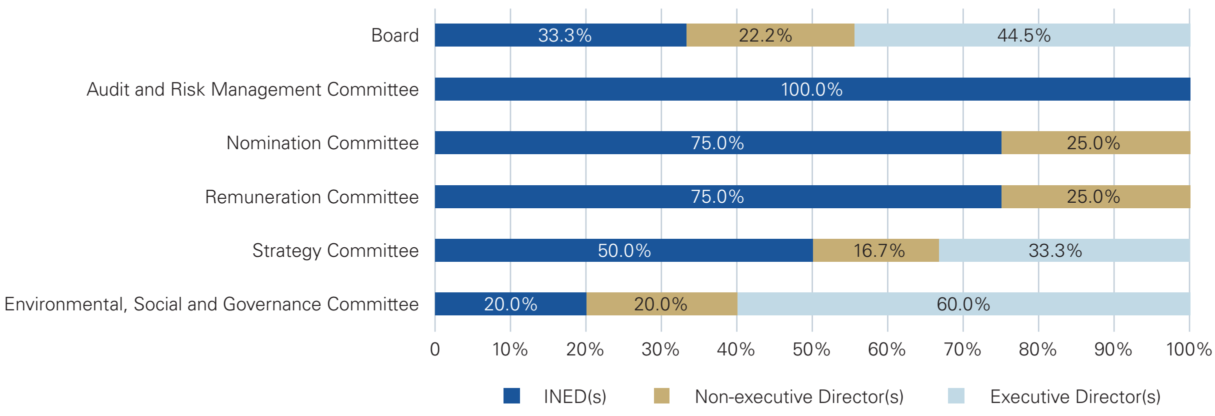
The Board believes that the INEDs play an important role in corporate governance. The opinions of INEDs have significant influence on the Board in the process of making decisions. The guidelines for appointment, roles, responsibilities, independence and evaluation of INEDs are clearly set out in the "Independent Non-executive Directors Policy" of the Company, which is posted on the Company's website under "Investor Relations" column. INEDs provide the necessary checks and balances to ensure that CEL operates in a safe and sound manner and that its interests are protected. They also bring external experience and make judgment objectively. They are particularly important in performing a monitoring role. The Board has received from the INEDs written annual confirmations of their independence pursuant to the requirement under Rule 3.13 of the Listing Rules and considers all the INEDs to be independent. The appointments of Non-executive Directors, including INEDs, are for a fixed term and all of them are subject to retirement by rotation at least once every three years in accordance with the Articles and the Listing Rules.

Every year, the Board reviews and assesses the independence of any INED who is in office for more than nine years. His/her further appointment is subject to a separate resolution to be approved by general meeting. The reasons why the Board believes that the individual is still independent and should be re-elected will be set out in the circular, in so far as the independence of each of the Directors is concerned, this is a matter of fact and the Board is committed to assessing this on an ongoing basis with regard to all relevant factors concerned and not just limited to where a director whose length of service exceeds 9 years.

Mechanisms to Ensure Independent Views and Input

The Board establishes mechanism(s) to ensure independent views and input are available to the Board. The Nomination Committee is delegated the responsibility to review the implementation and effectiveness of such mechanism on an annual basis.

The number of INEDs represents not less than one-third of the Board as required under the Listing Rules. All the INEDs possess appropriate professional qualifications and accounting or related financial management expertise. As at 31 December 2024, the independence weighting on Board and various board committees is as follows:



INEDs provide CEL with diversified expertise and experience. Their views and participation in the meetings of the Board and the Board committees bring objective and independent judgments and advice on issues relating to CEL's strategies, performance, conflicts of interest and management processes, which ensure that the interests of all Shareholders are taken into account.

The Company has multiple mechanisms in place to ensure independent views and input are available to the Board. These include but are not limited to, when reviewing the structure, size and composition of the Board, the Nomination Committee puts emphasis on whether the composition of Executive and Non-Executive Directors (including INEDs) is balanced and ensures that there is a strong independent element on the Board. All INEDs should be of sufficient calibre and number for their views to carry weight. All Directors (including INEDs) are given opportunities to include matters in the agenda for regular Board meetings. If any Director makes a reasonable request, the Company should provide independent professional advice upon request, at the Company's expense, to the Director(s) to assist such Director(s) or the Board in performing directors' duties to the Company. Besides, a controversial matter is required to be discussed at a Board meeting rather than being dealt with by a written resolution so as to ensure that Directors (including INEDs) are given opportunities to exchange their views instantly with each other. The Chairman at least annually holds a meeting with the INEDs without the presence of other Directors. Based on the above, the Board considers that the implementation of above mechanisms is effective.

Directors' Liability Insurance

The Company has in place an appropriate directors' and officers' liability insurance policy for each member of the Board to cover their liabilities on damages arising out of corporate activities. The coverage and the sum insured under the policy are reviewed on an annual basis by the Company.

Responsibilities of the Board

The Board is at the core of the Company's corporate governance framework, and there is a clear division of responsibilities between the Board and the management of the Group (the "Management"). The Board is responsible for providing high-level guidance and effective oversight of the Management. In general, duties of the Board include:

- setting CEL's values and standards and approving CEL's long term strategy and monitoring its implementation;
- establishing and maintaining the purpose and strategic direction of CEL, and satisfy itself that CEL's purpose, values and strategy are aligned with the culture of the Company;
- monitoring and controlling CEL's operations, financial and environmental, social and governance ("ESG") performance through reviewing and approving its business plan and financial budget, and ensures CEL has adequate resources, staff qualification and experience in accounting, financial reporting and internal audit functions, as well as those relating to CEL's ESG performance and reporting;
- ensuring timely and accurate disclosure to and communication with stakeholders;
- approving the annual and interim results to ensure the integrity of CEL's accounting and financial reporting system and compliance with the relevant laws and standards;
- reviewing and monitoring risk management and internal control of CEL to ensure that appropriate internal control systems are in place, including systems for risk management, financial and operational control;
- maintaining an effective governance and oversight of ESG affairs, as well as assessment and management of material ESG risks, ESG strategy and reporting;
- overseeing the management of the business and affairs of CEL, ensuring that a framework of prudent and effective controls is in place to enable risks to be assessed and managed with due regard to maximizing Shareholders' value; and
- monitoring the performance of the Management, ensuring the financial statements are prepared to give a true, complete and accurate view of the Company.

The Board authorises the Management to specifically carry out the approved strategies. The Management is responsible for the day-to-day operation of the Company and is required to report to the Board regularly. The Board has formulated the "Terms of Reference of the Board" and the "Mandate", which set out the circumstances under which the Management should report to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group. The Board regularly reviews the Mandate, and will update and amend the Mandate when appropriate.

Non-executive Directors are independent from the Management. Their responsibilities include:

(a) participating in Board meetings and provide independent opinions on matters involving strategy, policies, performance, accountability, resources, appointment of key personnel and standards of conduct;

(b) promoting strict review and monitoring of management procedures;

(c) dealing with potential conflicts of interest proactively;

(d) serving on the Board committees such as the Audit and Risk Management Committee, Nomination Committee, Remuneration Committee, Strategy Committee, and ESG Committee by invitation;

(e) contributing to the Board and its Board committees by regularly attending meetings and actively participating, making good use of their skills, expertise, different backgrounds and qualifications;

(f) attending general meetings and also fully understanding Shareholders' opinions; and

(g) contributing to the formulation of company strategies and policies, monitor the Company's performance against established corporate goals and objectives, and focus on performance reporting.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties as set out below:

1. to develop and review the Company's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of the Directors and senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;
5. to review the Company's compliance with the CG Code and disclosure in the "Corporate Governance Report"; and
6. to review the contribution of Directors in performing their duties to the Company.

During the year and up to the date of this report, the Board had performed the above duties, including review of the following documents relating to the corporate governance policies and practices:

- Mandate;
- Shareholders' Communication Policy;
- Corporate Governance Report;
- Internal Control Report;
- Risk Management Report;
- ESG Report;
- Board Diversity Policy;
- Director Nomination & Succession Policy;
- Independent Non-Executive Directors Policy; and
- Directors' Performance Evaluation Policy.

Chairman and President

The positions of the Chairman of the Board and the President are held by Mr. Yu Fachang, a non-executive Director, and Mr. Lin Chun, an executive Director, respectively. The roles of the Chairman and the President are clearly established and stipulated in the "Terms of Reference of the Board". As the Chairman of the Board, Mr. Yu leads the Board in order to ensure that the Board discharges its formal responsibilities and conforms to good corporate governance practices and procedures. Besides, the Chairman is also responsible for making sure that all Directors are properly informed of important issues on which the Company is focusing and that all Directors receive accurate, timely and clear information. The Chairman also leads the Board in formulating business objectives and their related strategies. He is also responsible for organising the business of the Board, setting its agenda to take full account of the important issues facing CEL and the concerns of all Directors, ensuring that adequate time is available for thorough discussion of critical and strategic issues, and ensuring its effectiveness with the assistance of the Company Secretary. The Chairman is also taking primary responsibility for ensuring that good corporate governance practices and procedures are in place. Through the Company Secretary, the Chairman oversees the implementation of the practices and procedures set out in the CG Code. The Chairman facilitates the effective contribution of the Directors and the effective communication with the stakeholders, ensures that timely and adequate information, which must be accurate, clear, complete and reliable, is delivered to the Directors to fulfill their duties. The Chairman is also overseeing and giving guidance to the Management in order to enhance the functions of the Board for ensuring the decision of Board are in the best interest of the Company. Subject to those matters expressly reserved or otherwise stipulated by the Board, the Board grants its powers and delegates its responsibilities to the Management Decision Committee for the daily administration, operation and management of the business and affairs of the Group. The Management Decision Committee is the ultimate owner of responsibilities of daily administration, operation and management of the business and affairs of the Group and is accountable to the Board. Mr. Lin Chun, the President, serves as the Chairman of the Management Decision Committee. The Vice Presidents and other Management Decision Committee members assist the President in carrying out the work and are responsible for the relevant daily management matters of the Group.

The "Terms of Reference of the Board", as updated from time to time, are published on the Company's website www.everbright.com and the website of the Stock Exchange. The "Terms of Reference of the Board" clearly define the terms of reference of the Board as well as all the Board committees. The Board committees make recommendations to the Board on relevant matters within their terms of reference, or make decisions under appropriate circumstances within the power delegated by the Board. Designated secretaries are assigned to all Board committees to provide professional company secretarial services in order to ensure that the Board committee members have adequate resources to discharge their responsibilities properly and effectively. According to the "Terms of Reference of the Board", the Board and the Board committees review and evaluate their respective work processes and effectiveness on an annual basis. The Board shall also promptly update and revise the "Terms of Reference of the Board" according to its needs, and the updated "Terms of Reference of the Board" will also be uploaded timely to the Company's website and the website of the Stock Exchange for public inspection.

Training and Support for Directors

The Listing Rules require directors to understand their responsibilities as directors of listed companies. To ensure that newly appointed Directors have adequate understanding of the responsibilities as directors of listed companies as well as the operations and business of CEL, the Board has set up an induction system for new Directors. The Company Secretary conducts the induction programme for each of the newly appointed Directors, and the induction includes a description of directors' duties, the Listing Rules, introduction of the Board and the Board committees' composition together with the corporate governance structure, and the introduction of business of the Company. Mr. Pan Jianyun attended the director induction training of no less than 2 hours on 21 March 2025. The Company received written confirmation from the newly appointed Director that he understood his obligations as a director of a listed company.

To ensure that all Directors can constantly update their knowledge and make informed recommendations and advice to the Board, the Board has established a guideline on directors' training. In addition to arranging appropriate directors' training on an annual basis, the Company issues "monthly circulars" to the Board members, contents of which include the monthly financial statements of CEL, to give Directors a balanced and understandable assessment of the Company's performance, position and prospects, together with reports to the Directors about latest information on the Company's operation, investor relations, and information and training materials in relation to directors' responsibilities. The said reading materials are mainly used for providing the Board members with information on significant changes in the regulatory requirements applicable to both the Directors and the Company, the latest developments in the industry and the latest development in corporate governance practices in a timely manner, which can update their knowledge and skills associated with directors' duties. The contents and information contained in the "monthly circulars" to the Board members are of sufficient details to enable the Directors to perform the Directors' duties under Rule 3.08 and Chapter 13 of the Listing Rules.

Apart from the regular Board meetings, the Company Secretary also arranges meetings between the Board members and front-line business teams in a timely manner, which enable the Board members to enhance understanding of the front-line business development of the Company and enable Directors obtaining first hand information of the operation of the business of the Company. In addition to arranging training to Directors regularly, the Board members are also encouraged to participate in professional training programmes as they consider appropriate, with a view to developing and updating their knowledge and skills.

During the year, based on the training records provided to the Company by the Directors, each Directors participated in continuous professional development by attending or delivering talks in seminars and/or conferences and/or forums, and by reading information, newspapers, journals and materials on the following topics to develop and refresh their knowledge and skills:

DIRECTORS	TRAINING TOPICS			
	Law and regulatory	Corporate Governance	Board responsibility	Business and Industry
Executive Directors				
◆ Lin Chun	√	√	√	√
◆ An Xuesong	√	√	√	√
◆ Wang Yun *(resigned on 27 March 2025)*	√	√	√	√
◆ Yin Yanwu	√	√	√	√
Non-executive Directors				
◆ Yu Fachang	√	√	√	√
◆ Qin Hongyuan	√	√	√	√
Independent Non-executive Directors				
◆ Lin Zhijun	√	√	√	√
◆ Law Cheuk Kin Stephen	√	√	√	√
◆ Wong Chun Sek Edmund	√	√	√	√

Attendance of the Directors at Board, Board Committee and General Meetings

A total of five Board meetings were held during the year. The regular Board meetings and the regular Board committee meetings were scheduled and approved by the Board in the preceding year. Unscheduled supplementary meetings (if any) may also take place as and when necessary with reasonable notice. Formal notices have been sent to all Directors at least 14 days before the regular meetings being held. All Directors are given an opportunity to include matters to be discussed in the agenda for the Board meeting. In general, the Board agenda and meeting materials have been dispatched to all Board or relevant committee members for review at least 3 working days before the meetings. According to Article 111 of the Articles, the Board/Board committee members may participate in Board/Board committee meetings through telephone conferencing or similar communication equipment.

The agenda has been prepared after sufficient consultation with the Board/Board committee members and the Management and are then approved by the respective chairmen. The Company Secretary is responsible for submitting the papers of Board meetings and relevant information to the Directors, who can capture the adequate information timely which is complete and reliable and which will enable Directors to make an informed decision on matters placed before them. The Board ensures that Directors, especially Non-executive Directors and INEDs, are provided with sufficient resources in the furtherance of their duties as Board/Board committee members, including obtaining further information if necessary or seeking independent professional advice accordingly at the cost of the Company.

The minutes of the Board/Board committee meetings record in sufficient detail of all the issues considered and the decisions reached, including any concerns raised by the Directors or dissenting view expressed, made by the Directors/respective Board committee members. The minutes, upon reviewed by all the Directors/respective Board committee members and signed by the Chairman of the Board/chairman of the respective Board committees in next meeting, are properly kept by the Company Secretary or the designated secretary. The Company Secretary or the designated secretary has reported matters arising from the previous Board/Board committees meeting and the relevant follow-up actions taken.

All the Board members can also seek the advice and services from the Company Secretary or the designated secretaries of the respective Board committees. The Company Secretary is also responsible for ensuring compliance of the procedures of the Board as well as the applicable laws, rules and regulations. Apart from the regular Board meetings, the Company Secretary also arranges at least one meeting annually for the Chairman of the Board to meet the INEDs in the absence of other Directors and the Management. Directors have separate and independent access to the senior management and employees.

Attendance Rate

The attendance rate of the Directors at Board meetings and various Board committees meetings as well as the general meetings of the Company in 2024 is set out below:

DIRECTORS/MEMBERS	BOARD MEETING	AUDIT & RISK MANAGEMENT COMMITTEE MEETING	NOMINATION COMMITTEE MEETING	REMUNERATION COMMITTEE MEETING	ESG COMMITTEE MEETING	GENERAL MEETING
◆ Yu Fachang	5/5	N/A	2/2	2/2	N/A	0/1
◆ Lin Chun[1]	4/4	N/A	N/A	N/A	2/2	1/1
◆ An Xuesong[2]	3/3	N/A	N/A	N/A	1/1	1/1
◆ Wang Yun	5/5	N/A	N/A	N/A	2/2	1/1
◆ Yin Yanwu	5/5	N/A	N/A	N/A	N/A	1/1
◆ Zhang Mingao[3]	1/1	N/A	N/A	N/A	N/A	N/A
◆ Qin Hongyuan[4]	4/4	N/A	N/A	N/A	2/2	1/1
◆ Pan Wenjie[5]	2/2	N/A	N/A	N/A	N/A	N/A
◆ Fang Bin[6]	1/1	N/A	N/A	N/A	N/A	N/A
◆ Lin Zhijun	4/5	11/11	2/2	2/2	N/A	1/1
◆ Law Cheuk Kin Stephen	5/5	11/11	2/2	2/2	2/2	1/1
◆ Wong Chun Sek Edmund[7]	4/4	5/5	N/A	N/A	N/A	1/1
◆ Chung Shui Ming Timpson[8]	2/2	6/6	2/2	2/2	N/A	1/1

Notes:

1. Mr. Lin Chun was appointed as an Executive Director and the Chairman of the ESG Committee on 4 January 2024.
2. Mr. An Xuesong was appointed as an Executive Director and a member of the ESG Committee on 5 April 2024.
3. Mr. Zhang Mingao resigned as an Executive Director and also ceased to be the Chairman of the ESG Committee on 4 January 2024.
4. Mr. Qin Hongyuan was appointed as a Non-executive Director and a member of the ESG Committee on 4 January 2024.
5. Ms. Pan Wenjie resigned as a Non-executive Director on 22 March 2024.
6. Mr. Fang Bin resigned as a Non-executive Director and a member of the ESG Committee on 4 January 2024.
7. Mr. Wong Chun Sek Edmund was appointed as an INED, a member of each of the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee on 22 March 2024. He was appointed as the Chairman of the Audit and Risk Management Committee on 23 May 2024.
8. Dr. Chung Shui Ming Timpson retired as an INED, the Chairman of the Audit and Risk Management Committee of the Board, and a member of each of the Nomination Committee and the Remuneration Committee on 23 May 2024.

Every Director performs his/her duties as a Director at all times in good faith, objectively, with diligence and in the best interest of CEL. The Directors have to spend substantial time for the meetings of the Board and the Board committees, including reading the meeting papers before the meetings, allowing sufficient discussion of the issues in the meetings and having in-depth understanding of the follow-up issues under the agenda after the meetings. Directors disclosed to the Company each year the number and nature of offices they held in other public companies or organisations and other significant commitments, with an indication of the time involved. The Board considers all Directors devoted sufficient time and efforts to deal with matters of the Group, and other commitments would not affect the effectiveness of their contribution to or the time available for CEL.

BOARD COMMITTEES

Taking into account the market practices and international best practices in corporate governance, the Board established six Board committees to assist it in carrying out its relevant responsibilities, including the Executive Board Committee, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration Committee, the ESG Committee and the Strategy Committee. In addition, the Board will, if necessary, authorise an independent board committee comprising only INEDs to review, approve and monitor the connected transactions (including continuing connected transactions) in accordance with the requirements of the relevant laws and regulations. The "Terms of Reference of the Board" clearly define the terms of reference of the Board committees. The Board committees can make recommendations to the Board on relevant matters within their terms of reference, or make decisions under appropriate circumstances within the power as delegated by the Board. The Board committees submit their reports on their work semi-annually. As mentioned, the "Terms of Reference of the Board", which set out the terms of references of all the Board committees, are published on the Company's website and the website of the Stock Exchange.

The Management is responsible for providing the Board and Board committees with adequate and timely information which is complete and reliable and which will enable Directors to make an informed decision on matters placed before them. Where any Director requires more information than those provided by the Management themselves, he will make further enquiries, to which the Management must respond quickly and effectively. The Board and individual Directors have separate and independent access to the senior management.

Executive Board Committee

The Executive Board Committee consisted of all of the four Executive Directors, including Mr. Lin Chun, Mr. An Xuesong, Ms. Wang Yun and Mr. Yin Yanwu during the year. Mr. Lin Chun, the President, is the chairman of the Executive Board Committee. With the delegation by the Board, the Executive Board Committee makes decisions as delegated by the Board through interactive communications from time to time, including:

(a) to approve the corporate objectives and business development plans proposed by the management;

(b) to approve material transactions of the Company which are not required to be disclosed under the Listing Rules;

(c) to approve material issues regarding the Company's interest as a shareholder of Everbright Bank and Everbright Securities in Mainland China;

(d) to approve bank account opening, change of authorised signatory and other relevant resolutions;

(e) to approve the renewal of bank loan/facilities, replacement of bank loan/facilities and other relevant resolutions;

(f) to propose to the Board the establishment or abolishing of any Board committees; and

(g) to approve other regular procedural matters that the Board agrees to delegate to the Executive Board Committee.

The resolutions passed by the Executive Board Committee have same effect as the resolutions of the Board.

Audit and Risk Management Committee

The Audit and Risk Management Committee (the "Committee") currently comprises three members, and all members including the chairman are INEDs. The Committee is chaired by Mr. Wong Chun Sek Edmund and the other members are Dr. Lin Zhijun and Mr. Law Cheuk Kin Stephen. All of them possess appropriate professional qualifications and experiences in financial matters. Further to the terms of reference as required to be performed by the audit committee under the Listing Rules, the Committee also assists the Board in formulating and monitoring the risk management strategy and related framework and policy of the Company. The Vice President of the Group in charge of Risk Management, Legal and Compliance affairs assists the Committee in performing the daily risk management function of the Company in order to ensure that the risk management and internal control systems have been implemented and complied with. The Committee assists the Board in fulfilling its responsibilities relating to the supervision of the financial statements, internal control, risk management (including but not limited to the risks relating to ESG), internal audit and external audit of the Company. The written terms of reference of the Committee, which were prepared with reference to "A Guide for Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants and updated with reference to the requirement of the CG Code, were approved and properly authorised by the Board. The Terms of Reference of the Committee is available for inspection on the Company's website. The Committee mainly assists the Board in performing its role in the Company in the following areas, among others:

Internal Audit Function

- to supervise the Internal Audit Department implementing the annual audit planning reviews, at the time of which the Internal Audit Department will review the general adequacy of the accounting system and internal control system and will outline the indicated internal audit programme in respect of the Company and its subsidiaries for review and guidance by the Committee;

- to discuss and study the highlight of significant events and findings from the Internal Audit Department of which, in their opinion, require the Committee's knowledge and/or attention. Representative of Internal Audit Department will be invited to attend the Committee meetings and present the internal control supervision and work reports and other relevant inspection reports in respect of the Company and its subsidiaries for the Committee's discussion. The Committee will discuss the reports and report the summary of reports as appropriate to the Board;

- to ensure that co-ordination between the Internal Audit Department and External Auditor is adequate and that the internal audit function has adequate resources and appropriate standing within the Company, and to review and monitor its effectiveness; and

- to review and monitor the effectiveness of the internal control system and the internal audit function based on a risk methodology process.

In addition, pursuant to code provisions D.2 and D.3.3 of the CG Code, the Committee conducted an annual review of the effectiveness of the risk management and internal control systems of the Company with the assistance of the Vice President of the Group in charge of Risk Management, Legal and Compliance and the Internal Audit Department. The internal control review of the Group covered all material aspects, including financial, operational and compliance controls as well as risk management. Upon completion of the review, the Committee agreed with the review results of the Internal Audit Department that the key areas of the Company's risk management and internal control systems were reasonably implemented and were able to prevent material misstatements or losses, safeguard the Company's assets, maintain appropriate accounting records, ensure compliance with applicable laws and regulations, and generally the internal control requirements of the CG Code have been fulfilled. Such views were recommended to the Board. Please refer to the section headed "Internal Control" for details about the said review.

External Auditor

- to appoint, retain, dismiss and replace the Company's External Auditor, subject to endorsement by the Board and final approval and authorisation by the Shareholders in general meetings, and to approve the remuneration and terms of engagement of the External Auditor, and any questions of its resignation or dismissal; and monitor the associated fees and independence of the External Auditor to ensure that the performance of non-audit services does not impair the independence of the External Auditor in connection with their audit. The non-audit service to be performed by the External Auditor shall be separately identified in connection with its pre-approval if the total amount of fees exceeds the annual caps authorised by the Committee;

- to meet the External Auditor at least annually, in the absence of the Management, to discuss matters relating to any issues arising from the audit and any accounting, financial reporting or internal control matters the External Auditor may wish to raise;

- to review and monitor the effectiveness of the audit process in accordance with applicable standards and discuss with the External Auditor the nature and scope of the audit and reporting obligations before the audit commences;

- to review the work of the External Auditor (including the resolution of any disagreement between the Management and the External Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work, the scope of their audit and any other services, and approve the fees for and terms of their services;

- review with the External Auditor recent or anticipated developments in accounting principles or reporting practices that may affect the Company or the scope of the audit; and discuss major anticipated audit problems, if any;

- to review results of audits performed by the External Auditor including any changes in accounting procedures and/or the system of internal controls noted or developed during the audit examination along with matters of controversy, if any, with the Management, determine appropriate actions required on significant control weaknesses, and recommend such actions to the Board; and

- to review the External Auditor's management letter, any material queries raised by the External Auditor to the Management about accounting records, financial statements or systems of control and the Management's response.

Financial Reporting

- to review and monitor the completeness, accuracy and fairness of half-year and annual financial statements before submission to the Board with particular regard to changes in accounting policies and practices, major judgmental areas, adequacy of disclosure, consistency within the financial statements and with prior disclosures, any significant audit adjustments, the going concern assumption and any qualifications, compliance with any applicable legal requirements and accounting standards and compliance with the requirements of the Listing Rules and other legal requirements in relation to financial reporting.

The Committee invites the Group's Vice President in charge of Finance, Vice President in charge of Risk Management, Legal and Compliance, Head of Internal Audit Department and External Auditor to attend all its meetings.

The Committee considers any significant and unusual items that are, or may need to be, reflected in the report and financial statements, and gives due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors.

Risk Management

Pursuant to code provisions D.2.3 and D.2.4 of the CG Code, with assistance of the Vice President of the Group in charge of Risk Management, Legal and Compliance, the Committee considers and reports to the Board for its review of:

(a) the changes, since the last review, in the nature and extent of significant risks (including ESG risks), and how the Company responds to changes in its business and the external environment;

(b) the scope and quality of the Management's ongoing monitoring of risks (including ESG risks) and of the internal control system and the work of internal audit;

(c) the monitoring results, which enable it to assess control of the Company and the effectiveness of risk management;

(d) significant control failings or weaknesses identified (if any) and the extent that they have caused unforeseen outcomes or contingencies that could have material impact on the Company's financial performance or condition; and

(e) the effectiveness of the processes for financial reporting and Listing Rules compliance.

In addition, the Committee monitors the Company to disclose the following in the Risk Management Report:

(a) the process used to identify, evaluate and manage significant risks;

(b) additional information to explain its risk management processes and internal control system;

(c) an acknowledgement by the Board that it is responsible for the internal control system and reviewing its effectiveness;

(d) the process used to review the effectiveness of the internal control system; and

(e) the process used to resolve material internal control defects for any significant problems disclosed in its annual reports and financial statements.

A comprehensive analysis of the risks affecting the businesses of the Company and the associated mitigation measures is set out in the Risk Management Report on pages 66 to 74 in this Annual Report.

Corporate Governance

- reviewing and dealing with the Company's accounting, financial reporting and internal audit functions, the effectiveness of the Company's corporate governance structures and its implementation;

- overseeing the Company to abide by any applicable laws and comply with regulations of the relevant regulators and maintain its business ethics; and

- making recommendations to the Board where necessary, and carrying out duties within the delegated authority of the Board.

Whistleblowing

The Committee is responsible for monitoring the use and effectiveness of the whistleblowing policy for employees and third parties who deal with the Group, such as the Group's clients and suppliers that provide products or services to the Group, to raise concerns, in confidence and anonymity, with the senior management of the Group or the Committee about possible improprieties in any matter related to the Group, including but not limited to breach of legal or regulatory requirement, breach of policy or code of conduct of the Group, illegal activity, misconduct or fraud involving internal control, accounting, audit and financial matters, and misconduct or immoral behavior that may prejudice the reputation of the Group, etc. When employees and third parties reasonably suspect any misconduct in the Group, they can notify the Vice President of the Group in charge of Risk Management, Legal and Compliance, who shall investigate the matter and report to the Committee if a prima facie case is established. If, for any reason, the whistleblower does not wish to report to the Vice President of the Group in charge of Risk Management, Legal and Compliance, then the whistleblower can report to the chairman of the Committee. The Committee shall then decide how the investigation is to be proceeded, and ensure that proper arrangements are in place for fair and independent investigation of these matters for appropriate follow-up action. The Vice President of the Group in charge of Risk Management, Legal and Compliance and the Company Secretary of the Company shall report to the Committee annually at the Committee's meeting in respect of all whistleblowing cases received during the year under the whistleblowing policy and the respective status of handling. The Group's whistleblowing policy is available on the Company's website under the "Sustainability" column.

Eleven Committee meetings were held during the year with an attendance rate of 100%. The work performed by the Committee in 2024 included the review and, where applicable, approval of:

- the Company's financial statements for the year ended 31 December 2023 and the annual results announcement thereof, which were recommended to the Board for approval;
- the Company's interim financial statements for the six months ended 30 June 2024 and the interim results announcement thereof, which were recommended to the Board for approval;
- the audit report and management letter submitted by the external auditor;
- the quarterly risk assessment report submitted by the risk management function;
- the internal control supervision and work reports and other relevant inspection report submitted by the Internal Audit Department;
- the recommendation of the appointment of external auditor, and the audit fees and non-audit fees payable to external auditor for the annual audit, interim review and other non-audit services; and
- CEL's internal audit plan and key areas of the internal audit work focus for 2025.

In addition, the Committee also assisted the Board in performing the internal control and risk management function, including:

- to review the systems of financial control, internal control and risk management;
- to discuss the internal control system with the Management to ensure that the Management has performed its duty to have an effective internal control system. This discussion should include:
  - (a) to review annually the adequacy of resources, staff qualifications and experience, training programmes and budget of accounting, internal audit and financial reporting function, as well as those relating to CEL's ESG performance and reporting;
  - (b) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and the Management's response to these findings of CEL;
  - (c) to review financial and accounting policies and practices. Special meetings may be called at the discretion of the chairman or the request of senior management to review significant control or financial issues;
  - (d) to review the annual general representation letter from the Management; and
  - (e) to review the effectiveness of internal audit function of the Company and monitor its results.

The Company Secretary will ensure that the Committee is provided with sufficient resources to perform its duties according to the instruction of the Chairman of the Committee.

Nomination Committee

The Nomination Committee currently has four members comprising Mr. Yu Fachang, the Chairman of the Board and a Non-executive Director, and three INEDs, namely Dr. Lin Zhijun, Mr. Law Cheuk Kin Stephen and Mr. Wong Chun Sek Edmund. Dr. Lin Zhijun, an INED, is the chairman of the Nomination Committee. The Nomination Committee is responsible for assisting the Board in nominating the right candidates for directorship and senior management positions as well as for evaluating the competence of the candidates to ensure that they are in line with the Company's overall development directions and related requirements under the Listing Rules. The Nomination Committee assists the Board in fulfilling its supervisory role over the Company in the following areas, among others:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of INEDs annually;
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the President;
- to make recommendations to the Board on the appointment or re-appointment of the senior management;
- to review the "Director Nomination & Succession Policy" and make recommendation of amendments to the Board when needed;
- to monitor the implementation of "Board Diversity Policy" of the Company and review and report Board diversity related matters to the Board annually;
- to advise the Board on potential director succession planning to achieve gender diversity on the Board; and
- to review the implementation and effectiveness of mechanisms to ensure independent views and input annually.

For the recruitment of Directors and senior management, the Nomination Committee first takes into account the skills, knowledge and experiences of the Board and Board committees, and the business requirements of the Company in order to determine the key requirements for the candidates and objective criteria for selection. Such criteria include relevant expertise, integrity, industry experiences and independence, etc., taking into account the benefits of diversity, including but not limited to gender diversity.

The provisions set out in the above paragraphs are the key nomination criteria and principles of the Company for nomination of directors, and these constitute the "Director Nomination & Succession Policy" of the Company adopted by the Nomination Committee during the year. The Nomination Committee monitors and reviews such policy annually.

The Nomination Committee held two meetings in the year and passed one resolution in writing to transact its business for making recommendations to the Board on the appointment of Executive Director and President, Executive Director and Vice President, Non-executive Director and INED, reviewing the structure, size and composition (including skills, experience and knowledge) of the Board and the Board committees, reviewing the "Board Diversity Policy" and the "Director Nomination & Succession Policy", assessing the independence of the INEDs and making recommendations to the Board on the re-election of the retiring Directors at the annual general meeting of the Company, etc. The attendance rate of the Nomination Committee meetings was 100%.

Remuneration Committee

The Remuneration Committee currently has four members comprising Mr. Yu Fachang, the Chairman of the Board and a Non-executive Director, and three INEDs, namely Dr. Lin Zhijun, Mr. Law Cheuk Kin Stephen and Mr. Wong Chun Sek Edmund. The Remuneration Committee is chaired by Dr. Lin Zhijun, an INED. The Remuneration Committee, as delegated by the Board, is responsible for assisting the Board in overseeing the Group's human resources and remuneration policies. The Remuneration Committee assists the Board in fulfilling its supervisory role over the Company in the following areas, among others:

- to make recommendations to the Board on the Company's policy and structure for all Directors' and senior managements remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- to determine, with delegated responsibility, remuneration packages of individual Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- to assess the performance of Executive Directors and to approve the terms of Executive Directors' services contracts;
- to ensure the fairness and reasonableness of the overall human resources and remuneration policies of the Company;
- to make recommendations to the Board on the remuneration of Non-executive Directors and INEDs;
- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company;
- to review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- to ensure that no Director or any of his associates is involved in deciding his own remuneration; and
- if the Shareholders approve and adopt the share schemes in accordance with Chapter 17 of the Listing Rules, the Remuneration Committee, in accordance with the requirement of the Listing Rules, will be authorised to review and/or approve matters relating to the share schemes (if applicable).

A total of two meetings were held by the Remuneration Committee during the year with an attendance rate of 100%. The work performed by the Remuneration Committee in 2024 included the review and, where applicable, approval of:

- the performance appraisal of the Executive Directors and senior management for the year 2023;
- the proposal on staff bonus (including the senior management) for the year 2023 and salary adjustments for the year 2024 for the Company; and
- the proposal of remuneration package of newly appointed Executive Director for the year 2024.

Directors' Remuneration Policy

To ensure that the Directors receive remuneration commensurate with the time and effort they dedicate to the Company, Directors and senior management's remuneration should be appropriate and reflect their duty and responsibility to fulfill the expectations of the Shareholders and meet regulatory requirements. The Board is authorised by a resolution passed at the annual general meeting each year to fix the remuneration of Directors. The Remuneration Committee, as delegated by the Board, in proposing the remuneration of Directors, makes reference to companies of comparable business type or scale, and the nature and quantity of work at both Board and Board committees (including frequency of meetings and nature of agenda items). The Remuneration Committee also determines the specific remuneration package of Executive Directors and senior management, including share options and benefits in kind. The Board, based on the recommendations of the Remuneration Committee, approves the remuneration policy of the Company. Currently the principal components of the Company's remuneration package for Executive Directors and senior management include the basic salary, a discretionary bonus and other benefits in kind. According to the directors' remuneration policy of the Company, Executive Directors and Non-executive Directors shall not receive any directors' emolument and salary for their office of Directors. For the employment of an Executive Director in any executive position of the Group, such Executive Director is entitled to a basic salary and allowance and a discretionary bonus, which are determined by the Remuneration Committee with reference to his/her duties and responsibilities, his/her performance, the performance of the Group and the market conditions. A significant portion of the Executive Directors' or senior management's discretionary bonus is based on the Company's and the individual's performance during the year in order to achieve an appropriate compensation level. INEDs are entitled to a Director's fee and basic allowance as well as an allowance for attending each meeting of Board and Board committees, which are determined by the Board with reference to the market conditions. None of the Directors is entitled to determine his/her own remuneration package. The Remuneration Committee reviews and approves the annual and long term performance targets for senior management with reference to corporate goals and objectives approved by the Board from time to time. The Remuneration Committee also reviews the performance of the senior management against the targets set on an ongoing basis, and reviews and approves the specific performance- based remuneration of the senior management. The Remuneration Committee seeks professional advice in appropriate circumstance at the cost of the Company.

The remuneration received by each of the Directors in 2024 is listed in note 8(a) to the financial statements in this Annual Report. The current Directors' remuneration approved by the Board as authorised by Shareholders at the general meeting is as follows:

There is no Director's fee for Executive Directors and Non-executive Directors. The Director's fee is HK$200,000 per annum for each INED who has served for one full year and pro-rated for INED who did not serve for one full year. There is no standard fee for INEDs for acting as member(s) of the Remuneration Committee, Audit and Risk Management Committee, Nomination Committee, ESG Committee and Strategy Committee. However, an allowance is to be paid to INEDs for attending the following meetings:

(a) HK$12,000 for attending a Board meeting;

(b) HK$7,000 for attending a meeting of the Remuneration Committee, Nomination Committee, ESG Committee and Strategy Committee; and

(c) HK$20,000 for the chairman of the Audit and Risk Management Committee attending its meeting and HK$16,000 for other members.

A basic allowance in a total amount of HK$100,000 is to be paid to each INED every year, which will be distributed in two equal installments by 30 June and 31 December of each year.

Remuneration of Directors and Senior Management

The remuneration of the members of the senior management (including Executive Director) by band for the year ended 31 December 2024 is set out below:

REMUNERATION BANDS (HK$)	NUMBER OF PERSONS
HK$1,000,001 to HK$1,500,000	2
HK$1,500,001 to HK$2,000,000	3

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in note 8 to the financial statements.

Environmental, Social and Governance Committee

The ESG Committee was established by the Board in 2021 and aims to integrate ESG principles into business decision-making procedures and keep pace with other international enterprises on ESG. During the year, the ESG Committee had five members comprising three Executive Directors, namely Mr. Lin Chun, Mr. An Xuesong and Ms. Wang Yun, a non-executive Director, Dr. Qin Hongyuan, and an INED, Mr. Law Cheuk Kin Stephen. Mr. Lin Chun is the chairman of the ESG Committee. The ESG Committee is responsible for assisting the Board in and reporting to the Board on the following areas, among others:

- to formulate and review the Group's ESG vision, strategies, targets, governance structure and policies, and to monitor the incorporation of ESG principles into the business decision-making procedures;
- to identify and assess material ESG issues involving the business of the Group and/or other significant stakeholders and their priority, and to formulate the policy for communication with stakeholders;
- to review and monitor the implementation of the Group's ESG policies and measures and the ESG-related risk management and internal control system;
- to monitor the Group's ESG performance and effectiveness; and
- to review the ESG reports prepared in accordance with the requirements of the Listing Rules or other applicable laws and regulations, and to make recommendations to the Board for approval and confirming the issuance of ESG statements of the Board.

The ESG Committee held two meetings during the year to review the work plan of the ESG working group and adopt the ESG policies, including the "Climate Change Policy", of the Group, etc. The attendance rate of the ESG Committee meeting was 100%.

Strategy Committee

The Strategy Committee is responsible for studying the long term strategy and planning of the Group and making recommendations to the Board for the middle and long term development strategies of the Group. The Strategy Committee currently has six members comprising, the Chairman of the Board and a Non-executive Director, Mr. Yu Fachang, two Executive Directors, Mr. Lin Chun and Mr. An Xuesong, and three INEDs Mr. Law Cheuk Kin Stephen, Dr. Lin Zhijun and Mr. Wong Chun Sek Edmund. Mr. Law Cheuk Kin Stephen, an INED, is the chairman of the Strategy Committee.

Independent Board Committee

An Independent Board Committee will be formed from time to time to make recommendation and give advice to the independent Shareholders on voting on the Company's connected transactions and continuing connected transactions or other transactions of the Group that require independent Shareholders' approval at general meetings.

ACCOUNTABILITY AND AUDIT

CEL aims to ensure that the disclosures provide meaningful information and do not give a misleading impression. As part of the Company's system of internal control, the Management Decision Committee formed by the Management submits a "Representation Letter" to the Board, in which they give their confirmation on the competence of the accounting records, the compliance of financial reporting, the accuracy of the fair value of the investment projects and that the information provided to the External Auditor and Board members are of full range, complete, correct and without omission, covering financial and relevant non-financial information. The letter forms the supporting documents for the Board to sign off the Representation Letter to the External Auditor.

INTERNAL CONTROL

The Board has the responsibility of ensuring that the Company maintains sound and effective internal control to safeguard the Company's assets. The internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss; to manage, but not completely eliminate, the risks of system failure; and to assist in achieving the Company's objectives. In addition to safeguarding the Company's assets, it also ensures the maintenance of proper accounting records and compliance with relevant laws and regulations.

The Company's risk management and internal control systems include several different functions: business units, operations, risk management, legal and compliance, institutional sales, brand management, company secretarial, finance and accounting, human resources, information technology, administration, internal audit, etc., which constitute a comprehensive operating system for the Company. Riding on the concept of comprehensive risk management and internal control systems, the Management establishes detailed governing procedures in all levels, which are monitored by qualified professionals with extensive management experience and continuously updated according to the Company's latest business development.

The Group's monitoring structure

In order to fully control the level of risk and to monitor the internal management effectively, the Company integrates the requirements of risk management and internal control into the corporate management and business processes by setting up "three lines of defense":

1st. The risk management performed by frontline departments

In response to the business conditions and its development, the business units perform systematic analysis, verification, management and monitoring on risk factors from different perspectives, such as strategic risk, market risk, financial risk, operational risk and ESG risk, etc. The Management sets business goals and the overall risk limits at both the business unit level and the Company level. Based on the nature of the business activities, the Management sets up approval, verification and monitoring processes to ensure the business development and risk management complement each other, and to ensure that the business goals can be achieved by managing risk effectively. By adopting a comprehensive, systematic and proactive framework of risk management and internal control, the Company's business can be developed more effectively and efficiently.

2nd. Continuously monitoring by middle and back office

The middle and back offices, including Finance and Accounting Department, Operations Centre, Risk Management, Legal and Compliance Department, Company Secretarial Department/Board Office, etc., must set up relevant internal control and management systems to monitor the risk exposures, supplement and update the internal control and management procedures based on the latest business development and changes of risk. Meanwhile, middle and back offices and business units work independently to perform financial, operational and compliance monitoring as well as risk management functions within the Company.

3rd. The independent review of internal audit

Internal audit is an independent department carrying out objective review and providing advisory service. It uses systematic and standardised approach to evaluate whether the operating activities, risk management and internal control are appropriate and effective. The Head of Internal Audit Department reports directly to the Audit and Risk Management Committee on its work while the daily administrative and human resource matters of the department are reported to the President of the Group.

Based on the risk oriented principle, Internal Audit compiles annual audit plan and rolling audit plan to make sure that its audit covers all business and operation processes and their related risks. In accordance with the annual audit plan approved by the Audit and Risk Management Committee, Internal Audit reviews the effectiveness of the Company's risk management and internal control systems, and prepares internal audit reports quarterly for the Audit and Risk Management Committee to review and the relevant management to follow up. Internal Audit also submits the audit follow-up reports quarterly to ensure that the management and relevant departments have taken appropriate actions towards the audit suggestion which aims at improving the risk management and internal control procedures.

Based on the results of the relevant internal audit and assessment of internal control, Internal Audit develops, implements and updates the internal audit strategy so as to improve the quality of audit.

The review of risk management and internal control by the Board

Risk Management, Legal and Compliance Department prepares the risk management report on a quarterly basis and submits it to the Audit and Risk Management Committee for review. The report outlines the risks faced by CEL, changes in business activities, compliance issues and recommendations. In addition, the Board reviews the effectiveness of CEL's risk management and internal control systems with the assistance of the Audit and Risk Management Committee, which covers all material control including financial, operational and compliance control, and the risk management (included but not limited to the risk in relation to ESG) system. The results of the annual review of the effectiveness of the Company's risk management and internal control systems were reported to the Audit and Risk Management Committee and the Board by the Internal Audit Department. The Board acknowledged that the risk management and internal control systems of the Company during the review period were effective and adequate.

The Board acknowledges that it has the ultimate responsibility to ensure that there are sound and effective financial control, internal audit and accounting functions. The Board delegates the Audit and Risk Management Committee with the responsibility of reviewing the adequacy of the resources of accounting and financial report, and internal audit functions, as well as those relating to ESG performance and reporting on an annual basis, with the assistance of the Management and the Internal Audit Department. The scope of the review covers the staffing and back-up resources, their relevant working experiences and years served, recognised professional qualifications, the adequacy of budget for training and the corresponding training. The results of the annual review were reported to the Audit and Risk Management Committee and the Board.

The Audit and Risk Management Committee and the Board consider that the material aspects of the Company's risk management and internal control systems are reasonably implemented and are able to prevent significant misstatements or losses, whilst safeguarding the Group's assets, maintaining appropriate accounting records and complying with applicable laws and regulations. Such internal control system has basically fulfilled the requirements of the CG Code as set out in Appendix C1 of the Listing Rules regarding risk management and internal control systems in general.

In addition, CEL has established and implemented the following internal control system:

- The Management established an organisational structure with different hierarchies of duties, authorities and responsibilities of personnel; formulated written policies and procedures to provide checks and balances for the authorities of different departments; reasonably safeguarded the assets and the implementation of the internal control measures of the Company; and operated in compliance with laws and regulations under effective risk control.

- The Management formulated and continually monitored the implementation of the Company's development strategies, business plans and financial budgets. The accounting and management systems were also in place to provide the basis for evaluating the financial and operational performance.

- The Company formulated various risk management and human resource management policies. Specific units and personnel were responsible for identifying, assessing and managing each of the major risks types. These include reputation, strategic, legal, compliance, credit, market, operation, liquidity and interest rate risk.

- The Vice President of the Group in charge of Risk Management, Legal and Compliance is responsible for the routine risk management work of the Company and for supporting and assisting the Management in defining and evaluating the risk exposures of the Company's businesses and conducting the co-ordination thereof. He assesses, identifies and records the risk structure of the Company and ensures the relevant business units are aware of such issues. He regularly reports to the Audit and Risk Management Committee and the Management Decision Committee. The Risk Management, Legal and Compliance Department assists him in carrying out his duties.

- The Audit and Risk Management Committee reviews the letter of recommendation submitted by the External Auditor to the Management in connection with the annual audit. The Internal Audit Department is responsible for ensuring that the recommendations are promptly followed, and also periodically reports the status of the implementation thereof to the Audit and Risk Management Committee and keep the Management informed with updated information.

Anti-corruption

The Group has established policies and systems that promote and support anti-corruption laws and regulations. Please refer to the paragraphs headed "Anti-Corruption" in the separate ESG Report for 2024. The ESG report is published on the websites of the Company at www.everbright.com (by clicking "Environmental, Social and Governance Report" under "Sustainability") and the Stock Exchange at www.hkexnews.hk at the same time as the publication of this Annual Report in compliance with the ESG Reporting Guide as set out in Appendix C2 to the Listing Rules.

RISK MANAGEMENT

With assistance of the Audit and Risk Management Committee, the Board is responsible for evaluating and determining the nature and extent of the risks that it is willing to take in achieving the Company's strategic objectives. With assistance of the Risk Management, Legal and Compliance Department and the Management, the Audit and Risk Management Committee is responsible for ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Management's written confirmation on the effectiveness of the risk management and internal control system's structure, their implementation and monitoring to the Board has been set out in the Risk Management Report on pages 66 to 74 in this Annual Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own "Code for Securities Transactions by Directors and Relevant Employees" (the "Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 of the Listing Rules to govern the securities transactions of the Directors and relevant employees of the Company. Following a specific enquiry made by the Company, all Directors confirmed that they have complied with the required standard set out in both the Code and the Model Code throughout the year ended 31 December 2024.

CONSTITUTIONAL DOCUMENTS

The Company adopted a new Articles of Association of the Company (the "New Articles") during the year, in order to (i) comply with the Core Shareholder Protection Standards as set out in Appendix A1 of the Listing Rules; (ii) bring it in line with the relevant provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") and Listing Rules; and (iii) incorporate certain housekeeping amendments in connection therewith (collectively, the "Amendments"). Details of the Amendments are set out in the announcement of the Company dated 16 April 2024 and the circular of the Company dated 18 April 2024.

On 23 May 2024, the New Articles is approved by the shareholders of the Company by way of a special resolution at 2024 AGM.

Save as disclosed above, there is no change in the Company's constitutional documents during the year. The full text of the New Articles is available on the websites of the Company and the Stock Exchange.

EXTERNAL AUDITOR

On 23 May 2024, Ernst & Young ("EY") retired as the auditor of the Company at the conclusion of 2024 AGM. With the approval of Shareholders at 2024 AGM, the Company appointed KPMG, Certified Public Accountants, Hong Kong ("KPMG") as the external auditor for the year ended 31 December 2024. A statement by KPMG about their reporting responsibilities for the financial statements is included in the section headed "Independent Auditor's Report" of this Annual Report.

Pursuant to the responsibility delegated by the Board, the Audit and Risk Management Committee had reviewed and monitored the independence, objectivity and effectiveness of KPMG, the Group's External Auditor, on their audit procedures, and the results were satisfactory. Upon the recommendation of the Audit and Risk Management Committee, the Board had proposed that KPMG be re-appointed as auditor of the Group. Subject to the approval by the Shareholders at the Company's 2025 annual general meeting, KPMG will be re-appointed as auditor of the Group and the Board will be authorised to fix the auditor's remuneration.

For 2024, KPMG charged total fees of HK$11,960,000 for audit services, HK$2,212,000 for non-audit services (including HK$1,700,000 for the review of the interim financial statements and HK$512,000 for tax and other services). For 2023, EY charged total fees of HK$16,000,000 for audit services, HK$2,547,000 for non-audit services (including HK$1,844,000 for the review of interim financial statements and HK$703,000 for tax and other services).

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The following statement should be read in conjunction with the auditor's statement of its responsibilities as set out in the Independent Auditor's Report contained in the 2024 Annual Report of the Company. The statement sets out for the Shareholders the respective responsibilities of the Directors and the auditors in relation to the financial statements.

The Directors are required by the Companies Ordinance to prepare financial statements which give a true and fair view of the state of affairs of the Company. The financial statements should be prepared on a going concern basis unless it is inappropriate to do so. The Directors have the responsibility of ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the requirements of the Companies Ordinance. The Directors also have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors consider that in preparing the financial statements in the 2024 Annual Report, the Company has adopted appropriate accounting policies which have been consistently applied with the support of reasonable and prudent judgments and estimates, and that all accounting standards which they consider to be applicable have been followed. Directors ensure that the financial statements are prepared so as to give a true and fair view of the financial status, results and cash flow status of the reporting period.

EFFECTIVE DISCLOSURE MECHANISM AND HANDLING OF INSIDE INFORMATION

The Board reviews and monitors from time to time the effectiveness of the Company's disclosure process for reports, announcements and inside information. It encourages and takes necessary steps to disclose information in a timely manner and to ensure the information concerning the Company is expressed and communicated in a clear and objective manner that enables the Shareholders and the public to appraise the position of the Company to make informed investment decisions.

The Company's "Inside Information Policy" maintains procedures and internal control for the handling and dissemination of its inside information. The Board is aware of its obligations under the Listing Rules. The overriding principle is that information which is expected to be inside information should be announced immediately when it is the subject of a decision. The Company has stated in its "Inside Information Policy" that it has a strict prohibition on the unauthorised use of confidential or inside information and has established and implemented procedures for responding to external enquiries about the Company's affairs.

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

General Meetings

The Board attaches a high degree of importance to non-interrupted communications with Shareholders, especially direct dialogue with them at the Company's annual general meetings. General meetings are the primary platform for communication with Shareholders. Shareholders are encouraged to actively participate in such meetings so appropriate arrangements will be made. Shareholders who are unable to attend the general meetings may also appoint proxies to attend and vote on their behalf.

Directors, including the Chairman of the Board and of each of board committees or his representative and INEDs, and representatives of external auditor, will be present at the Company's annual general meeting to address to questions and comments raise by Shareholders. Shareholders can express their concerns to the INEDs.

In addition, the Company also provide further information on the annual general meetings in a circular to Shareholders, together with the notice of the meetings and the latest annual report, will be sent not less than 21 clear days. This includes background information to the proposed resolutions and information on the retirement and re-election of Directors in order to enable all Shareholders to understand their rights at and the agenda of the annual general meeting and to make voting decisions with sufficient information. The Company may also convene other extraordinary general meetings in accordance with applicable regulations and rules. A circular to the Shareholders together with the notice of the extraordinary general meetings will be sent at least 14 days before such meetings.

The poll results of the general meetings will be published on the website of the Stock Exchange and the website of the Company as soon as possible on the day of such meetings.

Through the Company Secretary, the Chairman ensures that appropriate steps are taken to provide effective communication with Shareholders and that their views are communicated to the Board as a whole.

Shareholders' Communication Policy

The Company always advocates that all Shareholders shall be provided with ready, equal and timely access to balanced and easy-to-understand information about the Company (including its financial summary, business introduction, corporate profile, introduction of corporate governance, business and contact information of investor relations), which allow the Shareholders to exercise their rights in an informed manner, and also improve communications between the Shareholders, potential investors and other stakeholders with the Company.

The Company has adopted a formal "Shareholders' Communication Policy" which is posted on the Company's website under "Investor Relations" column. The Company believes that communicating with the Shareholders and investors by electronic means (in particular through the Company's website (www.everbright.com)) is an efficient way of delivering information in a timely and convenient manner. The "Investor Relations" section is available on the Company's website. Important and relevant information about the Company is published on the Company's website and updated from time to time to ensure that the Shareholders receive relevant information in an effective and timely manner. All regulatory disclosures/related information will be published by the Company on the Stock Exchange in accordance with applicable regulations and rules and will be also posted on the Company's website immediately thereafter. Regularly published information includes but not limited to financial statements (annual report and interim report), result announcements, circulars, notices of general meetings, announcements and monthly returns on movements in securities, etc. The briefing materials provided in the annual general meeting and the result announcement of the Company are posted on the website of the Company as soon as possible once the materials are published. The contents published by the Company regarding all press releases, corporate profiles, corporate structure, biographical information of the Directors and the Management, service philosophy and corporate social responsibility are posted on the website of the Company. Corporate communications are provided to the Shareholders and the public in plain language and in both English and Chinese versions to facilitate understanding of the Shareholders and other stakeholders of the Group. Web-casting services are provided on the meetings announcing the interim and final results of the Company.

To support environmental protection, the Company actively encourages the Shareholders to read the Company's communication documents through the Company's website. The Company believes this is also the most convenient and fastest way to communicate with the Shareholders. When the Company's corporate communication documents are posted, Shareholders who have chosen to receive electronic communications will be notified of the publication of such documents. Shareholders listed in the Company's register of members who indicate their mailing preference will receive corporate communication documents sent by the Company by post. Shareholders may change the method of receiving corporate communications, including the choice of language and means of receiving corporate communications, at any time by notifying the Company's Share Registrar.

Physical or online investor briefings and one-on-one meetings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums are available on a regular basis in order to facilitate communications between the Company and the Shareholders and other stakeholders.

The general meeting is the principal opportunity and ideal venue for Shareholders to exchange views on the Company's business with the Directors and the Management. The Board therefore encourages Shareholders to attend the annual general meeting, exercise their right to speak and vote, and give valuable advice on the Company's operational and governance matters. A Q&A session is held at each general meeting to give opportunities to Shareholders to raise questions and share their views in relation to the Group's affairs. Directors (including the Chairman of the Board, the INEDs and the chairman of the Board committees, or their duly appointed delegates) and the Management should be available at general meetings to respond to the Shareholders' questions and comments. The Company also ensures that the representative of the External Auditor attend the Company's annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence, etc.

The Shareholders should direct their questions about their shareholdings to the Company's Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong with contact number of (+852) 2980 1333. The Company shall ensure effective and timely dissemination of information to the Shareholders and the public at all times. The Shareholders, potential investors and other stakeholders of the Group may direct their questions to the Corporate Communications Team by email to ir@everbright.com or by phone at (+852) 2528 9882.

Upon reviewing the implementation and effectiveness of the "Shareholders' Communication Policy" of the Company, the Board considers the policy and its implementation are effective as the policy has provided effective channels for Shareholders, potential investors and other stakeholders of the Group to communicate their views with the Company and the Company has complied with the principles and required practices as set out in the policy as described above during the year.

Dividend Policy

The Board has adopted a "Dividend Policy" for the Company. In principle, the policy allows the Shareholders to share the profits of the Company to obtain reasonable, stable and sustainable dividend returns whilst retaining an adequate cash level to meet general working capital and future development requirements. Based on the above principle, the Company intends to distribute an appropriate amount of annual dividends, part of which may be declared in the form of an interim dividend, subject to the Articles, the Companies Ordinance and other applicable laws and regulations and taking into account any factor that the Board considers relevant. The dividend policy of the Company is subject to periodic review by the Board. The dividend policy does not form any commitment on distribution of dividends to the Shareholders and there is no assurance that dividends will be paid in any particular amount for any given period.

Shareholders' Rights

The Board respects the Shareholders' rights set out in the Articles and relevant applicable laws and regulations. The Board attaches great importance to maintaining effective communication with shareholders. It also makes every effort to keep Shareholders informed of the Company's business and affairs through various channels and direct dialogue with the Shareholders.

Shareholders are entitled to convene an extraordinary general meeting, make any proposals at Shareholders' meetings and propose a person for election as a Director. Please see the detailed procedure as follows:

- ### the way in which Shareholders can convene a general meeting:

  Shareholder(s) representing at least 5 per cent of the total voting rights of all Shareholders having a right to vote at general meetings can make a request to call a general meeting pursuant to Section 566 of the Companies Ordinance.

  The request –

  (a) must state the general nature of the business to be dealt with at the meeting;

  (b) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting;

  (c) may consist of several documents in like form;

  (d) may be sent in hard copy form or in electronic form to the Company Secretary at the Company's registered office (46th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong) or by way of email to ir@everbright.com; and

  (e) must be authenticated by the person or persons making it.

  Pursuant to Section 567 of the Companies Ordinance, Directors must call a general meeting within 21 days after the date on which they become subject to the requirement and the meeting so called must be held on a date not more than 28 days after the date of the notice convening the meeting. If the Directors do not do so, the Shareholders who requested the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a general meeting pursuant to Section 568 of the Companies Ordinance, but the meeting must be called for a date not more than 3 months after the date on which the Directors become subject to the requirement to call a general meeting. The Company will reimburse any reasonable expenses incurred by the Shareholders requesting the meeting by reason of the failure of the Directors duly to call a general meeting.

- ### the procedures for making proposals at Shareholders' meetings:

  The following Shareholders are entitled to put forward a proposal (which may properly be put to the meeting) for consideration at a general meeting of the Company:

  (a) Shareholders representing not less than 2.5% of the total voting rights of all Shareholders who have a right to vote on the resolution at the general meeting to which the requests relate; or

  (b) not fewer than 50 Shareholders who have a right to vote on the resolution at the general meeting to which the requests relate.

  The requisition specifying the proposal, duly signed by the Shareholders concerned, together with a statement of not more than 1,000 words with respect to the matter referred to in the proposal, must be deposited at the registered office of the Company (46th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong) not less than six weeks before the general meeting. The Company will take appropriate actions and make necessary arrangements, and the Shareholders concerned will be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Sections 615 and 616 of the Companies Ordinance once valid documents are received.

- the procedure for Director's nomination and election by Shareholders:

  If a Shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the Shareholder should lodge at the registered office of the Company (46th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong) by reference to the "Procedures for Shareholders to Propose a Person for Election as a Director" posted on the website of the Company, (a) a notice signed by such Shareholder (other than the proposed person) duly qualified to attend and vote at the meeting of his/her intention to propose such person for election; and (b) a notice signed by the proposed person indicating his/her willingness to be elected. The period during which the aforesaid notices may be given will be at least seven days. Such period will commence on the day after the despatch of the notice of the general meeting for which such notices are given and end no later than seven days prior to the date of such general meeting. The Company will take appropriate actions and make necessary arrangements in accordance with the requirements under Article 122 of the Articles once valid notices are received, and the Shareholder concerned will be responsible for the expenses incurred in giving effect thereto. Shareholders are welcome to send any written enquiries to the Board for the attention of the Company Secretary either by post to the registered office of the Company at 46th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by way of email to ir@everbright.com. The Company Secretary will direct enquiries received to appropriate Board member(s) or the chairman of the Board Committee(s) who is in charge of the areas of concern referred therein for further handling. The Board, assisted by the Company Secretary, would make its best efforts to ensure that all such enquiries are addressed in a timely manner.

SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

The Company attaches great importance to corporate social responsibility. The Board is committed to undertaking corporate social responsibility by strengthening relationship with its stakeholders with a view to contributing to the sustainable development of the economy, society and environment. The Company consistently supports and participates in activities that are beneficial to the community. A separate ESG report for 2024 is published on the websites of the Company at www.everbright.com (by clicking "Environmental, Social and Governance Report" under "Sustainability") and the Stock Exchange at www.hkexnews.hk at the same time as the publication of this Annual Report in compliance with the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules.

COMPANY SECRETARY

Ms. Wan Kim Ying Kasina, the Company Secretary of the Company, is a full time employee of the Company who is familiar with the daily operation of the Company. She is a Fellow of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute of the United Kingdom, thereby possessing the relevant professional qualifications as stipulated by the Listing Rules. In addition, she holds a Master of Business Administration degree of Murdoch University, Western Australia and a Master of Corporate Governance degree of the Hong Kong Polytechnic University, and also has more than 15 years of practical experience in corporate governance and company secretarial practices in listed companies. The Company Secretary is responsible for advising the Board on all corporate governance matters. The Directors have access to the services provided by the Company Secretary. The Company Secretary confirmed that during the year, she has taken no less than 15 hours of relevant professional training.

The Articles states that the appointment and removal of the Company Secretary is a matter for the Board. Changes and appointment of Company Secretary are dealt with by a physical Board meeting rather than a written resolution.

The Company Secretary plays an important role in supporting the Board and Board Committees by ensuring good information flow within the Board and that Board policy and procedures are followed. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable laws, rules and regulations, are followed. The Company Secretary also plays an essential role in the relationship between the Company and Shareholders, including by assisting the Board in the discharge of its obligations to Shareholders pursuant to the Listing Rules. The Company Secretary also ensures that the Board and Board committee members are provided with sufficient resources and have access to all employees, Directors, agents or consultants for information, and are able to obtain independent professional opinions at the cost of the Company to discharge their duties properly.

RISK MANAGEMENT REPORT

THE SCOPE OF RISK MANAGEMENT & INTERNAL CONTROLS

The Board seeks to achieve an appropriate balance between taking risk and generating returns for shareholders and is accountable for the Group's ongoing monitoring of risk and of the internal controls. It considers the most significant risks facing the Group and the relevant risk management.

INEDs' overseeing of the risk management process is exercised through the Audit and Risk Management Committee with respect to standards of integrity, financial reporting, risk management and internal controls.

The Vice President of the Group in charge of Risk Management, Legal and Compliance, who reports directly to the Audit and Risk Management Committee, has responsibility for the risk and control framework of the Group and the independent monitoring and reporting of risk reporting and controls.

Risk Management Framework:

The Group's risk management framework is designed to support the delivery of the Group's strategic objectives. The key principles that underpin risk management in the Company are:

- the Board and the Management Decision Committee promote a culture in which risks are identified, assessed and reported in an open, transparent and objective manner; and

- the over-riding priority is to protect the Group's long-term viability and reputation and produce sustainable, medium to long-term returns.

Risk management is embedded within all areas of the business. The Group expects individual behaviours to mirror the culture and core values of the Company. All employees undertake the responsibility of upholding the Company's risk and control culture and supporting effective risk management to enable the Company to deliver its strategy.

Internal Control Framework:

The Group operates a "three lines of defence" framework for identifying, preventing and controlling risks.

The first line of defence against undesirable outcomes is the business unit and the respective line managers. Department heads of their own business areas take the lead role with respect to implementing and maintaining appropriate controls.

Line management is supplemented by overseeing unit, such as Risk Management, Legal and Compliance, Operations, Finance and Accounting, Company Secretarial, which constitute the second line of defence.

Internal Audit can provide retrospective, independent auditing over the operation of controls and is the third line of defence. The internal audit duty includes reviews of risk management and internal control processes and provides recommendations to improve the control environment.

RISK & INTERNAL CONTROL REVIEW

Risk events are captured by the business will assess and report through a workflow by the second and third lines of defence, with continuous follow-up on subsequent improvements. When control failings and inefficient processes are identified, the second and third line of defence teams also conduct deep dive analyses and reviews to identify potential risks and make or supervise remediations.

The Audit and Risk Management Committee holds a regular meeting quarterly for assessing internal control of the Group and the effectiveness of risk management.

The Vice President of the Group in charge of Risk Management, Legal and Compliance, supported by Risk Management, Legal and Compliance Department and other internal control relevant departments mentioned above, identifies Company's risk and internal control profile, continuously supervises and promotes enhancements and improvements to the mechanisms of the risk control system, and reports to the Audit and Risk Management Committee on the major risks and internal control profile of the Company on a quarterly basis. Committee members contribute views and raise questions at its meeting to ensure risk management and internal controls are effective and in place. For further details, please refer to the relevant contents of the Corporate Governance Report.

EFFECTIVENESS OF FINANCIAL REPORTING & LISTING RULES COMPLIANCE

With support and input from the External Auditor, the Audit and Risk Management Committee has considered, challenged and reviewed financial reporting of the Group, assessed whether suitable accounting policies have been adopted, whether management have been made appropriate estimates and judgments and whether disclosures in published financial statements are fair, balanced and understandable.

The compliance of regulatory requirements (including Listing Rules) is supported by Company Secretarial Department/Board Office. The Audit and Risk Management Committee has considered and assessed the relevant regulatory compliance through the compliance review section in the quarterly risk and internal control review report. The compliance review has summarised the status of regulatory and compliance matters, corrective actions and the recommendation to the Committee for the enhancements of the relevant compliance matters.

In regard to the above, the Audit and Risk Management Committee considers the Group's processes for financial reporting and Listing Rules' compliance are effective.

PROCESS OF ASSESSMENT AND MANAGEMENT OF SIGNIFICANT RISKS

The Group re-examines its risk appetite annually taking into consideration factors such as strategy and financial goals, and adjusts and revises the nature and degree of various risks willing to assume in order to achieve business development strategies and goals, and implements them after evaluation and approval by the Board. The Risk Management, Legal and Compliance Department implements relevant risk monitoring mechanisms to monitor market, operational, legal and compliance risks on a daily basis, and uses scientific and professional skills to examine whether the overall operation of the Company meets the standards set by its risk appetite.

Specifically, risk identification and assessment are conducted using both a top down approach and a bottom up approach to ensure a thorough risk assessment at the macro and micro levels. The top down approach mainly considers the objective external factors and the strategic planning of the Company to identify and assess the risks having the most significant impact to the Group resulting from the relevant factors. The bottom up approach ensures that the Company can carry out a comprehensive examination of internal risks, conduct data analysis to verify key trends, identify and set priorities for key risks, and provide management with opinions and recommendations on matters that could impact operational development and business results.

The Group uses the above methods to identify significant risks, evaluates the likelihood and impact of each significant risk, with reference to associated measures and performance of key indicators, and uses qualitative and quantitative approaches to describe and report on such risks. Meanwhile, the Group will assess the adequacy of its risk mitigation measures, and review and formulate additional measures if necessary. The Vice President of the Group in charge of Risk Management, Legal and Compliance oversees the overall risk management and reports to the Audit and Risk Management Committee on a quarterly basis.

MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL

Terms of Reference

The Board operates within clearly defined terms of reference, and it reserves certain matters for its own consideration and decision. It has established appropriate committees, such as the Executive Board Committee, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration Committee, the Environmental, Social and Governance Committee and the Strategy Committee, to oversee risk and control activities.

These committees also have clearly defined terms of reference. The Board and committee processes are fundamental to the effectiveness of the Group's risk management and internal control.

Risk Management & Internal Control

The Group maintains a comprehensive risk management and internal control framework and has clearly defined procedures for identifying and handling risks and internal control concerns throughout the organisation. This framework helps the Group to safeguard client assets, protect the interests of all stakeholders and meet the Group's responsibilities as a Hong Kong listed company and parent of a number of regulated entities.

The risk management and internal control framework also forms the basis upon which the Board reaches its conclusions on the effectiveness of the Group's risk management and internal control.

BOARD RESPONSIBILITY ON RISK MANAGEMENT & INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal control framework, the ongoing monitoring of risk management and internal control and reviewing their effectiveness periodically.

The system of control is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

PROCESS OF REVIEWING THE EFFECTIVENESS OF RISK MANAGEMENT & INTERNAL CONTROL

On behalf of the Board, the Audit and Risk Management Committee ("the Committee") carried out the annual assessment of the effectiveness of the risk management and internal control during 2024, including those related to the financial reporting process. In addition, the Committee considered the adequacy of the Group's risk management arrangements in the context of the Group's business and strategy.

In carrying out its assessment, the Committee considered reports from the Vice President in charge of Finance, the Internal Audit Department and also from the External Auditor which enabled an evaluation of the effectiveness of the Group's risk management and internal control, and no significant failings or weaknesses were identified.

The Committee keeps reviewing the Group's risk management arrangements and internal control through quarterly reports.

The risk and internal control review report sets out changes in the level or nature of the risks faced by the Group, developments in risk management and operational events, including significant errors and omissions (if any). The report also outlines key compliance issues and recommendations for the enhancement of regulatory risk mitigation. This independent report allowed the Committee to consider the key risks and internal control matters faced by the Group and assessments of risk tolerance. Key topics discussed by the Committee included operational, investment, surveillance & control, legal, counterparty credit, acquisition integration, technology and financial risks, contingent liabilities and internal control.

Internal Audit Department reviews progress against a rolling plan of internal audits approved by the Committee, and reports significant findings from audits and their subsequent remediation, and provides recommendations to improve the control environment to the Committee on a quarterly basis.

REVIEW OF KEY RISKS

The following table summarises the key risks and uncertainties that are inherent within both the Group's business model and the market in which the Group operates along with the sophisticated level of controls and processes through which the Group aims to mitigate them. The risk factors mentioned below do not purport to be exhaustive as there may be additional risks that the Group has not yet identified or has deemed to be immaterial and not having a material adverse effect on the business.

KEY RISK	CHANGES IN 2024	MITIGATING FACTORS
	FINANCIAL	
Liquidity Risk	▲	
• Risk of failing to meet the Group's contractual or payment obligations in a timely manner. • Key risk that arises from high financial leverage occurs when a company's return on asset does not exceed the interest on the loan, which greatly diminishes a company's return on equity and profitability. • Additionally, high financial leverage may raise the risk of failing to fulfil the relevant requirements from loan covenants (if any) and result in technical default.	• The Group has continued to hold sufficient bank credit facilities and can use these facilities appropriately to maintain liquidity, based on fund utilisation and cash inflow conditions. • The Group monitors and controls liquidity risk through methods such as financial budgets and stress tests. Due to partial repayment of bank loans, the Group leverage has seen slight decline, with overall liquidity situation well-maintained.	• The Group forecasts the firm-wide cash flows, return and profitability at least annually. After consideration from the perspective on financial control and risk management, the Management advises the Board regarding the optimised financial leverage ratio and relevant limits for approval. • The approved financial leverage ratio and relevant limits are closely monitored by Finance Department and Risk Management,Legal and Compliance Department regularly. • Finance department closely monitors the Group's cash position, available facilities and performs cash flow forecasting under the overseeing of Risk Management, Legal and Compliance Department. • The Group regularly performs long term forecasts and uses stress tests to assess future liquidity and short term forecasts to closely monitor any change of liquidity need, and formulates corresponding plans to ensure the capability of the Group regarding long and short term liquidity. • The Group has further enhanced its cash reserves by stepping up efforts to exit existing projects and conducting prudent evaluation on new investment projects.

Key: ▲ Risk level increased ▼ Risk level decreased ◀ ▶ No significant change in risk level

KEY RISK	CHANGES IN 2024	MITIGATING FACTORS
Exchange Rate Risk	▲	
• Risk that the Group's financial position is exposed to adverse movements in exchange rates.	• The impact of the fluctuations in the exchange rate of RMB against Hong Kong dollars on the Group's financial position has been reduced. The Group controls exchange rate risk through the counter balancing method to reduce the impact of exchange rate fluctuations on the Company.	• Monitor asset exposures by currency and the foreign currency rate movement regularly. • Improve currency matching between asset and liability, reducing currency mismatch risk. • Perform stress test and sensitivity analysis on the effect of change in foreign currency rates.
Interest Rate Risk	▲	
• Change of the interest rate will have negative impact on the Group and its relevant portfolios if there is an interest rate mismatch of the assets and liabilities.	• There has been an overall decrease in borrowing costs due to decreasing USD/HKD interest rates. • As Panda bonds accounted for a considerable portion in the Company's debt structure, the impact of changes in USD/HKD interest rates on borrowing costs is under control.	• Monitoring on interest rate mismatch and sensitivity test are performed regularly. • The Group has managed to decrease overall loan borrowing cost by adjusting the whole loan structure by monitoring interest rate trends of USD/HKD and RMB. • The interest rate risk of the Group is expected to decline further as more cut(s) in interest rate on USD is expected
INVESTMENT		
Market Risk	▲	
• Risk arises from market movements, which can cause a fall in the value of investment assets.	• Affected by various factors such as the macroeconomic landscape, geopolitical conflicts and fluctuations in the capital market, the value of the Group's assets invested is subject to short-term volatility.	• Analysing and estimating market risks on a forward-looking basis. • Limits on the aggregate amount of seed capital investment and enhance investment diversification. • The Group actively develops fee-based business so that our return and profitability will be more stable. The Group continues to strengthen capital market research and judgement and tracking of corporate operating conditions, and strengthens risk control effectively through various means such as monitoring of market value.

Key: ▲ Risk level increased ▼ Risk level decreased ◀ ▶ No significant change in risk level

KEY RISK	CHANGES IN 2024	MITIGATING FACTORS
Credit Risk	▲	
• Risk exposed to credit losses if borrowers are unable to repay loans and outstanding interest and fees. • In addition, the Group has exposure to counterparties with which it places deposits or trades, and derivative contracts.	• The Group's provision on loan in 2024 has increased, but the overall credit risk is within manageable level. • The Group's counterparty risks are generally manageable.	The Group seeks to minimize our credit risk from its lending by: • Mainly lending on a secured basis with significant emphasis placed on quality control of the underlying security. • Manage to maintain consistent and conservative loan to value ratios and short-term tenor. • Operating strong control and governance both within business units and with overseeing by Risk Management,Legal and Compliance Department. • Enhance credit management, expedite the collection of loan assets, and exercise caution in extending new loans The Group's exposures to counterparties are mitigated by: • Seek to diversify our exposures across different counterparties. • Continuous monitoring of credit quality of our counterparties.
Operational Risk	◀ ▶	
• Risk of losses through inadequate or failed internal processes, people or systems or through external events.	• The Group's Operations Centre set up in 2015 has expanded rapidly and the identification, control and management on operational risks enhanced continuously. • The Group continuously boosts employees' awareness of operational risk and strengthens system implementation through various educational interactions such as training on systems and case sharing.	• The Group's control systems are designed to ensure operational risks are mitigated to an acceptable level. • Three lines of defence model mentioned above is the key point. • Risk and control assessments are used to identify and assess key operational risks. Associated controls are assessed with regard to their design and performance. Where required, processes and controls are enhanced/optimized to improve the supervision and control. • The Group manages risk events through identification, evaluation, reporting, risk mitigating resolution and continuous monitoring with the aim of preventing major operational risk. • Relevant trading/settlement/investment operation management systems/information management systems are implemented, and automation procedures are enhanced and strengthened continuously to mitigate relevant operational risks.

Key: ▲ Risk level increased ▼ Risk level decreased ◀ ▶ No significant change in risk level

KEY RISK	CHANGES IN 2024	MITIGATING FACTORS
Legal and Regulatory Risk	◀ ▶	
• Changes to the existing legal, regulatory and tax environments and failure to comply with existing requirements may materially impact the Group. • Failing to treat customers fairly, safeguard client assets or provide advice/products that contrary to clients' best interest may damage the Group's reputation and may lead to legal or regulatory consequences including litigation, regulatory condemnation and customer redress. This applies to current, past and future business.	• The changes in legal and regulatory requirements in recent years have led to additional reporting requirements, operational complexity and cost to the Group. • The Group has continued to improve its legal risk prevention and control system, continuously enhanced the compliance review process, and comprehensively prevented and controlled legal compliance risk.	• Risk Management, Legal and Compliance Department tracks developments of regulatory matters to offer professional advice to the Group on the related changes in relevant laws and regulations, and to advise on developing policies, delivering training and performing monitoring checks and to provide advice to other departments to ensure compliance with regulatory compliance requirements. • To advise on the approval, monitoring and review of existing and new funds/products/investments. • Training for relevant staff regarding the regulatory compliance requirements. • Continuous monitoring of key regulatory compliance requirements.
Information Technology Risk	◀ ▶	
• Risk of failure to keep up with changing client expectations or manage upgrades to existing technology may impact the Group's performance.	• The Company continued to invest and upgrade its IT infrastructure and systems, including corporate data warehouse, investment management system and order management system.	• The Group continues to invest in its IT infrastructure, data management system, reporting system and other software/systems. • The Group has sound governance in place to oversee our major IT projects. • The Group has in place business continuity and disaster recovery plans.

Key: ▲ Risk level increased ▼ Risk level decreased ◀ ▶ No significant change in risk level

KEY RISK	CHANGES IN 2024	MITIGATING FACTORS
Loss of Key Personnel Risk	◀ ▶	
◆ Risk of failure to recruit or retain appropriately skilled and experienced staff may have a material adverse effect on the Group's operations and implementation of its strategy.	◆ The Group has continued to employ professionals in the field of asset management to carry out investment and risk management.	◆ The Group seeks to develop, attract, motivate and retain staff through comprehensive human resource policies. ◆ Comprehensive, systematic and highly transparent evaluation policies are used to evaluate staff performance. ◆ Maintains loyalty through appropriate remuneration and benefit packages. ◆ Contracts for relevant roles have restrictive covenants and enhanced notice periods are in place for key staff. ◆ Comprehensive training is offered to all staff to promote individual and team development. ◆ In order to avoid reliance on any one individual staff, teams are required to ensure each individual has another staff as alternative backup. ◆ We have set up promotion policy so that employees have clear career path to pursue and are motivated to stay for long term development.
REPUTATIONAL		
Reputational Risk	▲	
◆ Risk that negative publicity regarding the Group will lead to client redemptions and a decline in AUM and revenue. ◆ The risk of damage to the Group's reputation is likely to be caused by other key risks, rather than a standalone risk.	◆ Adhering to the principle of active prudence, the Group has strengthened monitoring of public opinions and maintained a stable environment in terms of public opinions.	◆ High standards of conduct and a principled approach to regulatory compliance are integral to the Group's corporate culture and values. The Group considers reputational risks as a key factor when initiating changes in strategy or operating model. ◆ Maintain effective monitoring and guidance of public opinion, while enhancing the management and oversight of the Company's brand usage. ◆ Reputational risk is primarily mitigated through the effective mitigation of the other key risks. ◆ The Group's risk appetite, risk and compliance policies, governance structures and reward mechanism include significant focus on issues and behaviors that could positively affect the Group's reputation.

Key: ▲ Risk level increased ▼ Risk level decreased ◀ ▶ No significant change in risk level

ESG RISK MANAGEMENT

ESG risks refer to the risks to which an enterprise is exposed in environmental, social and governance terms, which may have an adverse impact on the Group's mid- and long-term financial position and enterprise value. The ESG risk control structure adopted by the Group is as follows:

- The Group's risk management work is mainly led by the Vice President in charge of Risk Management, Legal and Compliance, and monitored by the Audit and Risk Management Committee. ESG risks are managed by the ESG Committee under, and overseen by, the Board.

- The ESG Committee, under the authorization of the Board, is responsible for formulating the Group's ESG responsibilities, policies, strategies and objectives, supervising the performance and effectiveness of the implementation of ESG-related responsibilities, and regularly reporting to the Board on relevant matters.

- The ESG Task Force under the ESG Committee is responsible for the implementation of the responsibilities, policies and resolutions formulated by the ESG Committee, reporting the work results to the ESG Committee, and proposing work adjustments and improvements.

- Investment teams implement the Group's ESG policies in daily activities of investment and management.

During the reporting period, the Group effectively managed ESG risks through continuous implementation of policies and measures related to ESG risk management. In 2024, there were no significant ESG risk events impacting the Group.

DIRECTORS' REPORT

The board of directors (the "Director(s)") (the "Board") of China Everbright Limited (the "Company") hereby presents to shareholders the Annual Report together with the audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is principally engaged in investment holdings and the provision of financial services. The principal activities of the subsidiaries are set out in note 15 to the financial statements. Further discussion and analysis of these activities and business review as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 22 to 37 and the Risk Management Report set out on pages 66 to 74 respectively of this Annual Report. The discussion on the Group's environmental policies and performance, the Group's key relationships with employees, customers, suppliers and other stakeholders, and the Group's compliance with the relevant laws and regulations that have a significant impact on the Group, can be found in the separate Environmental, Social and Governance Report for 2024 which is published on the websites of the Company at www.everbright.com (by clicking "Environmental, Social and Governance Report" under "Sustainability") and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at www.hkexnews.hk at the same time as the publication of this Annual Report in compliance with the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") . These discussions form part of this Directors' Report.

TURNOVER AND CONTRIBUTION TO GROUP RESULTS

The turnover and contribution to operating results of the Group by principal activity and geographical location are set out in notes 4 and 42 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out on page 97 of this Annual Report.

The Board has recommended the payment of a final dividend of HK$0.05 per share for the year ended 31 December 2024 (2023: HK$0.10 per share).

MAJOR CUSTOMERS AND SUPPLIERS

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 lease and gross sale proceeds from disposal of trading securities of secondary market investments. Accordingly, it is not practicable to state the percentage of the sales attributable to the Group's largest customers and percentage of the purchases attributable to the Group's largest suppliers.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past five financial years is set out on page 186 of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Movements in property, plant and equipment and investment properties during the year are set out in note 14 to the financial statements.

PROPERTIES

Particulars of major properties held by the Group as at 31 December 2024 are set out on page 187 of this Annual Report.

CHARITABLE DONATIONS

Charitable donation made by the Group for the year ended 31 December 2024 amounted to HK$29,737 (2023: HK$38,200).

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's principal subsidiaries, associates and joint ventures as at 31 December 2024 are set out in notes 15, 16 and 17 to the financial statements respectively.

BANK LOANS

Particulars of bank loans of the Group as at 31 December 2024 are set out in note 26 to the financial statements.

BONDS PAYABLE

Particulars of bonds payable of the Group as at 31 December 2024 are set out in note 28 to the financial statements.

SHARE CAPITAL

Details of the movement in share capital of the Company during the year are set out in note 31 to the financial statements.

PERPETUAL CAPITAL SECURITIES

Details of the perpetual capital securities issued by the Company are set out in note 32 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED EQUITY SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 December 2024.

RESERVES

Distributable reserves of the Company as at 31 December 2024 as calculated under the Companies Ordinance amounted to HK$2,122,063,000 (2023: HK$2,198,856,000). The movement in the Company's reserves are set out in note 34 to the financial statements.

BORROWINGS AND INTEREST CAPITALISED

Bonds payable and bank loans repayable within one year or on demand are classified as current liabilities in the financial statements. Bonds payable and bank loans repayable over one year are classified as non-current liabilities. No interest was capitalised by the Group during the year.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this Annual Report, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

CONNECTED TRANSACTIONS

The connected transaction disclosed in accordance with Chapter 14A of the Listing Rules during the year is as follows:

On 14 November 2024, CEL Management Services Limited (a wholly-owned subsidiary of the Company) as the tenant, entered into the tenancy agreement with Gardex Investment Limited ("Gardex"), as the landlord, for the renewal of the tenancy of the whole of 48th Floor of Far East Finance Centre, No. 16 Harcourt Road, Hong Kong for a term of 3 years commencing on 15 November 2024 and expiring on 14 November 2027 (both days inclusive).

China Everbright Holdings Company Limited ("CE Hong Kong"), through its wholly-owned subsidiaries, was interested in approximately 49.74% of the total issued share capital of the Company and was the controlling shareholder of the Company. Gardex was a wholly-owned subsidiary of CE Hong Kong, therefore was an associate of CE Hong Kong and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the tenancy agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

The aforesaid connected transaction of the Company was subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the aforesaid connected transaction of the Company was set out in the announcement of the Company dated 14 November 2024.

CONTINUING CONNECTED TRANSACTIONS

Set out below is the information in relation to certain continuing connected transactions involving the Company and/or its subsidiaries, particulars of which were previously disclosed in the announcements of the Company and are required under the Listing Rules to be disclosed in the annual report and financial statements of the Company.

China Everbright Group Ltd. ("Everbright Group") is the holder of 100% of the equity interest in CE Hong Kong. CE Hong Kong is the indirect controlling shareholder of the Company which indirectly holds approximately 49.74% equity interest in the Company. Accordingly, Everbright Group is a controlling shareholder of the Company, and thus Everbright Group and its associates are connected persons of the Company. The ongoing arrangements between the Group and Everbright Group and its associates entered into (including, among other things, deposit services, asset management services, brokerage services and custodian services) are continuing connected transactions of the Company.

On 28 December 2023, the Company entered into the following new framework agreements (collectively the "Framework Agreements") with Everbright Group:

1. Asset management services framework agreement;
2. Brokerage services framework agreement;
3. Custodian services framework agreement; and
4. Deposit services framework agreement.

The Framework Agreements set out the basis upon which members of the Group to carry out the transactions contemplated under the Framework Agreements with Everbright Group and/or its associates for the three financial years ending 31 December 2026. The duration of the Framework Agreements was commenced on 1 January 2024 and expires on 31 December 2026. Everbright Group, being the controlling shareholder of the Company, is a connected person of the Company under the Listing Rules and therefore entering into the Framework Agreements by the Company and the transactions contemplated under the Framework Agreements constitute continuing connected transactions of the Company under the Listing Rules.

(1) Asset Management Services

The Group provides asset management services (including investment advisory services) to relevant members of the Everbright Group.

Material terms:

- The Group shall provide asset management services (including investment advisory services) to Everbright Group in respect of assets in the asset management services accounts designated by Everbright Group.
- The asset management services (including investment advisory services) provided shall be on normal commercial terms which are arrived at upon arm's length negotiation and are no less favourable than those available to similar or comparable independent third parties offered by the Group.
- The asset management services (including investment advisory services) provided under the Asset Management Services Framework Agreement shall be non-exclusive. Everbright Group is at liberty to obtain asset management services (including investment advisory services) from third parties and the Group is at liberty to provide third parties with asset management services (including investment advisory services).

The annual cap for the transactions under the Asset Management Services Framework Agreement for the year ended 31 December 2024, and the years ending 31 December 2025 and 31 December 2026 are all set at HK$360,000,000. The transaction amount under the Asset Management Services Framework Agreement for the year ended 31 December 2024 was approximately HK$459,109.

(2) Brokerage Services

The Group places cash, equity and debt securities in brokerage accounts with Everbright Group and its associates, and Everbright Group and its associates provide brokerage and ancillary services to the Group for customers of the Group, funds established and/or managed by members of the Group as well as proprietary trading of members of the Group (where such transactions constitute continuing connected transactions of the Company under the Listing Rules) in accordance with the relevant rules and regulations, as well as custodianship of the cash, equity and debt securities.

Material terms:

- Everbright Group and its associates shall provide to the Group for customers of the Group, funds established and/or managed by members of the Group as well as proprietary trading of members of the Group (where such transactions constitute continuing connected transactions of the Company under the Listing Rules) brokerage and ancillary services in accordance with the relevant rules and regulations, and custodianship of the cash, equity and debt securities.

- The brokerage services provided shall be on normal commercial terms which are arrived at upon arm's length negotiations and are no less favourable than those obtained by the Group from independent third parties, and on terms no less favourable than the most favourable terms offered by Everbright Group and its associates to similar or comparable independent third party customers.

- The brokerage services provided under the Brokerage Services Framework Agreement shall be non-exclusive and the Company is at liberty to obtain brokerage services from third parties.

The annual cap for the transactions under the Brokerage Services Framework Agreement for the year ended 31 December 2024, and the years ending 31 December 2025 and 31 December 2026 are all set at HK$28,000,000. The transaction amount under the Brokerage Services Framework Agreement for the year ended 31 December 2024 was approximately HK$23,627.

(3) Custodian Services

Everbright Group and its associates provide custodian services to the Group, including the safekeeping of assets in custodian accounts, monitoring of investment activities, and reporting. The transactions are conducted through custodian accounts opened with Everbright Group and its associates in the relevant Group company's name.

Material terms:

- Everbright Group and its associates shall provide the Group custodian services including safekeeping of assets in custodian accounts, monitoring of investment activities, and reporting.

- The custodian services provided shall be on normal commercial terms which are arrived at upon arm's length negotiations and are no less favourable than those obtained by the Group from independent third parties, and on terms no less favourable than the most favourable terms offered by Everbright Group and its associates to similar or comparable independent third party customers.

- The custodian services provided under the Custodian Services Framework Agreement shall be non-exclusive and the Company is at liberty to obtain custodian services from third parties.

The annual cap for the transactions under the Custodian Services Framework Agreement for the year ended 31 December 2024, and the years ending 31 December 2025 and 31 December 2026 are all set at HK$28,000,000. The transaction amount under the Custodian Services Framework Agreement for the year ended 31 December 2024 was approximately HK$197,918.

(4) Deposit Services

Everbright Group through its associate China Everbright Bank, provides deposit services to the Group, including current and fixed-term deposits. The deposit services are subject to the standard terms and conditions of Everbright Group and its associates. The annual cap for the transactions under the Deposit Services Framework Agreement for the year ended 31 December 2024, and the years ending 31 December 2025 and 31 December 2026 are all set at HK$360,000,000. During the year ended 31 December 2024, none of the daily aggregate bank balances maintained with China Everbright Bank exceeded HK$360,000,000.

Review by the Company's independent non-executive directors ("INED(s)") and auditor

The INEDs had reviewed the above continuing connected transactions for the year ended 31 December 2024 and confirmed that the transactions were:

(a) entered into in the ordinary and usual course of business of the Group;

(b) conducted on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; and

(c) entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

A summary of the material related party transactions entered into by the Group during the year is contained in note 36 to the financial statements. Save as disclosed above in the paragraphs headed "Connected Transactions" and "Continuing Connected Transactions", no other related party transactions constitute any connected transactions or continuing connected transactions as defined under the Listing Rules during the year. The Company has complied with the applicable requirements in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year.

DIRECTORS

The Directors during the year and up to the date of this report are as follows:

Executive Directors:

- Mr. Lin Chun *(appointed on 4 January 2024)*
- Mr. An Xuesong *(appointed on 5 April 2024)*
- Mr. Pan Jianyun *(appointed on 27 March 2025)*
- Mr. Yin Yanwu
- Ms. Wang Yun *(resigned on 27 March 2025)*
- Mr. Zhang Mingao *(resigned on 4 January 2024)*

Non-executive Directors:

- Mr. Yu Fachang
- Dr. Qin Hongyuan *(appointed on 4 January 2024)*
- Ms. Pan Wenjie *(resigned on 22 March 2024)*
- Mr. Fang Bin *(resigned on 4 January 2024)*

Independent Non-executive Directors:

- Dr. Lin Zhijun
- Mr. Law Cheuk Kin Stephen
- Mr. Wong Chun Sek Edmund *(appointed on 22 March 2024)*
- Dr. Chung Shui Ming Timpson *(retired on 23 May 2024)*

Biographical details of the existing Directors and the senior management of the Company are available in the section of "Directors and Senior Management" on pages 87 to 91 of this Annual Report.

The Company has received an annual confirmation of independence from each of the three INEDs pursuant to Rule 3.13 of the Listing Rules and the Company considers all the INEDs to be independent.

According to Articles 120 and 121 of the Company's Articles of Association (the "Articles"), one-third of the Directors for the time being (who have been longest in office) shall retire from office by rotation at every annual general meeting of the Company provided that every Director shall retire from office by rotation at least once every three years. A retiring Director shall be eligible for re-election.

In accordance with Articles 120 and 121 of the Articles, Mr. Yu Fachang, Mr. Yin Yanwu and Dr. Lin Zhijun, being the Directors who have been longest in office since their last re-election, will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In addition, according to Article 87 of the Articles, any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his appointment and shall be eligible for re-election at such meeting.

Mr. Pan Jianyun was appointed by the Board as a new Director on 27 March 2025. In accordance with Article 87 of the Articles, Mr. Pan Jianyun will retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

DIRECTORS OF SUBSIDIARIES

Other than certain Directors and senior management named in the section headed "Directors and Senior Management" as set out on pages 87 to 91 of this Annual Report, the names of persons who have served on the board of the subsidiaries of the Company during the financial year ended 31 December 2024 and up to the date of this Annual Report are available on the Company's website under the "Investor Relations" column.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined by Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register of directors' and chief executives' interests and short positions of the Company required to be maintained under section 352 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this Annual Report, no transactions, arrangements or contracts of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a Director or his/her connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' SERVICE CONTRACTS

No Director being offered for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not terminable by the employing company within one year without payment of compensation other than the statutory compensation.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the following persons were recorded in the register kept by the Company under section 336 of the SFO as having interests in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long Position in Shares and Underlying Shares of the Company:

NAME OF SHAREHOLDERS	TOTAL	BENEFICIAL OWNER	INTEREST OF CONTROLLED CORPORATION	% OF TOTAL ISSUED SHARES
◆ Central Huijin Investment Ltd. ("Huijin") (1)	838,306,207	–	838,306,207	49.74%
◆ Everbright Group (2)	838,306,207	–	838,306,207	49.74%
◆ CITIC Group Corporation (3)	152,088,000	–	152,088,000	9.02%
◆ CITIC Limited (3)	152,088,000	–	152,088,000	9.02%
◆ Prudential plc (3)	152,088,000	–	152,088,000	9.02%
◆ CITIC-Prudential Life Insurance Company Limited (3)	152,088,000	152,088,000	–	9.02%

Notes:

(1) Huijin was indirectly wholly-owned by the State Council of the People's Republic of China and held 63.16% equity interest in Everbright Group. It was deemed to be interested in the 838,306,207 ordinary shares indirectly held by Everbright Group pursuant to the SFO.

(2) Everbright Group held 100% of the issued shares of CE Hong Kong. CE Hong Kong held (1) 100% of the issued shares of Honorich Holdings Limited ("Honorich"), and (2) 100% of the issued shares of Everbright Investment & Management Limited ("EIM"), respectively. Out of the 838,306,207 ordinary shares, 832,273,207 ordinary shares were held by Honorich and the remaining 6,033,000 ordinary shares were held by EIM. Accordingly, Everbright Group was deemed to be interested in the 832,273,207 ordinary shares held by Honorich and the 6,033,000 ordinary shares held by EIM pursuant to the SFO.

(3) CITIC-Prudential Life Insurance Company Limited was indirectly owned as to 50% by each of CITIC Limited and Prudential plc. CITIC Limited was in turn indirectly owned as to 58.13% by CITIC Group Corporation. Accordingly, each of CITIC Group Corporation, CITIC Limited and Prudential plc was deemed to be interested in the 152,088,000 ordinary shares held by CITIC Prudential Life Insurance Company Limited pursuant to the SFO.

Save as disclosed above, as at 31 December 2024, the Company had not been notified of any other person (other than the Directors or chief executives of the Company) having any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

PERMITTED INDEMNITY PROVISION

The Articles provides that subject to the provisions of the Companies Ordinance, every Director or other officer of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he or they may sustain or incur in or about the execution of his or their office or otherwise in relation thereto.

The Company has taken out insurance against the liabilities and costs associated with defending any proceedings which may be brought against the Directors and other officers of the Company and its subsidiaries.

COMPETING INTEREST

As at the date of this Annual Report, and as far as the Directors are aware, none of the Directors or their respective associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interest with the Group.

CORPORATE GOVERNANCE

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

Further details are set out in the "Corporate Governance Report" in this Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee currently comprises Mr. Wong Chun Sek Edmund, Dr. Lin Zhijun and Mr. Law Cheuk Kin Stephen. The committee is chaired by Mr. Wong Chun Sek Edmund. All members of the committee are INEDs.

The Audit and Risk Management Committee and the Management have reviewed the accounting policies and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 December 2024. The terms of reference of the Audit and Risk Management Committee and a summary of the duties discharged in 2024 have been set out in the "Corporate Governance Report" in this Annual Report.

RETIREMENT SCHEMES

The Company provides retirement benefits to all local eligible employees under an approved defined contribution provident fund (the "ORSO Scheme"). The ORSO Scheme is administered by trustees, the majority of whom are independent, with its assets held separately from those of the Company. The ORSO Scheme is funded by contributions from employees and employers at 5% each based on the monthly salaries of employees. Forfeited contributions may be used to reduce the existing level of contribution by the Company.

Since 1 December 2000, the Group has also operated a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the ORSO Scheme. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a monthly relevant income cap of HK$30,000.

The employees of the subsidiaries of the Company established in the People's Republic of China are members of the retirement schemes operated by the local authorities. The subsidiaries are required to contribute a percentage of their payroll to these schemes to fund the benefits. The only obligation of the Group with respect to these schemes is the required contributions under the schemes.

The Group's total contributions to these schemes charged to the consolidated statement of profit or loss during the year ended 31 December 2024 amounted to approximately HK$1,742,967 (2023: HK$2,074,210).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this Annual Report, the Company has maintained the prescribed public float under the Listing Rules throughout the year.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK$0.05 per share for the year ended 31 December 2024 (2023: HK$0.10 per share). Together with the interim dividend of HK$0.05 per share already paid, the aggregate amount of dividends for the year is HK$0.10 per share (2023: HK$0.25 per share).

The final dividend, subject to approval at the forthcoming annual general meeting, is expected to be paid on Thursday, 12 June 2025 to those shareholders whose names appear on the register of members of the Company on Friday, 30 May 2025.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 22 May 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 19 May 2025 to Thursday, 22 May 2025, both days inclusive, during which no transfer of shares will be registered. In order to be eligible to attend, speak and vote at the annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 16 May 2025.

The register of members of the Company will also be closed from Thursday, 29 May 2025 to Friday, 30 May 2025, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 28 May 2025.

CHANGES OF DIRECTORS' INFORMATION

The changes of Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

1. Mr. An Xuesong, an Executive Director, was appointed as the chairman and a non-executive director of China Aircraft Leasing Group Holdings Limited (stock code: 1848.HK) with effect from 22 October 2024 and a non-executive and non-independent director of Ying Li International Real Estate Limited (stock code: 5DM.SGX) with effect from 4 December 2024.

2. Dr. Lin Zhijun, an INED, was appointed as independent non-executive director of China Construction Bank Corporation (stock code: 601939.SH, 939.HK) with effect from 11 September 2024.

3. Mr. Law Cheuk Kin Stephen, an INED, was appointed as a director of Hong Kong Cyberport Management Company Limited with effect from 1 April 2025.

4. Mr. Wong Chun Sek Edmund, an INED, resigned as an independent non-executive director of Confidence Intelligence Holdings Limited (stock code: 1967.HK) with effect from 11 December 2024.

In respect of the changes in emoluments of Directors, please refer to note 8 to the financial statements.

AUDITOR

Ernst & Young ("EY") retired as the auditors of the Company and did not seek re-appointment at the annual general meeting of the Company held on 23 May 2024 ("2024 AGM").

KPMG was appointed as the auditors of the Company at 2024 AGM in place of retiring auditors, EY.

KPMG will retire as the auditors of the Company and being eligible, offer themselves for reappointment at the forthcoming annual general meeting of the Company. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting held on 22 May 2025.

Save as disclosed above, there has been no change in auditors of the Company in any of the preceding three years.

By Order of the Board
China Everbright Limited
Yu Fachang
Chairman
Hong Kong, 27 March 2025

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Mr. Yu Fachang

Chairman and Non-executive Director

Mr. Yu Fachang, aged 59, is the Chairman of the Board and a Non-executive Director. He is also a member of the Nomination Committee, the Remuneration Committee and the Strategy Committee of the Board. Mr. Yu is currently the Deputy General Manager of China Everbright Group Ltd. and the Chairman and the President of China Everbright Holdings Company Limited, the controlling shareholders of the Company. He had served as the Secretary of the Communist Youth League and the Director of the Advertising Administration Division of the Department of Advertising Supervision of the State Administration for Industry and Commerce, the Deputy Director-general of the Administration for Industry and Commerce of Tibet Autonomous Region, the Deputy Director-general of the Department of Market Standard Management of the State Administration for Industry and Commerce, the Secretary General of China Society of Administration for Industry and Commerce, the Director-general of the Department of International Cooperation(Office of Hong Kong, Macao and Taiwan Affairs) and the Director-general of the General Affairs Office of the State Administration for Industry and Commerce and the Director-general of the General Affairs Office of the State Administration for Market Regulation. Mr. Yu holds a Bachelor's degree of Laws in legal studies from Peking University and a Master's degree from the Central Party School of the Chinese Communist Party. He joined the Board in June 2022.

Mr. Lin Chun

Executive Director and President

Mr. Lin Chun, aged 54, is an Executive Director and the President of the Group. He is also the Chairman of the Executive Board Committee, the Chairman of the Environmental, Social and Governance Committee and a member of the Strategy Committee of the Board. He is also the Chairman of the Management Decision Committee of the Group and responsible for the overall operation of the Group. He also serves as a director of certain subsidiaries of the Company. Mr. Lin was the Chairman of Everbright Financial Holding Asset Management Co., Ltd. from 2021 to 2023. Since 1993, Mr. Lin had served as a transaction office trader of the international business department, deputy manager of the treasury division of the international business department, deputy director of the market trading division of the planning and funding department, director of the transaction office of the international business department, director of the transaction office of the treasury department, assistant to the general manager of the treasury department, assistant to the general manager of the investment banking department, deputy general manager of the investment banking department, deputy general manager of the investment banking department (in charge), general manager of the investment banking department of China Everbright Bank Company Limited (stock code: 601818.SH, 6818.HK). He had served as the general manager of the investment and restructuring department of China Everbright Group Ltd., the controlling shareholder of the Company, from 2015 to 2021. He has 30 years of experience in the financial industry and management. Mr. Lin holds a Bachelor's degree in international finance from the Department of International Finance of China Institute of Finance and Banking (now known as China School of Banking and Finance University of International Business and Economics). He joined the Board in January 2024.

Mr. An Xuesong

Executive Director and Vice President

Mr. An Xuesong, aged 54, is an Executive Director and the Vice President of the Group in charge of finance. He is also a member of the Executive Board Committee, Strategy Committee and Environmental, Social and Governance Committee of the Board. He is also a member of the Management Decision Committee of the Group and also serves as a director of certain subsidiaries of the Company. Mr. An is currently the Chairman of the board and a Non-executive Director of China Aircraft Leasing Group Holdings Limited (stock code: 1848.HK) and a Non-executive and Non-independent Director of Ying Li International Real Estate Limited (stock code: 5DM.SGX). Mr. An was the Executive Director, Vice President and Chief Financial Officer of China Everbright Environment Group Limited (stock code: 257.HK) from October 2021 to March 2024. He was the Executive Director and Chief Executive Officer of China Everbright Water Limited (stock code: U9E.SG, 1857.HK) from December 2014 to October 2021. Prior to that, Mr. An worked at the Municipal General Office of Jingzhou, Hubei Province and Guangdong Technology Venture Capital Group Ltd.. Mr. An has comprehensive experience in mergers and acquisitions, project investment and management, financial management and risk management. Mr. An holds a Master's degree in Business Administration from Jinan University. He is a Certified Public Accountant in the People's Republic of China and a Certified International Internal Auditor. He joined the Board in April 2024.

Mr. Pan Jianyun

Executive Director and Vice President

Mr. Pan Jianyun, aged 54, is an Executive Director and the Vice President of the Group. He is also a member of the Executive Board Committee and Environmental, Social and Governance Committee of the Board. He is also a member of the Management Decision Committee of the Group and also serves as a director of certain subsidiaries of the Company. Mr. Pan is currently a Non-executive Director of China Everbright Environment Group Limited (stock code: 257.HK), a Non-executive Director of China Aircraft Leasing Group Holdings Limited (stock code: 1848.HK) and a Non-executive and Non-independent Chairman of Ying Li International Real Estate Limited (stock code: 5DM.SGX). Prior to joining the Group, Mr. Pan had served as a Director and Vice President of China Everbright Holdings Company Limited and a deputy general manager of each of the listing office and integrated development department of China Everbright Group Ltd., the controlling shareholders of the Company. He had also served as a business line director and general manager of the investment banking management headquarters of Everbright Securities Company Limited (stock code: 601788.SH, 6178.HK). He previously worked as a lawyer at Ningbo Beilun Law Firm, a project manager, an assistant to general manager, a director of legal affairs office and a general manager of investment banking headquarters of Skyone Securities' investment banking division. Mr. Pan holds a bachelor degree in law from China University of Political Science and Law, a master degree in economics from Zhejiang University, and an executive master degree in business administration from Fudan University. He joined the Board in March 2025.

Mr. Yin Yanwu

Executive Director and Vice President

Mr. Yin Yanwu, aged 51, is an Executive Director and the Vice President of the Group. He is in charge of the Group's risk management, legal and compliance matters and deputises for the head of the Asset Management Department. He is also a member of the Executive Board Committee of the Board and a member of the Management Decision Committee of the Group. He also serves as a director of certain subsidiaries of the Company. Mr. Yin is a Non-executive Director of Everbright Securities Company Limited (stock code: 601788.SH, 6178.HK). He joined the Group in May 2021. Prior to that, Mr. Yin had served as a member of the Executive Committee and Business Director of China Galaxy Securities Co., Ltd. (stock code: 601881.SH, 6881.HK) and concurrently served as the Chairman of the Board, Director of the Executive Committee and Director of the Investment Decision Committee of Galaxy Jinhui Securities Assets Management Co., Ltd. He had also been responsible for job duties such as investment analysis and risk management in asset management firms, including China Investment Corporation and EARNEST Partners, LLC, etc., and had worked in the Economic Crime Investigation Bureau of the Ministry of Public Security of China. Mr. Yin holds a Master's degree of Science in quantitative & computational finance from the Georgia Institute of Technology in the United States, a Master's degree in Laws from Peking University and a Bachelor's degree of Engineering from Beijing University of Aeronautics and Astronautics. He was a member of the 2nd session of the Council and the Vice Chairman of the Financial Inclusion Cooperation Committee of the Asian Financial Cooperation Association, the Deputy Secretary-General of China Society for Finance and Banking, a standing member of the 2nd session of the Commission of All-China Financial System Youth Federation, a member of the International Development Committee of the Shanghai Stock Exchange as well as the Vice Chairman of the OTC Professional Committee and Beijing Asset Management Committee of the Securities Association of China. Mr. Yin holds the qualification of fund practitioners from the Asset Management Association of China. He joined the Board in December 2021.

Dr. Qin Hongyuan

Non-executive Director

Dr. Qin Hongyuan, aged 45, is a Non-executive Director. He is also a member of the Environmental, Social and Governance Committee of the Board. Dr. Qin is currently the Head of Fund Utilization Department and the Deputy General Manager of Investment and Management Department (in charge) of CITIC-Prudential Life Insurance Co., Ltd. ("CITIC-Prudential Life"). Dr. Qin had served as a Senior Business Deputy Manager of China Everbright Bank Company Limited (stock code: 601818.SH, 6818.HK), the Market Risk Manager of the Asset Management Center, the Manager of the Risk Control Department and the Manager of the Credit Review Department of CITIC-Prudential Life, and the General Manager of the Credit Review Department, the General Manager of the Financial Institutions Department, and the General Manager of the Product and Marketing Department of CITIC-Prudential Asset Management Company Ltd.. He has over 15 years of experience in the financial industry and management. Dr. Qin holds a Bachelor's degree in computational mathematics and software application from Henan Normal University, a Master's degree in computational mathematics from Northwestern Polytechnical University, and a Doctorate degree in applied economics (financial engineering) from Xiamen University. He joined the Board in January 2024.

Dr. Lin Zhijun

Independent Non-executive Director

Dr. Lin Zhijun, aged 70, is an Independent Non-executive Director and the Chairman of the Nomination Committee and Remuneration Committee of the Board. He is also a member of the Audit and Risk Management Committee and Strategy Committee of the Board. Dr. Lin is a Senior Advisor to the President and Professor of Macau University of Science and Technology. During August 1998 to December 2014, he was a Professor and Head of the Department of Accountancy and Law in Hong Kong Baptist University. He is also an Independent Non-executive Director of BOCOM International Holdings Company Limited (stock code: 3329.HK) and China Construction Bank Corporation (stock code: 939.HK, 601939.SH). Previously, Dr. Lin once served as an Independent Non-Executive Director of Sinotruk (Hong Kong) Limited (stock code: 3808.HK), Dali Foods Group Company Limited (delisted by privatization on 1 September 2023), South Manganese Investment Limited (stock code: 1091.HK) and Springland International Limited (stock code: 1700.HK). Dr. Lin holds a Master's degree of Science in Accounting from University of Saskatchewan in Canada and a Doctoral degree in Economics (Accounting) from Xiamen University. Dr. Lin worked as a Visiting Professor in The University of Hong Kong and Tenured Professor in the Faculty of Management of Lethbridge University in Canada. He worked at the Toronto office of an international accounting firm (now known as "Deloitte"). Dr. Lin is also a member of the American Institute of Certified Public Accountants, the Chinese Institute of Certified Public Accountants and the Australian Institute of Certified Management Accountants. He is a member of various educational accounting associations. Dr. Lin is also an author of a series of professional articles and books. He joined the Board in September 2005.

Mr. Law Cheuk Kin, Stephen, Justice of the Peace

Independent Non-executive Director

Mr. Law Cheuk Kin, Stephen, JP, aged 62, is an Independent Non-executive Director and the Chairman of the Strategy Committee of the Board. He is also a member of the Audit and Risk Management Committee, the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance Committee of the Board. Mr. Law is a member of the 14th National Committee of the Chinese People's Political Consultative Conference. Mr. Law is also an Independent Non-executive Director of Somerley Capital Holdings Limited (stock code: 8439.HK), China Galaxy Securities Co., Ltd. (stock code: 601881.SH, 6881.HK), CSPC Pharmaceutical Group Limited (stock code: 1093.HK), Keymed Biosciences Inc. (stock code: 2162.HK) and XtalPi Holdings Limited (formerly known as QuantumPharm Inc.) (stock code: 2228.HK), and a director of Hong Kong Cyberport Management Company Limited. Mr. Law served as the Finance Director and a member of the Executive Directorate of MTR Corporation Limited (stock code: 66.HK) ("MTR") from July 2013 to July 2016. Prior to joining MTR, he was the Chief Financial Officer of Guoco Group Limited, Hong Kong. Prior to that, Mr. Law had served as the Managing Director of TPG Growth Capital (Asia) Limited and had also held various senior positions in the Morningside Group and the Wheelock Group. He was also an Independent Non-Executive Director of Stealth BioTherapeutics Corp. (stock code: MITO.Nasdaq) and Bank of Guizhou Co., Ltd. (stock code: 6199.HK). Mr. Law is currently the Managing Director of ANS Capital Limited. He is also currently the vice president and a council member of the Hong Kong Institute of Certified Public Accountants, a member of the Board of Directors of SOW (Asia) Foundation and a council member of Hong Kong Business Accountants Association. He also served as an adjunct professor of the Hong Kong Polytechnic University from 2015 to 2017. He is currently a member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. Besides, Mr. Law has been appointed by the Ministry of Finance of the People's Republic of China (the "MOF") as an expert consultant to provide advice on finance and management accounting to the MOF. Mr. Law holds a Bachelor's degree in Science (Civil Engineering) from the University of Birmingham, the United Kingdom and also received a Master's degree in Business Administration from the University of Hull, the United Kingdom. He joined the Board in May 2018.

Mr. Wong Chun Sek Edmund

Independent Non-executive Director

Mr. Wong Chun Sek Edmund, aged 40, is an independent non-executive Director and the Chairman of the Audit and Risk Management Committee of the Board. He is also a member of the Nomination Committee, the Remuneration Committee and the Strategy Committee of the Board. Mr. Wong is an Independent Non-executive Director of High Fashion International Limited (stock code: 608.HK), and China Merchants Land Asset Management Co., Limited which is the manager of China Merchants Commercial Real Estate Investment Trust (stock code: 1503.HK). He served as an Independent Non-executive Director of Confidence Intelligence Holdings Limited (stock code: 1967.HK) from September 2019 to December 2024, as an Independent Non-executive Director of Deyun Holding Ltd. (now known as Star Shine Holdings Group Limited) (stock code: 1440.HK) from December 2020 to September 2022 and as an Independent Non-executive Director of InvesTech Holdings Limited (stock code: 1087.HK) from June 2017 to May 2021. Mr. Wong is currently a member of the Legislative Council, Election Committee and Disaster Relief Fund Advisory Committee of Hong Kong Special Administrative Region. Mr. Wong has more than 15 years of experience in accounting, taxation and auditing. He joined Deloitte Touche Tohmatsu as an audit associate in September 2007 and left as an audit senior in November 2011. Mr. Wong has joined Patrick Wong C.P.A. Limited as an audit manager since February 2012 and has been its practicing director since March 2013. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales, Chartered Accountants in Australia and New Zealand, the Association of Chartered Certified Accountants of the United Kingdom, The Society of Chinese Accountants and Auditors, The Taxation Institute of Hong Kong, The Hong Kong Independent Non-executive Director Association, The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Mr. Wong obtained a Bachelor's degree in Accountancy from Hong Kong Baptist University in November 2007, a Master's degree of Science in Applied Accounting and Finance from Hong Kong Baptist University in November 2013, a Master's degree in Business Administration from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in October 2016, a Master's degree in Corporate Governance from Hong Kong Metropolitan University in August 2017 and a Master's degree in Professional Accounting from The Hong Kong Polytechnic University in 2021. He joined the Board in March 2024.

SENIOR MANAGEMENT

Mr. So Hiu Pang Kevin

Vice President

Mr. So Hiu Pang Kevin, aged 49, is the Vice President and a member of the Management Decision Committee of the Group, and also serves as a director of certain subsidiaries of the Company. He is in charge of the Group's Consumption Fund Department, Overseas Infrastructure Fund Department, Fund of Funds Department, Green Fund Department, Merger and Acquisition Department, Real Estate Fund Investment and Management Centre. He is also the Vice Chairman of Everbright Jiabao Co., Ltd. (stock code: 600622.SH). Mr. So joined the Group in 2006. Mr. So holds a Master's degree in Business Administration from the Hong Kong Polytechnic University and a Bachelor's degree in Economics from Xiamen University. He was also a member of the third, the fourth and the fifth Election Committee of Hong Kong Special Administrative Region and a member of the twelfth session of All-China Youth Federation. Mr. So has extensive knowledge and experience in the financial industry and management.

INDEPENDENT AUDITOR'S REPORT

KPMG

TO THE MEMBERS OF CHINA EVERBRIGHT LIMITED
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Everbright Limited ("the Company") and its subsidiaries ("the Group") set out on pages 97 to 185, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Valuation of level 3 financial investments Refer to note 2(f), 2(ac) and 40 to the consolidated financial statements The Key Audit Matters	How the matter was addressed in our audit
As at 31 December 2024, financial instruments carried at fair value accounted for a significant portion of the Group's assets. The fair value of these financial assets was HK$36,653,605,000, of which HK$25,708,926,000 were classified as level 3 fair value measurement. Management engaged external valuation specialists to assist the valuations for the Group's certain financial instruments. The valuation of the Group's level 3 financial instruments were measured using valuation techniques that involve significant inputs that were not based on observable market data ("unobservable inputs"). Where unobservable inputs were used, significant management judgement and estimates were made in the valuation process. We identified assessment of the fair value of level 3 financial instruments as a key audit matter because of the degree of complexity involved in valuing these financial instruments and the degree of judgement exercised by management in determining the inputs used in the valuation models.	Our audit procedures to assess the valuation of level 3 financial instruments included the following: — assessing the design, implementation and operating effectiveness of key internal controls over the valuation of the financial instruments; — inspecting investment agreements of the financial instruments, on a sample basis, to understand the relevant contractual terms and identify features of the financial instruments that were relevant to the valuations; — evaluating the competence, capability and objectivity of the external valuation specialists; — with the assistance of our valuation specialists, assessing the fair value of financial instruments, on sample basis, by evaluating the appropriateness of the Group's valuation models, evaluating the reasonableness of the inputs and the appropriateness of the application by the Group; or either conducting independent valuation or obtaining inputs independently, and comparing our valuation results with that of the Group; — comparing the fair values of those investment funds where the valuation is referenced to the funds' net asset value with the net asset value reports provided by independent fund managers, on a sample basis; and — assessing the reasonableness of the disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (continued)

Consolidation of structured entities Refer to note 2(c) and 38 to the consolidated financial statements The Key Audit Matters	How the matter was addressed in our audit
Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in a structured entity through issuing or acquiring an investment fund or collective investment schemes. In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power it possesses, its exposure to variable returns, and its ability to use its power to affect returns. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions We identified the consolidation of structured entities as a key audit matter because of the complex nature of certain of these structured entities and because of the judgement exercised by management in the qualitative assessment of the terms and the nature of each entity. The impact of consolidating a structured entity on the consolidated statement of financial position could be significant.	Our audit procedures to assess the consolidation of structured entities includes the following: — assessing the design and implementation of key internal controls of financial reporting over consolidation of structured entities. — selecting significant structured entities of each key investment type and performing the following procedures for each item selected: — inspecting the related contracts and internal establishment documents to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity; — evaluating the risk and reward structure of the structured entity including any capital or return guarantee, commission paid and distribution of the returns to assess management's judgement as to exposure, or rights, to variable returns from the Group's involvement in such an entity; — performing independent analysis of the structured entity to assess the Group's ability to affect its own returns from the structured entity, including qualitative analysis of the Group's substantive rights and quantitative analysis of the magnitude and variability associated with its economic interests in the structured entity; and — evaluating management's judgement over whether the structured entity should be consolidated or not. — assessing the reasonableness of the disclosures in the financial statements in relation to consolidation of structured entities with reference to the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit and Risk Management Committee in discharging their responsibilities for overseeing the group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Risk Management Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chui Ming Wai.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Turnover	4	6,548,605	6,047,280
Income from contracts with customers	4	407,124	792,028
Net loss from investments	4	(53,793)	(489,491)
Interest income		*556,038*	*659,676*
Dividend income		*1,291,392*	*991,866*
Realised gain/(loss) on investments		*151,816*	*(13,158)*
Unrealised loss on investments		*(2,050,837)*	*(2,127,704)*
Others		*(2,202)*	*(171)*
Income from other sources	4	28,052	1,102,323
Impairment losses	5	(358,616)	(731,691)
Operating expenses	6	(823,835)	(907,223)
Loss from operating activities		(801,068)	(234,054)
Finance costs	7	(1,339,129)	(1,643,691)
Impairment losses on investments in associates	5	–	(64,151)
Share of profits less losses of associates	16	3,544	230,823
Share of profits less losses of joint ventures	17	(41,272)	25,183
Loss before taxation		(2,177,925)	(1,685,890)
Income tax credit/(expenses)	9	313,266	(76,379)
Loss for the year		(1,864,659)	(1,762,269)
Attributable to:			
Equity shareholders of the Company		(1,909,019)	(1,922,639)
Holders of perpetual capital securities	32	78,993	98,066
Non-controlling interests		(34,633)	62,304
Loss for the year		(1,864,659)	(1,762,269)
Basic and diluted loss per share	13	HK$(1.133)	HK$(1.141)

The notes on pages 103 to 185 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Loss for the year		(1,864,659)	(1,762,269)
Other comprehensive income for the year:			
Items that will not be reclassified subsequently to profit or loss			
— Net movement in investment revaluation reserve of equity investments designated at fair value through other comprehensive income		1,539,717	(372,285)
Items that may be reclassified subsequently to profit or loss			
— Share of other comprehensive income and effect of foreign currency translation of associates		(204,121)	(145,321)
— Share of other comprehensive income and effect of foreign currency translation of joint ventures		(19,022)	(13,376)
— Other net movement in exchange reserve		(445,337)	(466,737)
	12	871,237	(997,719)
Total comprehensive income for the year		(993,422)	(2,759,988)
Attributable to:			
Equity shareholders of the Company		(1,008,523)	(2,973,695)
Holders of perpetual capital securities	32	78,993	98,066
Non-controlling interests		(63,892)	115,641
Total comprehensive income for the year		(993,422)	(2,759,988)

The notes on pages 103 to 185 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	31 December 2024 HK$'000	31 December 2023 HK$'000
Non-current assets			
Property, plant and equipment	14	455,989	463,967
Investment properties	14	5,329,287	5,584,819
Investments in associates	16	17,017,451	17,709,713
Investments in joint ventures	17	729,803	932,964
Equity investments designated at fair value through other comprehensive income	18	6,572,616	5,032,899
Financial assets at fair value through profit or loss	19	22,032,489	26,496,579
		52,137,635	56,220,941
Current assets			
Financial assets at fair value through profit or loss	19	5,218,394	4,315,462
Advances to customers	20	3,059,342	3,070,573
Inventories	21	1,472,807	1,529,339
Debtors, deposits, prepayments and others	22	1,545,596	1,929,105
Trading securities	23	2,830,106	2,916,448
Finance lease receivables		–	17,976
Cash and cash equivalents	24	8,422,125	9,588,078
		22,548,370	23,366,981
Current liabilities			
Trading securities	23	(378,368)	(237,500)
Creditors, deposits received and accrued charges	25	(2,574,238)	(2,962,495)
Bank loans	26	(9,300,158)	(10,995,928)
Bonds payable	28	(3,239,610)	(6,069,140)
Other financial liabilities	27	(437,378)	(472,414)
Lease liabilities	30	(20,473)	(13,273)
Provision for taxation		(672,775)	(582,592)
		(16,623,000)	(21,333,342)
Net current assets		5,925,370	2,033,639
Total assets less current liabilities		58,063,005	58,254,580

As at 31 December 2024

	Notes	31 December 2024 HK$'000	31 December 2023 HK$'000
Non-current liabilities			
Bank loans	26	(4,084,395)	(7,607,680)
Bonds payable	28	(13,498,375)	(7,724,360)
Other financial liabilities	27	(6,441,964)	(6,768,868)
Lease liabilities	30	(18,049)	(10,593)
Deferred tax liabilities	29	(1,370,151)	(2,037,293)
		(25,412,934)	(24,148,794)
NET ASSETS		32,650,071	34,105,786
CAPITAL AND RESERVES			
Share capital	31	9,618,097	9,618,097
Reserves		20,108,567	21,371,624
Attributable to:			
Equity shareholders of the Company		29,726,664	30,989,721
Holders of perpetual capital securities	32	2,209,630	2,209,566
Non-controlling interests		713,777	906,499
TOTAL EQUITY		32,650,071	34,105,786

Approved and authorised for issue by the Board of Directors on 27 March 2025 and signed on behalf of the Board by:

Lin Chun
Director

An Xuesong
Director

The notes on pages 103 to 185 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

		Attributable to equity shareholders of the Company										
	Notes	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	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		–	–	–	–	(131)	–	–	(131)	–	(255,957)	(256,088)
Dividends paid	11	–	–	–	–	–	–	(505,576)	(505,576)	–	–	(505,576)
Issuance of perpetual medium term notes	32	–	–	–	–	–	–	–	–	2,184,880	–	2,184,880
Redemption of senior perpetual capital securities	32	–	–	–	–	–	–	(21,557)	(21,557)	(2,325,540)	–	(2,347,097)
Distribution to holders of perpetual capital securities	32	–	–	–	–	–	–	–	–	(88,923)	–	(88,923)
Share of capital reserve of associates		–	–	–	–	1,477	–	–	1,477	–	–	1,477
Loss for the year		–	–	–	–	–	–	(1,922,639)	(1,922,639)	98,066	62,304	(1,762,269)
Other comprehensive income for the year		–	–	(372,285)	–	–	(678,771)	–	(1,051,056)	–	53,337	(997,719)
As at 31 December 2023 and as at 1 January 2024		9,618,097	1,242	3,625,710	(664,792)	(86,127)	(1,806,265)	20,301,856	30,989,721	2,209,566	906,499	34,105,786
Net movement by non-controlling shareholders		–	–	–	–	(52)	–	–	(52)	–	(128,830)	(128,882)
Dividends paid	11	–	–	–	–	–	–	(252,788)	(252,788)	–	–	(252,788)
Distribution to holders of perpetual capital securities	32	–	–	–	–	–	–	–	–	(78,929)	–	(78,929)
Share of capital reserve of associates		–	–	–	–	(1,694)	–	–	(1,694)	–	–	(1,694)
Loss for the year		–	–	–	–	–	–	(1,909,019)	(1,909,019)	78,993	(34,633)	(1,864,659)
Other comprehensive income for the year		–	–	1,539,717	–	–	(639,221)	–	900,496	–	(29,259)	871,237
As at 31 December 2024		9,618,097	1,242	5,165,427	(664,792)	(87,873)	(2,445,486)	18,140,049	29,726,664	2,209,630	713,777	32,650,071

The notes on pages 103 to 185 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	41(a)	1,691,434	3,176,928
INVESTING ACTIVITIES			
Purchase of property, plant and equipment and investment properties		(14,763)	(4,618)
Proceeds from disposal of property, plant and equipment and investment properties		52,269	291
Proceeds from disposal of an associate		628	–
Investments in an associate		–	(2,042)
Divestment in joint ventures		144,850	–
Decrease in restricted cash		24,854	232,930
Decrease in restricted deposits		–	664,102
Bank interest received		112,229	172,695
Dividends received from investments		299,232	330,656
Dividends received from associates and joint ventures		487,160	309,984
NET CASH INFLOW FROM INVESTING ACTIVITIES		1,106,459	1,703,998
NET CASH INFLOW BEFORE FINANCING ACTIVITIES		2,797,893	4,880,926
FINANCING ACTIVITIES			
Issuance of shares of subsidiaries to non-controlling shareholders		–	2,759
Redemption of non-controlling shareholders' shares		(109,049)	(376,660)
Proceeds from bank loans		21,613,350	19,986,431
Proceeds from issuance of medium term notes		9,363,230	4,374,600
Repayment of bank loans		(26,782,331)	(22,276,922)
Repayment of medium term notes and bonds		(6,042,625)	(2,422,404)
Issuance of perpetual medium term notes		–	2,184,880
Redemption of senior perpetual capital securities		–	(2,325,540)
Repayment of lease liabilities		(31,859)	(38,562)
Dividends paid to non-controlling shareholders		(19,780)	(1,056)
Dividends paid		(252,788)	(505,576)
Distribution to holders of perpetual capital securities		(78,929)	(88,923)
Interest paid		(1,271,296)	(1,625,732)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(3,612,077)	(3,112,705)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(814,184)	1,768,221
CASH AND CASH EQUIVALENTS			
Beginning of year		9,531,117	7,945,641
Exchange rate adjustments		(326,915)	(182,745)
End of year		8,390,018	9,531,117
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash – general accounts		7,810,665	8,354,387
Non-pledged time deposits with original maturity of less than three months when acquired		611,460	1,233,691
Restricted cash		(32,107)	(56,961)
End of year	24	8,390,018	9,531,117

The notes on pages 103 to 185 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. PRINCIPAL ACTIVITIES

China Everbright Limited (the "Company") is incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited. The Company considers Honorich Holdings Limited, a company incorporated in the British Virgin Islands, to be the immediate holding company of the Company and Central Huijin Investment Ltd. ("Huijin") to be the ultimate holding company of the Company. Huijin is a state-owned investment company incorporated in accordance with China's Company Law. Huijin was established in December 2003 and mandated to exercise the rights and the obligations as an investor in major state-owned financial enterprises, on behalf of the State Council. In September 2007, the Ministry of Finance issued special treasury bonds and acquired all the shares of Huijin from the People's Bank of China. The acquired shares were injected into China Investment Corporation ("CIC") as part of its initial capital contribution. However, Huijin's principal shareholder rights are exercised by the State Council. The members of Huijin's Board of Directors and Board of Supervisors are appointed by and are accountable to the State Council. No financial statements were prepared by these companies available for public use.

The principal activity of the Company is investment holding. The Company, through its subsidiaries, associates and joint ventures, is principally engaged in investment activities and the provision of financial services.

2. MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the material accounting policies adopted by the Group is set out below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— investment properties (note 2(h)); and

— financial instruments classified as trading securities, financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, financial liabilities at fair value through profit or loss and derivative financial instruments (notes 2(f) and 2(n)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

2. MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

Non-current assets and disposal group held for sale are stated at the lower of the carrying amount and fair value less costs to sell (see note 2(ab)(i)).

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 43.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non- controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non- controlling interests are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill, and no gain or loss is recognised.

2. MATERIAL ACCOUNTING POLICIES (continued)

(c) Subsidiaries and non-controlling interests (continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value, and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l)), unless classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(ab)(i)).

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and key activities are directed by contractual agreement. Structured entities often have restricted activities and a narrow and well defined objective. Involvement with unconsolidated structured entities is disclosed in note 38.

(d) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(l)). Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures. The Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and further losses are not recognised except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest in the investee is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

2. MATERIAL ACCOUNTING POLICIES (continued)

(d) Associates and joint ventures (continued)

When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund and similar entities, such investment is measured at fair value through profit or loss in the Group's consolidated statement of financial position.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)).

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see note 2(l)), unless classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(ab)(i)).

(e) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(l)). In respect of associates or joint ventures, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or joint venture and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (see note 2(l)).

On disposal of a cash generating unit, an associate or a joint venture during the year, any attributable amount of purchased goodwill is included in the calculation of the gain or loss on disposal.

Goodwill on acquisitions that occurred prior to 1 January 2001 was eliminated against goodwill reserves. Such goodwill is released from goodwill reserves to retained earnings when all or part of the business to which the goodwill is related is disposed of.

2. MATERIAL ACCOUNTING POLICIES (continued)

(f) Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below (note 2(u)).

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2. MATERIAL ACCOUNTING POLICIES (continued)

(f) Investments and other financial assets (continued)

Equity investments designated at fair value through other comprehensive income

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments*: *Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as dividend income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as dividend income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably. Interest income arising from the financial assets at fair value through profit or loss is recognised as net gains or net losses in the statement of profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety based on the contractual cash flow characteristics and the Group's business model for managing such assets.

2. MATERIAL ACCOUNTING POLICIES (continued)

(g) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

— the rights to receive cash flows from the asset have expired; or

— the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(h) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(k)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value at the end of the reporting period, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at the time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(u).

(i) Other property and equipment

The following items of property and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(l)):

— buildings held for own use which are situated on leasehold land, where the fair value could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 2(k)); and

— other items of equipment comprising leasehold improvements, furniture, fixtures and equipment, and motor vehicles.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2. MATERIAL ACCOUNTING POLICIES (continued)

(j) Depreciation

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— Interests in leasehold land held for own use under operating leases is depreciated over the unexpired terms of leases

— Buildings situated on leasehold land are depreciated over the shorter of the unexpired terms of leases and their estimated useful lives, being not more than 50 years after the date of purchase

—	Leasehold improvements	over the shorter of 5 years and the lease terms
—	Furniture, fixtures and equipment	3 to 20 years
—	Motor vehicles	5 years
—	Right-of-use assets	over the shorter of the lease terms and the estimated useful lives

Where parts of an item of property and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Leased assets

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. MATERIAL ACCOUNTING POLICIES (continued)

(k) Leased assets (continued)

Group as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premises. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments, including the initial direct costs, and presented as a receivable at an amount equal to the net investment in the lease.

2. MATERIAL ACCOUNTING POLICIES (continued)

(l) Impairment of assets

(i) Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

For financial assets recognised at amortised cost, ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. Depending on the nature of the financial instrument, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instrument is grouped based on similar credit risk characteristics. When making the assessment, the Group compares the risk of default occurring on the financial instrument as at the reporting date with the risk of default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2. MATERIAL ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(i) Impairment of financial assets (continued)

General approach (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment, including right-of-use assets (other than properties carried at revalued amount);
- Intangible assets;
- Investments in subsidiaries, associates and joint ventures in the Company's statement of financial position; and
- Goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2. MATERIAL ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use, (if determinable).

Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(m) Accounts receivable and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(v)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(l)(i)).

2. MATERIAL ACCOUNTING POLICIES (continued)

(n) Financial liabilities

(i) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments and interest- bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

(ii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2. MATERIAL ACCOUNTING POLICIES (continued)

(o) Inventories

Inventories are stated at specifically identified cost, including capitalised borrowing costs directly attributable to the development of the properties, exchange differences arising from foreign currency borrowings are capitalised to the extent that they are regarded as an adjustment to interest costs, aggregate cost of development, materials and supplies, wages and other direct expenses, less any allowance considered necessary by the directors.

Inventories are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(p) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For cash subject to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

(q) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Perpetual capital securities issued by the Company contain no contractual obligation to deliver cash or another financial asset; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company; and the securities issued are non-derivative instruments that will be settled in the Company's own equity instruments, but include no contractual obligation for the Company to deliver a variable number of its own equity instruments. The Company classifies the securities issued as an equity instrument. Fees, commissions and other transaction costs of the securities issuance are deducted from equity. The dividends on the securities are recognised as profit distribution at the time of declaration.

(r) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non- monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

2. MATERIAL ACCOUNTING POLICIES (continued)

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences, respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2. MATERIAL ACCOUNTING POLICIES (continued)

(s) Income tax (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

Dividend and interest income received by the Company or the Group may be subject to withholding tax imposed in the country of origin. Dividend and interest income is recorded gross of such taxes and the corresponding withholding tax is recognised as tax expense.

Pillar two income taxes

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") for a new global minimum tax reform applicable to large multinational enterprises. The Group falls within the scope of the Pillar Two model rules. Among the jurisdictions in which the Group operates ("operating jurisdictions"), the Pillar Two legislation (effecting the Pillar Two model rules/components thereof) is expected to become effective in Singapore and Hong Kong from 2025 retrospectively after relevant domestic legislations are enacted.

Under the legislation, the Group is obligated to pay a top-up tax for the difference between its Global Anit-Base Erosion ("GloBE") effective tax rate ("ETR") per jurisdiction and the 15% minimum rate. The Group has applied the temporary mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

For other operating jurisdictions which are in the process of implementing their Pillar Two income tax legislation, it is possible that the Group may be subject to additional Pillar Two income tax in those jurisdictions from 2025. The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

2. MATERIAL ACCOUNTING POLICIES (continued)

(t) Provisions, contingent liabilities and onerous contracts

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

(u) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2. MATERIAL ACCOUNTING POLICIES (continued)

(u) Revenue recognition (continued)

Construction services

Revenue is recognised when the control over the residential and commercial projects has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the residential and commercial projects over time or at a point in time by determining if:

— its performance does not create an asset with an alternative use to the Group;

— the Group has an enforceable right to payment for performance completed to date.

The residential and commercial projects undertaken by the Group do not have an alternative use for the Group due to contractual restriction and the Group does not have an enforceable right to payment for performance completed to date. Accordingly, revenue is recognised only when the legal title passes to the buyer or when the equitable interest in the property vests with the buyer upon signing of the property handover notice by the buyer, whichever is earlier.

Revenue is measured at the transaction price agreed under the contract. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in the which the circumstances that give rise to the revision become known by management.

Provision of consultancy and management services

Revenue from the provision of consultancy and management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(v) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets as described in note 2(l).

2. MATERIAL ACCOUNTING POLICIES (continued)

(w) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract.

(x) Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer if the goods or services to which the asset relates is recognised. Other contract costs are expensed as incurred.

(y) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating to the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(z) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

2. MATERIAL ACCOUNTING POLICIES (continued)

(aa) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

(ab) Non-current assets and disposal group held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale. The relevant asset can be classified as current asset if it meets the criteria to be classified as held for sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of profit or loss, which comprises:

— the post-tax profit or loss of the discontinued operation; and

— the post-tax gain or loss recognised on the measurement of fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2. MATERIAL ACCOUNTING POLICIES (continued)

(ac) Fair value measurement

The Group measures its investment properties, trading securities, derivative financial instruments, financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — 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 — 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 — Fair value measured using significant unobservable inputs

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

2. MATERIAL ACCOUNTING POLICIES (continued)

(ad) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(ae) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 1	*Presentation of financial statements - Classification of liabilities as current or non-current ("2020 amendments") and amendments to HKAS 1, Presentation of financial statements - Non-current liabilities with covenants ("2022 amendments")*

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

The HKAS 1 amendments impact the classification of a liability as current or non-current, and have been applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in settlement by the transfer of the Group's own equity instruments and that conversion option is accounted for as equity instrument, these terms do not affect the classification of liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions.

Upon the adoption of the HKAS 1 amendments, the Group has reassessed the classification of its liabilities as current or non-current. The amendments do not have a material impact on the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and cash flows.

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

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

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

	2024 HK$'000	2023 HK$'000
Income from contracts with customers		
Recognised over time		
Management fee income	148,795	182,189
Rental income from investment properties	212,998	213,733
Recognised at a point in time		
Consultancy fee and performance fee income	35,062	376,838
Sales of inventories	10,269	19,268
	407,124	792,028
Net loss from investments		
Interest income		
Financial assets not at fair value through profit or loss		
Bank deposits	112,229	172,695
Advances to customers	344,850	361,129
Debt investments	98,959	125,852
Dividend income		
Financial assets at fair value through profit or loss and trading securities	992,160	661,210
Equity investments designated at fair value through other comprehensive income	299,232	330,656
Realised gain/(loss) on investments		
Net realised gain on financial assets at fair value through profit or loss	32,802	129,242
Net realised gain/(loss) on trading securities	119,014	(142,400)
Unrealised loss on investments		
Change of unrealised loss on financial assets at fair value through profit or loss	(2,100,782)	(2,317,516)
Change of unrealised gain on trading securities	49,945	189,812
Others		
Realised loss on disposal of an associate	(2,202)	–
Realised loss on disposal of a joint venture	–	(171)
	(53,793)	(489,491)
Income from other sources		
Net (loss)/gain on revaluation of investment properties	(95,096)	760,263
Written back of impairment loss on inventory	–	179,704
Rental income from finance leases	2,815	4,110
(Loss)/gain on disposal of property, plant and equipment	(3,239)	90
Exchange differences, net	34,708	(2,144)
Others	88,864	160,300
	28,052	1,102,323

5. IMPAIRMENT LOSSES

	2024 HK$'000	2023 HK$'000
Impairment losses on:		
— Advances to customers	148,000	367,759
— Debtors, deposits, prepayments and others	160,440	360,245
— Finance lease receivables	20,563	3,687
— Inventories	29,613	–
	358,616	731,691
Impairment losses on:		
— Investments in associates	–	64,151
	358,616	795,842

6. OPERATING EXPENSES

	2024 HK$'000	2023 HK$'000
Depreciation and amortisation expenses	50,348	55,000
Lease payments not included in the measurement of lease liabilities	1,831	2,433
Auditor's remuneration	13,660	17,844
Management fee, consultancy fee, advisor fee and performance fee	77,139	70,747
Office expenses	21,082	43,462
Bank charges	47,249	39,383
Employee expenses (wages, bonuses and allowances)	249,926	256,035
Legal and professional fee	35,492	53,834
Other operating expenses	327,108	368,485
	823,835	907,223

7. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest expense on bank loans and other borrowings	1,337,878	1,640,407
Interest expense on lease liabilities	1,251	3,284
	1,339,129	1,643,691

The effective interest rate of bank loans and other borrowings was approximately 4.11% (2023: 4.70%) per annum during the year ended 31 December 2024.

8. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors' emoluments:

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2024

	Directors' fee HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	2024 Total HK$'000
Executive directors					
Lin Chun (note 1)	–	1,637	–	72	1,709
An Xuesong (note 2)	–	1,462	–	54	1,516
Yin Yanwu	–	1,366	–	72	1,438
Wang Yun	–	1,396	–	72	1,468
Zhang Mingao (note 3)	–	–	–	–	–
Non-executive directors					
Yu Fachang	–	–	–	–	–
Qin Hongyuan (note 4)	–	–	–	–	–
Pan Wenjie (note 5)	–	–	–	–	–
Fang Bin (note 6)	–	–	–	–	–
Independent non-executive directors					
Lin Zhijun	200	364	–	–	564
Law Cheuk Kin Stephen	200	378	–	–	578
Wong Chun Sek Edmund (note 7)	155	236	–	–	391
Chung Shui Ming Timpson (note 8)	79	172	–	–	251
	634	7,011	–	270	7,915

Note:

1. Mr. Lin Chun was appointed as an Executive Director with effect from 4 January 2024.
2. Mr. An Xuesong was appointed as an Executive Director with effect from 5 April 2024.
3. Mr. Zhang Mingao was resigned as an Executive Director with effect from 4 January 2024.
4. Dr. Qin Hongyuan was appointed as a Non-executive Director with effect from 4 January 2024.
5. Ms. Pan Wenjie was resigned as a Non-executive Director with effect from 22 March 2024.
6. Mr. Fang Bin was resigned as a Non-executive Director with effect from 4 January 2024.
7. Mr. Wong Chun Sek Edmund was appointed as an Independent Non-executive Director with effect from 22 March 2024.
8. Dr. Chung Shui Ming Timpson was retired as an Independent Non-executive Director with effect from 23 May 2024.

8. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued)

(a) Directors' emoluments: (continued)

For the year ended 31 December 2023

	Directors' fee HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	2023 Total HK$'000
Executive directors					
Zhang Mingao	–	1,601	–	64	1,665
Wang Yun (note 1)	–	1,034	–	47	1,081
Yin Yanwu	–	1,516	–	53	1,569
Wang Hongyang (note 2)	–	493	–	6	499
Non-executive directors					
Yu Fachang	–	–	–	–	–
Pan Wenjie	–	–	–	–	–
Fang Bin	–	–	–	–	–
Independent non-executive directors					
Chung Shui Ming Timpson	200	328	–	–	528
Lin Zhijun	200	300	–	–	500
Law Cheuk Kin Stephen	200	314	–	–	514
	600	5,586	–	170	6,356

Note:

1. Ms. Wang Yun was appointed as an Executive Director with effect from 5 May 2023.

2. Mr. Wang Hongyang resigned as an Executive Director with effect from 5 May 2023.

8. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued)

(b) Five highest paid individuals' emoluments

	2024 HK$'000	2023 HK$'000
Salaries and other emoluments	9,449	10,475
Special reward and deferred bonuses	653	–
Retirement scheme contributions	186	90
	10,288	10,565

	2024	2023
Number of directors	–	–
Number of employees	5	5
	5	5

Their emoluments were within the following bands:

	Number of individuals	
	2024	2023
HK$1,500,001 to HK$2,000,000	2	–
HK$2,000,001 to HK$2,500,000	3	5
HK$2,500,001 to HK$3,000,000	–	–
	5	5

During the year, no emoluments were paid to the five highest paid individuals (including directors and employees) as an inducement to join the Group or as compensation for loss of office (2023: Nil).

Bonus payment is determined pursuant to the incentive schemes and relevant policies of the Group.

9. INCOME TAX (CREDIT)/EXPENSES

The provision for Hong Kong profits tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is calculated at the appropriate current rates of taxation in the relevant tax jurisdictions.

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

	2024 HK$'000	2023 HK$'000
Current taxation		
— Hong Kong profits tax	27,008	4,012
— Overseas taxation	298,033	166,461
— Under/(over)-provision in prior years	4,103	(4,676)
Deferred taxation		
— Deferred taxation relating to the origination and reversal of temporary differences	(642,410)	(89,418)
Income tax (credit)/expenses	(313,266)	76,379

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

	2024 HK$'000	2023 HK$'000
Loss before taxation	(2,177,925)	(1,685,890)
Calculated at the rates applicable to loss in the tax jurisdictions concerned	(595,736)	(425,338)
Tax effect of income not subject to taxation	(1,070,125)	(1,145,444)
Tax effect of expenses not deductible for taxation purposes	1,453,177	1,222,756
Tax effect of utilisation of previously unrecognised losses	(5,022)	(1,256)
Tax effect of tax losses and other deductible temporary differences not recognised	(99,663)	430,337
Under/(over)-provision of taxation in prior years	4,103	(4,676)
Income tax (credit)/expenses	(313,266)	76,379

10. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit for the year of the Company attributable to equity shareholders of the Company of HK$175,995,000 (2023: profit attributable to equity shareholders of the Company of HK$1,352,296,000) has been dealt with in the financial statements of the Company.

11. DIVIDENDS

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

	2024 HK$'000	2023 HK$'000
— Interim dividend declared and paid of HK$0.05 (2023: HK$0.15) per share	84,263	252,788
— Final dividend proposed after the end of the reporting period date of HK$0.05 (2023: HK$0.10) per share	84,262	168,525
	168,525	421,313

The Board proposed a final dividend of HK$0.05 per share for the year ended 31 December 2024 (2023: HK$0.10 per share). The proposed final dividend is not reflected as dividend payable in the financial statements.

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

	2024 HK$'000	2023 HK$'000
— Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.10 (2023: HK$0.15) per share	168,525	252,788

12. OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income

	2024			2023		
	Before tax amount HK$'000	Tax credit HK$'000	Net of tax amount HK$'000	Before tax amount HK$'000	Tax credit HK$'000	Net of tax amount HK$'000
Net movement in investment revaluation reserve of equity investments designated at fair value through other comprehensive income	1,539,717	–	1,539,717	(372,285)	–	(372,285)
Share of other comprehensive income and effect of foreign currency translation of associates	(204,121)	–	(204,121)	(145,321)	–	(145,321)
Share of other comprehensive income and effect of foreign currency translation of joint ventures	(19,022)	–	(19,022)	(13,376)	–	(13,376)
Other net movement in exchange reserve	(445,337)	–	(445,337)	(466,737)	–	(466,737)
	871,237	–	871,237	(997,719)	–	(997,719)

13. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended 31 December 2024 is based on the loss attributable to equity shareholders of the Company of HK$1,909,019,000 (2023: loss attributable to equity shareholders of the Company of HK$1,922,639,000) and the weighted average number of 1,685,253,712 shares (2023: 1,685,253,712 shares) in issue during the year.

14. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount

	Interests in leasehold land held for own use under operating leases HK$'000	Buildings held for own use carried at cost HK$'000	Leasehold improvements HK$'000	Furniture, fixtures, equipment and motor vehicles HK$'000	Other properties leased for own use HK$'000	Total HK$'000	Investment properties HK$'000
Cost or valuation:							
At 1 January 2023	484,231	61,854	121,332	88,939	194,155	950,511	4,898,173
Additions	–	–	1,116	2,143	15,156	18,415	–
Disposals	–	–	(9,367)	(1,483)	(90,714)	(101,564)	–
Net gain on revaluation	–	–	–	–	–	–	760,263
Exchange adjustments	(3,374)	–	271	(292)	(1,147)	(4,542)	(73,617)
As at 31 December 2023	480,857	61,854	113,352	89,307	117,450	862,820	5,584,819
Representing:							
Cost	480,857	61,854	113,352	89,307	117,450	862,820	–
Professional valuation	–	–	–	–	–	–	5,584,819
	480,857	61,854	113,352	89,307	117,450	862,820	5,584,819
Cost or valuation:							
At 1 January 2024	480,857	61,854	113,352	89,307	117,450	862,820	5,584,819
Additions	–	–	–	1,616	45,412	47,028	13,147
Disposals	–	–	–	(6,428)	(16,954)	(23,382)	(55,424)
Net loss on revaluation	–	–	–	–	–	–	(95,096)
Exchange adjustments	(4,979)	–	(1,840)	(453)	(749)	(8,021)	(118,159)
As at 31 December 2024	475,878	61,854	111,512	84,042	145,159	878,445	5,329,287
Representing:							
Cost	475,878	61,854	111,512	84,042	145,159	878,445	–
Professional valuation	–	–	–	–	–	–	5,329,287
	475,878	61,854	111,512	84,042	145,159	878,445	5,329,287

14. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (continued)

(a) Reconciliation of carrying amount (continued)

	Interests in leasehold land held for own use under operating leases HK$'000	Buildings held for own use carried at cost HK$'000	Leasehold improvements HK$'000	Furniture, fixtures, equipment and motor vehicles HK$'000	Other properties leased for own use HK$'000	Total HK$'000	Investment properties HK$'000
Accumulated depreciation:							
At 1 January 2023	137,671	22,958	61,990	74,236	131,938	428,793	–
Charge for the year	7,864	1,430	5,989	5,477	34,240	55,000	–
Written back on disposals	–	–	(9,367)	(1,278)	(72,459)	(83,104)	–
Exchange adjustments	(1,428)	(71)	1,355	(834)	(858)	(1,836)	–
As at 31 December 2023	144,107	24,317	59,967	77,601	92,861	398,853	–
At 1 January 2024	144,107	24,317	59,967	77,601	92,861	398,853	–
Charge for the year	7,782	1,430	5,695	4,914	30,527	50,348	–
Written back on disposals	–	–	–	(6,398)	(16,179)	(22,577)	–
Exchange adjustments	(2,214)	(170)	(888)	(276)	(620)	(4,168)	–
As at 31 December 2024	149,675	25,577	64,774	75,841	106,589	422,456	–
Net book value:							
As at 31 December 2024	326,203	36,277	46,738	8,201	38,570	455,989	5,329,287
As at 31 December 2023	336,750	37,537	53,385	11,706	24,589	463,967	5,584,819

(b) The Group's interests in leasehold land and buildings and investment properties situated in Hong Kong and Mainland China were appraised as at 31 December 2024 by RHL Appraisal Limited, Savills Real Estate Valuation (Guangzhou) Limited and Colliers International (Hong Kong) Limited, independent professional valuers who have, among their staff fellows of the Hong Kong Institute of Surveyors or the China Institute of Real Estate Appraisers and Agents, recent experience in the location and category of property being valued. These properties were appraised on an open market basis and investment properties are carried in the consolidated statement of financial position at market value.

As at 31 December 2024, had the Group's interests in leasehold land and buildings, which were carried at cost less accumulated depreciation, been carried at fair value, their carrying amount would have been HK$797,900,000 (2023: HK$985,759,000). Since such fair value is determined using significant unobservable inputs, it will be categorised as Level 3 under the fair value hierarchy as defined in HKFRS 13 Fair Value Measurement.

The fair value of the Group's interests in leasehold land and buildings in Hong Kong and Mainland China is determined using the direct comparison approach based on prices realised on actual sales and/or asking prices of comparable properties. The valuations take into account the characteristics of the properties which include the size, scale, nature, character and location. Premiums or discounts will be applied based on characteristics of the properties.

14. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (continued)

(b) (continued)

In the opinion of the Directors, the Group's existing use of its interest in leasehold land and buildings equates to the highest and best use of the assets.

Investment properties of HK$4,376,684,000 (2023: HK$4,599,631,000) of the Group are rented out under operating leases; HK$689,702,000 (2023: HK$750,366,000) are under construction and will be rented out upon completion of the construction.

All properties held under operating leases that would otherwise meet the definition of investment properties are classified as investment properties.

During the years ended 31 December 2024 and 31 December 2023, the Group did not acquire any assets through business combination.

The analysis of the net book value by class of underlying asset is as follows:

	Note	2024 HK$'000	2023 HK$'000
Interests in leasehold land held for own use, carried at depreciated cost in Hong Kong, with remaining lease term of:	(i)		
— 50 years or more		229,331	231,505
		229,331	231,505
Interests in leasehold land held for own use, carried at depreciated cost outside Hong Kong, with remaining lease term of:	(i)		
— between 10 and 50 years		96,872	105,245
		96,872	105,245
Other properties leased for own use, carried at depreciated cost		38,570	24,589
		38,570	24,589
Interests in leasehold investment properties, at fair value in Hong Kong, with remaining lease term of:			
— 50 years or more		10,100	10,700
		10,100	10,700
Interests in leasehold investment properties, at fair value outside Hong Kong, with remaining lease term of:			
— between 10 and 50 years		5,319,187	5,574,119
		5,319,187	5,574,119

(i) Interests in leasehold land held for own use

The Group is the registered owner of these property interests. Lump sum payments were made upfront to acquire leasehold land from their previously registered owners, and no ongoing payments will be made under the terms of the land leases, other than payments based on rateable values set by the relevant government authorities.

14. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (continued)

(c) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties 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 levels into which a fair value measurement is classified and determined with reference to the observability and significance of the inputs used in the valuation technique are 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

		Fair value measurements categorised into		
	Fair value HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurement				
Investment properties:				
As at 31 December 2024	5,329,287	–	–	5,329,287
As at 31 December 2023	5,584,819	–	–	5,584,819

During the year ended 31 December 2024, there were no transfers into or out of Level 3 (2023: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Information about Level 3 fair value measurements

	Valuation technique	Unobservable input	Range	Relationship of unobservable inputs to fair value
Investment property — Hong Kong	Direct comparison approach	Premium/(discount) on characteristic of the properties	-16% to -2% (2023: -14% to 1%)	The higher the premium, the higher the fair value.
Investment properties — Mainland China	Direct comparison approach	Weighted average price per square meter	RMB5,860 to RMB36,573 (2023: RMB4,640 to RMB34,000)	The higher the weighted average price per square meter, the higher the fair value.
	Income approach	Discount rate	5.3% to 6% (2023: Nil*)	The higher the discount rate, the lower the fair value.
		Occupancy rate	64% to 100% (2023: Nil*)	The higher the occupancy rate, the higher the fair value.
		Rental growth rate	1.5% to 4% (2023: 1%)	The higher the rental growth rate, the higher the fair value.
		Capitalisation rate	3.5% to 4% (2023: 3.5% to 4%)	The higher the capitalisation rate, the lower the fair value.
		Term and reversion rate	Nil* (2023: 4.8% to 5.8%)	The higher the term and reversion rate, the lower the fair value.

* Certain investment properties in Mainland China were fully developed at year-end, and the Group has changed its valuation techniques for these investment properties accordingly.

14. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (continued)

(c) Fair value measurement of properties (continued)

(ii) Information about Level 3 fair value measurements (continued)

The fair value of investment property in Hong Kong is determined using the direct comparison approach to value the property in the existing state, and uses the market basis assuming sale with immediate vacant possession and by making reference to comparable sales evidence. The valuations take into account the characteristics of the property which included the location, size, shape, view, floor level, year of completion and other factors collectively.

The fair value of investment properties in Mainland China is determined by multiple approaches including direct comparison approach and income approach, and uses the market basis assuming sale with immediate vacant possession and by making reference to comparable sales evidence. The valuations take into account the characteristics of the properties which included the location, size, floor level, year of completion and other factors collectively. Higher premiums for properties with better characteristics will result in a higher fair value measurement.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2024 HK$'000	2023 HK$'000
Investment properties		
At 1 January	5,584,819	4,898,173
Additions	13,147	–
Disposals	(55,424)	–
Net (loss)/gain on revaluation of investment properties	(95,096)	760,263
Exchange adjustments	(118,159)	(73,617)
At 31 December	5,329,287	5,584,819

Net (loss)/gain on revaluation of investment properties is recognised as part of the "Income from other sources" (note 4) in the consolidated statement of profit or loss.

15. INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of subsidiary	Place of incorporation/ operation	Class of shares	Particulars of issued and paid up capital/ registered capital	Percentage of equity interest held by the Company	Principal activities
CEL Venture Capital (Shenzhen) Limited	The PRC#	Not applicable	HK$5,170,000,000	100%	Provision of investment advisory services and investment
CEL Management Services Limited	Hong Kong	Ordinary	2 Shares HK$2	100%	Provision of management services
China Everbright Assets Management Limited	Hong Kong	Ordinary	5,000,000 Shares HK$5,000,000	100% [1]	Provision of asset management services
China Everbright Finance Limited	Hong Kong	Ordinary	100,000,000 Shares HK$100,000,000	100%	Money lending
China Everbright Financial Investments Limited	Hong Kong	Ordinary	1,000,000 Shares HK$1,000,000	100%	Investment
China Everbright Industrial Investment Holdings Limited	Cayman Islands	Ordinary	10,000 Shares US$10,000	100%	Investment
China Everbright Investment Management Limited	Hong Kong	Ordinary	5,000,000 Shares HK$5,000,000	100%	Provision of investment management services
Fortunecrest Investment Limited	British Virgin Islands	Ordinary	1 Share US$1	100%	Property investment
Janco Development Limited	Hong Kong	Ordinary	2 Shares HK$2	100%	Property investment
光大匯益偉業投資管理(北京)有限公司	The PRC*	Not applicable	RMB125,300,000	100% [1]	Project investment
光大控股(江蘇)投資有限公司	The PRC#	Not applicable	RMB4,000,000,000	100%	Investment
宜興光控投資有限公司	The PRC*	Not applicable	RMB3,100,000,000	100% [1]	Project investment
Everbright (Qingdao) Investment Co., Limited	The PRC#	Not applicable	US$160,000,000	100%	Investment
成都光控西部創業投資有限公司	The PRC*	Not applicable	RMB500,000,000	100% [1]	Investment

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Class of shares	Particulars of issued and paid up capital/ registered capital	Percentage of equity interest held by the Company	Principal activities
上海光控嘉鑫股權投資管理有限公司	The PRC*	Not applicable	RMB100,000,000	100%[1]	Fund management
青島光晟投資有限公司	The PRC#	Not applicable	US$50,000,000	100%[1]	Investment
上海光控股權投資管理有限公司	The PRC*	Not applicable	RMB1,835,000,000	100%[1]	Investment
CEL Israel Holdings Limited	British Virgin Islands	Ordinary	1 Share US$1	100%[1]	Investment holding
China Everbright Global Investment Advisors Company Limited	Hong Kong	Ordinary	5,000,000 Shares HK$5,000,000	100%[1]	Provision of advisory services
Everbright Hero GP Limited	Cayman Islands	Ordinary	1 Share US$1	100%[1]	Fund management
Everbright Hero, L.P.	Cayman Islands	Not applicable	Not applicable	90.16%[1]	Investment
光控投資管理(上海)有限公司	The PRCΔ	Not applicable	RMB200,000,000	100%[1]	Provision of investment management services
Diamond Wealth Global Limited	British Virgin Islands	Ordinary	100 Shares US$100	100%[1]	Investment holding
Pioneer Act Investments Limited	British Virgin Islands	Ordinary	1 Share US$1	100%[1]	Investment holding
CEL Global Investment LP Limited	Cayman Islands	Ordinary	1 Share US$1	100%[1]	Investment holding
CEL Elite Limited	Hong Kong	Ordinary	1 Share HK$1	100%[1]	Treasury management
北京光控浦益創業投資有限公司[2]	The PRC*	Not applicable	RMB310,000,000	100%[1]	Fund management
China Golden Opportunities Fund III, L.P.	Cayman Islands	Not applicable	Not applicable	75.09%[1]	Investment
CEL New Economy Fund, L.P.	Cayman Islands	Not applicable	Not applicable	64.84%[1]	Investment
湖南光控星宸股權投資合夥企業(有限合夥)	The PRC◊	Not applicable	RMB5,100,000,000	50.94%[1]	Investment

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Class of shares	Particulars of issued and paid up capital/ registered capital	Percentage of equity interest held by the Company	Principal activities
江蘇溧陽光控股權投資合夥企業(有限合夥)	The PRC◇	Not applicable	RMB2,000,000,000	49.91% [1]	Investment
贛州光控蘇區高質量發展產業投資基金(有限合夥)	The PRC◇	Not applicable	RMB2,500,000,000	33.31% [1]	Investment
廣州光控穗港澳青年創業股權投資合夥企業(有限合夥)	The PRC◇	Not applicable	RMB1,000,000,000	39.8% [1]	Investment

(1) Subsidiaries held indirectly.
(2) 北京光控浦益私募基金管理有限公司 has been renamed as 北京光控浦益創業投資有限公司 with effect from 3 December 2024.
Limited liability companies (wholly-foreign-owned enterprise) registered under PRC law.
Δ Limited liability companies (equity joint venture enterprise) registered under PRC law.
* Limited liability companies registered under PRC law.
◇ Limited partnership enterprises registered under PRC law.

The list of subsidiaries above included certain consolidated structured entities of which the Group has capital commitment of HK$2,029,493,000 (2023: HK$1,829,145,000) to provide capital to support the operating and investing activities. The Group has no intention and did not provide any other financial support to these consolidated structured entities during the year.

Acquisition of non-controlling interests

During the years ended 31 December 2024 and 2023, there were no material acquisition of non-controlling interests.

16. INVESTMENTS IN ASSOCIATES

(a) Investments in associates

	2024 HK$'000	2023 HK$'000
Carrying value, net (note)	17,017,451	17,709,713
Market value of shares listed in Mainland China	20,221,961	17,512,550
Market value of shares listed in Hong Kong	1,017,470	1,028,806

Note:
As at 31 December 2024, the Group's net carrying value of its investment in Everbright Jiabao Co., Ltd ("Everbright Jiabao"), an associate of the Group, amounted to HK$1,262,039,000 (2023: HK$1,786,636,000).

The Group has reassessed the recoverable amount of Everbright Jiabao as at 31 December 2024 and concluded that no additional or reversal of impairment loss is required for the year.

During the year ended 31 December 2024, 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 2024, the accumulated impairment losses charged to profit or loss in prior years related to Everbright Jiabao amounted to HK$1,598,827,000 (2023:HK$1,598,827,000). The pre-tax discount rates applied in the cash flow projection of different key business operations of Everbright Jiabao ranged from 12.9% to 13.2% (2023:8.0% to 13.0%) and the perpetual growth rate was 1.5%(2023:1.5%).

16. INVESTMENTS IN ASSOCIATES (continued)

(b) As at 31 December 2024, particulars of the principal investments in associates of the Group are as follows:

Name of associate	Place of incorporation/ operation	Principal activities	Percentage of equity interest held by the Company
Everbright Securities Company Limited# ("Everbright Securities")	The PRC	Securities operations (note 1)	20.73%
China Aircraft Leasing Group Holdings Limited## ("CALC")	Cayman Islands	Investment holding (note 2)	38.06%*
Everbright Jiabao###	The PRC	Real estate development/real estate asset management (note 3)	29.17%*
China Everbright Senior Healthcare Company Limited ("Everbright Senior Healthcare")	Hong Kong	Providing senior health care services (note 4)	49.29%* (note 5)

\# Market value of the listed shares in Mainland China as at 31 December 2024 was equivalent to HK$18,696,295,000 (2023: HK$16,267,262,000).

\## Market value of the listed shares in Hong Kong as at 31 December 2024 was HK$1,017,470,000 (2023: HK$1,028,806,000).

\### Market value of the listed shares in Mainland China as at 31 December 2024 was equivalent to HK$1,525,666,000 (2023: HK$1,245,288,000).

* Held indirectly

Note 1: Everbright Securities is the Group's cornerstone investment, with an investment cost of HK$1,497,149,000 (2023: 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 31 December 2024, the Group did not control the board of directors of Everbright Senior Healthcare. Upon the completion of the procedures of share subscription by an investor with investment amount of RMB50 million, the Group's equity interest in Everbright Senior Healthcare stands at 49.29% on a fully diluted basis.

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

16. INVESTMENTS IN ASSOCIATES (continued)

(c) Supplementary financial information of the principal associates

Supplementary financial information in respect of an individually material associate extracted from its financial statements is as follows:

	Everbright Securities	
	2024 HK$'000	2023 HK$'000
Gross amounts of the associate		
Current assets	264,806,471	239,808,808
Non-current assets	51,460,515	46,404,632
Current liabilities	(208,836,990)	(188,609,201)
Non-current liabilities	(32,665,119)	(22,749,573)
Perpetual subordinated bonds	(10,259,338)	(10,472,585)
Non-controlling interests	(899,913)	(889,475)
Equity attributable to equity shareholders of the associate	63,605,626	63,492,606
Operating income	10,527,358	11,140,032
Profit from operating activities	3,384,363	4,775,865
Other comprehensive income	471,229	195,127
Total comprehensive income	3,855,592	4,970,992
Dividend received from the associate	389,484	222,153
Reconciled to the Group's interest in the associate		
Gross amounts of net assets of the associate	63,605,626	63,492,606
Group's effective interest	20.73%	20.73%
Group's share of net assets of the associate	13,188,214	13,159,636
Carrying amount in the Group's consolidated financial statements	13,188,214	13,159,636

Aggregate information of the associates that are not individually material:

	2024 HK$'000	2023 HK$'000
Aggregate carrying amount of associates that are not individually material in the consolidated statement of financial position	3,829,237	4,550,077
Aggregate amounts of the Group's share of those associates:		
Loss for the year	(604,125)	(650,049)
Other comprehensive income	(16,208)	3,286
Total comprehensive income	(620,333)	(646,763)

17. INVESTMENTS IN JOINT VENTURES

(a) Investments in joint ventures

	2024 HK$'000	2023 HK$'000
Carrying value, net	729,803	932,964

(b) As at 31 December 2024, details of the Group's principal investments in joint ventures are as follows:

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

* Held indirectly

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

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

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

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

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

	2024 HK$'000	2023 HK$'000
At fair value:		
Listed equity securities		
— outside Hong Kong	6,572,616	5,032,899

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 (2023: HK$1,407,189,000).

No disposal was made during the year ended 31 December 2024, and there were no transfers of any cumulative gain or loss within equity relating to this investment (2023: Nil).

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK$'000	2023 HK$'000
Non-current assets		
At fair value:		
Unlisted equity securities/collective investment schemes*		
— outside Hong Kong	15,851,841	20,789,666
Unlisted preference shares		
— outside Hong Kong	5,844,212	5,361,456
Unlisted debt securities		
— outside Hong Kong	336,436	345,457
	22,032,489	26,496,579
Current assets		
At fair value:		
Listed equity securities		
— in Hong Kong	756,031	1,106,006
— outside Hong Kong	785,926	885,741
Unlisted equity securities/collective investment schemes*		
— outside Hong Kong	3,558,998	2,212,737
Unlisted debt securities		
— outside Hong Kong	117,439	110,978
	5,218,394	4,315,462

* Included in the balance of unlisted equity securities/collective investment schemes are the Group's interests in unconsolidated structured entities amounting to HK$15,542,694,000 (2023: HK$18,742,839,000).

As at 31 December 2024, the Group's listed and unlisted equity securities amounting to a fair value of HK$16,868,249,000 (2023: HK$19,346,709,000) were investments in associates and joint ventures. The Group was exempted from applying the equity method to these investments and they were measured as financial assets at fair value through profit or loss.

As at 31 December 2024 and 31 December 2023, the Group had certain unlisted financial assets at fair value through profit or loss recorded at a purchase price which was below the fair value at inception that would be determined at that date using a valuation technique. According to the Group's accounting policy, the difference yet to be recognised in the consolidated statement of profit or loss at the beginning and the end of the year is as follows:

	2024 HK$'000	2023 HK$'000
As at 1 January	7,129	227,136
Released during the year	–	(216,855)
Exchange adjustment	(19)	(3,152)
As at 31 December	7,110	7,129

20. ADVANCES TO CUSTOMERS

	2024 HK$'000	2023 HK$'000
Current assets		
Term loans to customers		
— secured	1,178,525	1,205,585
— unsecured	2,983,517	2,831,273
Total term loans to customers	4,162,042	4,036,858
Less: Impairment allowance	(1,102,700)	(966,285)
Net carrying value	3,059,342	3,070,573

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

Certain advances to customers are provided to related parties. Details are stated in note 36(b).

Term loans to customers are categorised into the following internal credit risk grades:

The Group classifies the credit risk levels of term loans to customers into "Low" (credit risk in excellent condition), "Medium" (credit risk in normal condition), and "High" (credit risk in severe condition), based on the quality of loans. The credit risk level is used for the purpose of the Group's internal credit risk management.

"Low" refers to borrowers with excellent credit quality, or bridge loans with tenor less than 6 months. There is no sufficient reason to doubt the obligations to repay or there are no other behaviours breaching the debt contracts that would significantly impact on the repayment. "Medium" refers to borrowers who are currently meeting their repayment obligations and full repayment of interest and principal is not in doubt. "High" refers to borrowers who are vulnerable to non-payment according to the debt contract terms, or having significant impact on the repayment of debt according to contract terms. "Default" is triggered when a repayment obligation is in default; or borrowers are in the stage of filing of a bankruptcy petition or taking of similar action.

Analysis of the gross carrying amounts of term loans by the Group's internal credit rating and year end classification are as follows:

As at 31 December 2024

Internal rating grade	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
Medium	–	–	–	–
High	–	1,266,270	–	1,266,270
Default	–	–	2,895,772	2,895,772
	–	1,266,270	2,895,772	4,162,042

20. ADVANCES TO CUSTOMERS (continued)

As at 31 December 2023

Internal rating grade	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
Medium	5,854	–	–	5,854
High	–	1,697,398	–	1,697,398
Default	–	–	2,333,606	2,333,606
	5,854	1,697,398	2,333,606	4,036,858

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	(972,106)	–	–	(972,106)
Transfer from stage 1 to stage 2 and stage 3	(2,112,156)	1,675,938	436,218	–
Exchange difference	(12,838)	(24)	(22,535)	(35,397)
As at 31 December 2023 and 1 January 2024	5,854	1,697,398	2,333,606	4,036,858
New assets originated or purchased	–	450,126	–	450,126
Assets derecognised or repaid	(5,854)	(242,667)	(210)	(248,731)
Transfer from stage 2 to stage 3	–	(605,001)	605,001	–
Exchange difference	–	(33,586)	(42,625)	(76,211)
As at 31 December 2024	–	1,266,270	2,895,772	4,162,042

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)	(11,207)	328,253	50,713	367,759
Exchange difference	(8)	(40)	(3,542)	(3,590)
As at 31 December 2023 and 1 January 2024	5	334,923	631,357	966,285
Other changes (including new assets and derecognised assets)	(5)	(243,479)	391,484	148,000
Exchange difference	–	(4,514)	(7,071)	(11,585)
As at 31 December 2024	–	86,930	1,015,770	1,102,700

Except for the above impairment allowance of HK$1,102,700,000 (2023: HK$966,285,000), there were no other significant loans to customers, that were aged, requiring significant impairment provision as at 31 December 2024 and 2023.

21. INVENTORIES

	2024 HK$'000	2023 HK$'000
Properties under development	132,189	135,079
Completed properties	1,340,618	1,394,260
	1,472,807	1,529,339

22. DEBTORS, DEPOSITS, PREPAYMENTS AND OTHERS

	2024 HK$'000	2023 HK$'000
Accounts receivable	492,122	832,251
Deposits, prepayments, interest and other receivables and others	1,731,198	1,614,138
	2,223,320	2,446,389
Less: Impairment allowance	(677,724)	(517,284)
	1,545,596	1,929,105

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

The carrying amount of debtors, deposits, prepayments and others approximated to their fair value as at 31 December 2024 and 2023.

Their impairment allowance was assessed with reference to the credit status of the debtors, and impairment allowance of HK$677,724,000 was recognised as at 31 December 2024 (2023: HK$517,284,000).

Interest receivable from advances to customers of HK$837,959,000 (2023: HK$608,593,000) is included within "Debtors, deposits, prepayments and others". Impairment allowance on interest receivable from advances to customers as at 31 December 2024 was HK$267,911,000 (2023: HK$122,348,000). The Group applies a three-stage approach to measure the expected credit loss allowance for interest receivable in accordance with HKFRS 9.

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

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
As at 1 January 2023	1,790	1,634	154,170	157,594
Other changes (including new assets and derecognised assets)	(1,790)	28,724	333,311	360,245
Exchange difference	–	(5)	(550)	(555)
As at 31 December 2023 and 1 January 2024	–	30,353	486,931	517,284
Other changes (including new assets and derecognised assets)	–	1,278	159,162	160,440
As at 31 December 2024	–	31,631	646,093	677,724

23. TRADING SECURITIES

	2024 HK$'000	2023 HK$'000
Current assets		
At fair value:		
Listed equity securities		
— in Hong Kong	55,178	84,316
— outside Hong Kong	2,973	2,970
Listed debt securities		
— in Hong Kong	922,064	1,029,391
— outside Hong Kong	1,774,621	1,688,699
Unlisted debt securities	60,594	89,910
Listed funds	1,320	–
Derivatives		
— listed	5	–
— unlisted	13,351	21,162
	2,830,106	2,916,448
Current liabilities		
At fair value:		
Listed equity securities		
— in Hong Kong	(168,002)	(87,561)
— outside Hong Kong	(172,486)	(117,580)
Listed debt securities		
— outside Hong Kong	(6,151)	–
Listed funds	–	(4,421)
Derivatives		
— listed	(63)	(22)
— unlisted	(31,666)	(27,916)
	(378,368)	(237,500)

24. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	2024 HK$'000	2023 HK$'000
Cash on hand, savings and current accounts	7,810,666	8,354,387
Fixed deposits with banks	611,459	1,233,691
Cash and cash equivalents in the consolidated statement of financial position	8,422,125	9,588,078
Less: Restricted cash	(32,107)	(56,961)
Cash and cash equivalents in the consolidated statement of cash flows	8,390,018	9,531,117

Restricted bank balances of HK$32,107,000 (31 December 2023: HK$56,961,000) were pledged to banks for sales of mortgaged properties to customers and interest reserve account on borrowings.

25. CREDITORS, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2024 HK$'000	2023 HK$'000
Creditors, deposits received and accrued charges	2,574,238	2,962,495

26. BANK LOANS

	2024 HK$'000	2023 HK$'000
Maturity details are as follows:		
Within 1 year	9,300,158	10,995,928
1 to 2 years	120,290	5,701,040
2 to 5 years	3,604,161	1,480,539
Over 5 years	359,944	426,101
	13,384,553	18,603,608

As at 31 December 2024, the bank loans were secured as follows:

	2024 HK$'000	2023 HK$'000
Bank loans:		
— secured	891,969	2,161,399
— unsecured	12,492,584	16,442,209
	13,384,553	18,603,608

As at 31 December 2024, the bank loans were secured by:

(a) Mortgage over certain investment properties with carrying value of approximately HK$2,289 million (31 December 2023: approximately HK$4,542 million);

(b) There were no mortgage over certain inventories (31 December 2023: approximately HK$230 million); and

(c) There were no pledge of equity interests in subsidiaries (31 December 2023: approximately HK$1,475 million).

27. OTHER FINANCIAL LIABILITIES

	Note	2024 HK$'000	2023 HK$'000
Current:			
Financial liabilities to third party investors	(a)	437,378	472,414
Non-current:			
Financial liabilities to third party investors	(a)	6,441,964	6,768,868

(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.

28. BONDS PAYABLE

	2024 HK$'000	2023 HK$'000
As at 1 January	13,793,500	11,996,728
New issuance during the year	9,363,230	4,374,600
Repayments during the year	(6,042,625)	(2,422,404)
Exchange adjustment	(376,120)	(155,424)
As at 31 December	16,737,985	13,793,500

	2024 HK$'000	2023 HK$'000
Maturity details are as follows:		
Within 1 year	3,239,610	6,069,140
1 to 2 years	4,319,480	3,310,440
2 to 5 years	9,178,895	4,413,920
	16,737,985	13,793,500

All the bonds payable of HK$16,737,985,000 were unsecured as at 31 December 2024 (2023: 13,793,500,000).

29. DEFERRED TAXATION

The movements in the deferred tax liabilities recognised in the consolidated statement of financial position are as follows:

	Fair value adjustment for financial assets at fair value through profit or loss and investment properties		Withholding tax on subsidiaries' and associates' profit		Total	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
At 1 January	(1,562,602)	(1,709,621)	(474,691)	(422,265)	(2,037,293)	(2,131,886)
Credited/(charged) to profit or loss	642,407	141,844	3	(52,426)	642,410	89,418
Exchange adjustments	24,732	5,175	–	–	24,732	5,175
At 31 December	(895,463)	(1,562,602)	(474,688)	(474,691)	(1,370,151)	(2,037,293)

In accordance with the accounting policy set out in note 2(s), the Group has not recognised deferred tax assets, in respect of tax losses of approximately HK$3,362 million (2023: approximately HK$3,387 million), as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant entities. The tax losses do not expire under current tax legislation except for those incurred by entities registered in the PRC where tax losses can be carried forward for 5 years from the year in which such losses are incurred.

30. LEASE LIABILITIES

The Group as a lessee

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 HK$'000	2023 HK$'000
As at 1 January	23,866	64,967
Additions	45,412	15,156
Disposal	(775)	(18,254)
Interest expense	1,251	3,284
Payments	(31,859)	(38,562)
Exchange adjustments	627	(2,725)
As at 31 December	38,522	23,866
Analysed into:		
Current portion	20,473	13,273
Non-current portion	18,049	10,593

31. SHARE CAPITAL

(a) Share capital

	2024 No. of shares ('000)	2024 HK$'000	2023 No. of shares ('000)	2023 HK$'000
Ordinary shares issued and fully paid:				
At 1 January and at 31 December	1,685,254	9,618,097	1,685,254	9,618,097

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

(b) Capital management

The Group's primary objectives in capital management are maximising shareholders' return, matching of business funding needs and maintaining the Group's ability to continue as a going concern. Management regularly, or as changes in circumstances warrant, reviews and manages the Group's capital structure so as to maintain a proper balance amongst shareholders' returns, leveraging and funding requirement.

Adjusted net debt is defined as total debt, which includes interest-bearing loans and borrowings, notes payable and bonds payable, plus unaccrued proposed dividends less cash and cash equivalents.

Adjusted capital comprises all components of equity, less unaccrued proposed dividends. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, raise new debt financing or sell assets to reduce debt.

The adjusted net debt-to-capital ratio at 31 December 2024 and 2023 was as follows:

	2024 HK$'000	2023 HK$'000
Current liabilities		
Bank loans	9,300,158	10,995,928
Bonds payable	3,239,610	6,069,140
	12,539,768	17,065,068
Non-current liabilities		
Bank loans	4,084,395	7,607,680
Bonds payable	13,498,375	7,724,360
Total debt	30,122,538	32,397,108
Add: Proposed dividend	84,262	168,525
Less: Cash and cash equivalents in the consolidated statement of cash flows	(8,390,018)	(9,531,117)
Adjusted net debt	21,816,782	23,034,516
Total equity	32,650,071	34,105,786
Less: Proposed dividend	(84,262)	(168,525)
Adjusted capital	32,565,809	33,937,261
Adjusted net debt-to-capital ratio	67%	68%

31. SHARE CAPITAL (continued)

(b) Capital management (continued)

As at 31 December 2024, the Group's liquidity remained healthy. The addition of financial resources is mainly attributable to returns, through divestments and dividends, from investments. During the year, the Group has also made ongoing investments over advances to customers, trading securities and financial assets at fair value through profit or loss. To enhance shareholders' returns, the Group continues to seek new investment opportunities while maintaining a healthy capital structure.

The Company is not subject to externally imposed capital requirements. Certain subsidiaries of the Company are subject to regulatory imposed capital and liquid capital requirements (see also note 39(b)). These subsidiaries have complied with those requirements at all time during both the current and prior financial years.

32. PERPETUAL CAPITAL SECURITIES

	Principal HK$'000	Distribution HK$'000	Total HK$'000
As at 1 January 2023	2,325,540	15,543	2,341,083
Issuance of perpetual medium term notes	2,184,880	–	2,184,880
Redemption of senior perpetual capital securities	(2,325,540)	–	(2,325,540)
Profit attributable to holders of perpetual capital securities	–	98,066	98,066
Distribution to holders of perpetual capital securities	–	(88,923)	(88,923)
As at 31 December 2023 and 1 January 2024	2,184,880	24,686	2,209,566
Profit attributable to holders of perpetual capital securities	–	78,993	78,993
Distribution to holders of perpetual capital securities	–	(78,929)	(78,929)
As at 31 December 2024	2,184,880	24,750	2,209,630

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

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

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

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	31 December 2024 HK$'000	31 December 2023 HK$'000
Non-current assets			
Investments in subsidiaries	15	9,164,164	8,540,862
Amounts due from subsidiaries		16,471,215	13,844,180
Investment in an associate		1,497,149	1,497,149
Investment in a joint venture		1,143	1,143
Equity investments designated at fair value through other comprehensive income		6,572,616	5,032,899
		33,706,287	28,916,233
Current assets			
Amounts due from subsidiaries		17,969,092	20,303,466
Debtors, deposits, prepayments and others		316,448	336,871
Cash and cash equivalents		447,971	729,323
		18,733,511	21,369,660
Current liabilities			
Amounts due to subsidiaries		(6,020,326)	(6,957,286)
Bank loans		(8,400,000)	(6,020,000)
Bonds payable		(3,239,610)	(6,069,140)
Creditors, deposits received and accrued charges		(332,307)	(236,706)
		(17,992,243)	(19,283,132)
Net current assets		741,268	2,086,528
Total assets less current liabilities		34,447,555	31,002,761
Non-current liabilities			
Bank loans		(1,500,000)	(5,292,209)
Bonds payable		(13,498,375)	(7,724,360)
Deferred tax liabilities		(333,963)	(333,963)
		(15,332,338)	(13,350,532)
NET ASSETS		19,115,217	17,652,229
CAPITAL AND RESERVES			
Share capital	31	9,618,097	9,618,097
Reserves	34	7,287,490	5,824,566
Perpetual capital securities	32	2,209,630	2,209,566
TOTAL EQUITY		19,115,217	17,652,229

Approved and authorised for issue by the Board of Directors on 27 March 2025 and signed on behalf of the Board by:

Lin Chun
Director

An Xuesong
Director

34. RESERVES

(a) The movements in the Company's reserves during the year are as follows:

	Note	Share capital HK$'000	Investment revaluation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
As at 1 January 2023		9,618,097	3,997,995	1,373,693	14,989,785
Dividends paid	11	–	–	(505,576)	(505,576)
Profit for the year		–	–	1,352,296	1,352,296
Redemption of Senior perpetual capital securities		–	–	(21,557)	(21,557)
Other comprehensive loss for the year		–	(372,285)	–	(372,285)
As at 31 December 2023 and 1 January 2024		9,618,097	3,625,710	2,198,856	15,442,663
Dividends paid	11	–	–	(252,788)	(252,788)
Profit for the year		–	–	175,995	175,995
Other comprehensive income for the year		–	1,539,717	–	1,539,717
As at 31 December 2024		9,618,097	5,165,427	2,122,063	16,905,587

(b) Nature and purpose of reserves

(i) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of equity investments designated at fair value through other comprehensive income held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2(f).

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investments in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(y).

(iii) Goodwill reserve

The goodwill reserve comprises goodwill on acquisitions that occurred prior to 1 January 2001. The reserve is dealt with in accordance with the accounting policies set out in note 2(e).

(iv) Capital reserve

The capital reserve comprises specific allocation of amounts transferred from retained earnings due to regulatory requirements. It also includes the share of statutory reserves of associates.

(v) Distributability of reserves

As at 31 December 2024, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance (Cap. 622), was HK$2,122,063,000 (2023: HK$2,198,856,000). After the end of the reporting period, the directors proposed a final dividend of HK$0.05 per share (2023: HK$0.10 per share), amounting to HK$84,262,000 (2023: HK$168,525,000) (note 11). This dividend has not been recognised as a liability at the end of the reporting period.

35. MATURITY PROFILE

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

As at 31 December 2024

	Indefinite HK$'000	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Liabilities							
— Bank loans	–	–	–	(9,300,158)	(3,724,451)	(359,944)	(13,384,553)
— Other financial liabilities	–	(437,378)	–	–	(2,394,774)	(4,047,190)	(6,879,342)
— Trading securities	(378,368)	–	–	–	–	–	(378,368)
— Bonds payable	–	–	–	(3,239,610)	(13,498,375)	–	(16,737,985)
— Lease liabilities	–	–	(7,439)	(13,034)	(18,049)	–	(38,522)
	(378,368)	(437,378)	(7,439)	(12,552,802)	(19,635,649)	(4,407,134)	(37,418,770)

As at 31 December 2023

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

36. MATERIAL RELATED PARTY TRANSACTIONS

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

	2024 HK$'000	2023 HK$'000
Management fee income from:		
— a joint venture	679	678
— associates exempted from applying the equity method and were recognised as financial assets at fair value through profit or loss	77,805	80,353
Consultancy and other service income from an associate*	–	428
Bank interest income from a fellow subsidiary/a related party bank	16,822	33,434
Dividend income from:		
— associates exempted from applying the equity method and were recognised as financial assets at fair value through profit or loss	836,906	280,847
— a fellow subsidiary/a related party bank	299,232	330,656
Bank loans interest expense to a fellow subsidiary/a related party bank	128,101	196,899
Consultancy fee to an associate and a fellow subsidiary/a related party bank	10,375	11,377
Custodian services fee to a fellow subsidiary/a related party bank*	108	221
Remuneration of key management personnel (including the Company's directors):		
— short-term employee benefits	7,648	7,996
— retirement scheme contributions	287	274

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

36. MATERIAL RELATED PARTY TRANSACTIONS (continued)

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

	2024 HK$'000	2023 HK$'000
Amounts due from associates and a fellow subsidiary/a related party bank (included in debtors, deposits, prepayments and others)	55,884	152,881
Bank deposits with a fellow subsidiary/a related party bank (including bank deposit in trust accounts)	2,418,593	2,449,018
Advances to:		
— associates exempted from applying the equity method and were recognised as financial assets at fair value through profit or loss	2,182,717	2,246,484
— an associate	971,883	1,048,306
Bank loans from a fellow subsidiary/a related party bank	2,000,000	(3,490,000)
Interests in collective investment schemes issued by a joint venture (included in financial assets at fair value through profit or loss)	977,725	1,468,987

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

Bank deposits and loans with a fellow subsidiary/a related party bank arising 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; insurance 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 year 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. The disclosures required by Chapter 14A of the Listing Rules are provided in the Directors' Report.

37. COMMITMENTS

(a) Capital commitments

As at 31 December 2024, the Group had capital commitments as follows:

	2024 HK$'000	2023 HK$'000
Contracted but not provided for:		
— consolidated structured entities	2,029,493	1,829,145
— unconsolidated structured entities	975,203	1,015,396
	3,004,696	2,844,541

The above amounts included capital commitments to consolidated and unconsolidated structured entities as disclosed in note 15 and note 38 to the financial statements respectively.

(b) As at 31 December 2024, the undiscounted lease payments receivable by the Group in the future periods under non-cancellable operating leases with its tenants are as follows:

	2024 HK$'000	2023 HK$'000
Within 1 year	206,409	183,231
After 1 year but within 2 years	163,598	163,696
After 2 years but within 3 years	89,431	150,809
After 3 years but within 4 years	68,416	105,060
After 4 years but within 5 years	54,812	77,183
After 5 years	155,766	257,732
	738,432	937,711

38. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the Group
Investment funds	To generate fees from managing assets on behalf of third party investors and to make investment returns from co-investing in the funds	• Management fees • Investments held in the form of limited partnership interest of the funds
Collective investment schemes	These vehicles are financed through the issue of units to investors	• Investments in units issued by the structured entity

As at 31 December 2024, the carrying value of interests held by the Group in unconsolidated structured entities amounted to HK$15,542,694,000 (2023: HK$18,742,839,000), which were recognised in financial assets at fair value through profit or loss in the consolidated statement of financial position.

As at 31 December 2024, the carrying values of interests held by the Group in unconsolidated structured entities managed by the Group and not managed by the Group were HK$4,620,792,000 (2023: HK$5,187,996,000) and HK$10,921,902,000 (2023: HK$13,554,843,000) respectively.

The maximum exposure to loss is the carrying value of the assets held.

Other than the invested and committed capital, the Group has no intention to provide financial or other support to the structured entities.

39. 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 Department. This functional structure can assess, identify and document the Group's risk profile to ensure that the business units focus, control and systematically avoid potential risks in various business areas. The following is a brief description of the Group's approach in managing these risks.

39. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk

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

Credit risk management framework

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

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

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

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

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

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

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

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

39. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

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. 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 ("EAD") discounted at the effective interest rate to the reporting date. As at 31 December 2024, ECL of unsecured financial assets is measured based on PD at a range of 25.98% to 100% (31 December 2023: 31.55% to 100%) and LGD at a range of 5% to 76% (31 December 2023: 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 the "Best" scenario and "Worse" scenario, represent less likely outcomes which are more optimistic or more pessimistic compared to the "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.

39. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2024. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	Note	12-month ECLs Stage 1 HK$'000	Lifetime ECLs Stage 2 HK$'000	Lifetime ECLs Stage 3 HK$'000	HK$'000
Advances to customers	20	–	1,266,270	2,895,772	4,162,042
Debtors and deposits					
— Normal*		850,749	–	–	850,749
— Doubtful*		–	20,685	1,321,797	1,342,482
Cash and cash equivalents					
— Not yet past due	24	8,422,125	–	–	8,422,125
Finance lease receivables		–	–	63,917	63,917
		9,272,874	1,286,955	4,281,486	14,841,315

As at 31 December 2023

	Note	12-month ECLs Stage 1 HK$'000	Lifetime ECLs Stage 2 HK$'000	Lifetime ECLs Stage 3 HK$'000	HK$'000
Advances to customers	20	5,854	1,697,398	2,333,606	4,036,858
Debtors and deposits					
— Normal*		1,398,278	–	–	1,398,278
— Doubtful*		–	151,215	852,291	1,003,506
Cash and cash equivalents					
— Not yet past due	24	9,588,078	–	–	9,588,078
Finance lease receivables		–	–	62,317	62,317
		10,992,210	1,848,613	3,248,214	16,089,037

* The credit quality of the financial assets included in debtors and deposits is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

39. FINANCIAL INSTRUMENTS (continued)

(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.

The following table details the remaining contractual maturities on the reporting date of the Group's financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2024				2023			
	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year HK$'000	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year HK$'000
Creditors, deposits received and accrued charges	2,574,238	2,574,238	2,574,238	–	2,962,495	2,962,495	2,962,495	—
Bank loans	13,384,553	14,273,950	9,732,839	4,541,111	18,603,608	20,010,435	11,898,621	8,111,814
Bonds payable	16,737,985	17,840,225	3,656,405	14,183,820	13,793,500	14,593,413	6,510,753	8,082,660
Trading securities	378,368	378,368	378,368	–	237,500	237,500	237,500	—
Other financial liabilities	6,879,342	6,879,342	437,378	6,441,964	7,241,282	7,241,282	472,414	6,768,868
Lease liabilities	38,522	39,707	21,426	18,281	23,866	24,702	13,978	10,724
	39,993,008	41,985,830	16,800,654	25,185,176	42,862,251	45,069,827	22,095,761	22,974,066

(c) Interest rate risk

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

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

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

39. FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

In respect of interest-bearing financial assets and financial liabilities at variable interest rates, the following table indicates their effective interest rates at the end of the reporting period. It is estimated that as at 31 December 2024, a general increase/decrease of 0.5% in interest rates, with all other variables held constant, would have increased/decreased the Group's loss before tax, by HK$16,176,693/HK$44,138,152 (2023: increase/decrease of the Group's loss before tax by HK$43,121,038/HK$73,126,317 for increase/decrease of 0.5% in the interest rate).

The above increase or decrease in the interest rate represents management's assessment of a reasonable change in interest rates over the period until the end of the next reporting period. It is also assumed that all other variables remain constant. The analysis was performed on the same basis for 2023.

	2024		2023	
	Effective interest rate	HK$'000	Effective interest rate	HK$'000
Assets				
Advances to customers	9.66%	3,862,046	9.8%	3,736,862
Cash and cash equivalents	0.45%	8,422,125	0.3%	9,588,078
Total interest-bearing assets		12,284,171		13,324,940
Liabilities				
Bank loans	4.70%	13,384,553	5.64%	18,603,608
Total interest-bearing liabilities		13,384,553		18,603,608

(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.

39. FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

As at the end of the reporting period, the Group's exposure to currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate is shown in the table below:

	2024 In USD HK$'000	2024 In RMB HK$'000	2024 In SGD HK$'000	2023 In USD HK$'000	2023 In RMB HK$'000	2023 In SGD HK$'000
Equity investments designated at fair value through other comprehensive income	–	6,572,616	–	–	5,032,899	–
Financial assets at fair value through profit or loss	2,087,956	274,228	–	3,082,876	5,313,743	–
Advances to customers	1,165,635	–	–	404,882	–	–
Amounts due from subsidiaries	–	10,669,687	–	–	12,495,417	–
Debtors, deposits, prepayments and others	341,954	17,836	10,991	427,377	18,954	12,655
Trading securities	2,349	–	–	2,970	–	–
Cash and cash equivalents	696,334	395,654	6,111	693,920	1,365,934	5,645
Bank loans	–	(2,684,553)	–	(2,161,653)	–	–
Bonds payable	–	(16,737,985)	–	–	(13,793,500)	–
Other financial liabilities	(901,578)	(381,811)	–	(924,714)	(381,229)	–
Creditors, deposits received and accrued charges	(258,523)	(312,735)	–	(340,207)	(247,355)	–
Net exposure arising from recognised assets and liabilities	3,134,127	(2,187,063)	17,102	1,185,451	9,804,863	18,300

An analysis of the estimated material change in the Group's loss before tax and other components of consolidated equity in response to reasonably possible changes in the Renminbi's exchange rate to which the Group has significant exposure at the end of the reporting period is presented in the following table.

	2024 Increase/ (decrease) in exchange	2024 Effect on loss before tax HK$'000	2024 Effect on other components of equity HK$'000	2023 Increase/ (decrease) in exchange	2023 Effect on loss before tax HK$'000	2023 Effect on other components of equity HK$'000
Renminbi, RMB	1%	(81,951)	65,726	1%	47,720	50,329
	(1%)	81,951	(65,726)	(1%)	(47,720)	(50,329)

The above analysis assumes the change in the Renminbi's exchange rate had occurred at the end of the reporting period and had been applied to each of the Group entities' exposure to currency risk in existence at that date while all other variables remain constant. The stated changes also represent management's assessment of reasonably possible changes in exchange rates until the end of the next reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The Hong Kong dollar is pegged to the United States dollar and it is assumed that this situation will stay materially unaffected by any fluctuation of the United States dollar against other currencies. The analysis was performed on the same basis for 2023.

39. FINANCIAL INSTRUMENTS (continued)

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (note 23), equity investments designated at fair value through other comprehensive income (note 18) and financial assets at fair value through profit or loss (note 19). 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.

The following table shows the approximate changes in the Group's loss before tax (and retained earnings) in response to reasonable change in the value of the relevant listed and unlisted equity investments. The analysis was performed on the same basis for 2023:

	2024			2023		
	Increase/ (decrease) in exchange	Effect on loss before tax HK$'000	Effect on other components of equity HK$'000	Increase/ (decrease) in exchange	Effect on loss before tax HK$'000	Effect on other components of equity HK$'000
Listed equity investments	10%	125,962	657,262	10%	186,947	503,290
	(10%)	(125,962)	(657,262)	(10%)	(186,947)	(503,290)
Unlisted equity investments	5%	970,542	–	5%	1,150,120	–
	(5%)	(970,542)	–	(5%)	(1,150,120)	–

39. FINANCIAL INSTRUMENTS (continued)

(f) Offsetting financial assets and financial liabilities

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

Financial assets	Gross amounts of recognised financial assets HK$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK$'000	Related amounts not set off in the consolidated statement of financial position HK$'000	Net amount HK$'000
As at 31 December 2024					
Trading securities	2,145,697	–	2,145,697	(263,662)	1,882,035
Debtors, deposits, prepayments and others	119,859	–	119,859	–	119,859
As at 31 December 2023					
Trading securities	2,370,202	–	2,370,202	(199,226)	2,170,976
Debtors, deposits, prepayments and others	17,394	–	17,394	–	17,394

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

Financial liabilities	Gross amounts of recognised financial liabilities HK$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000	Related amounts not set off in the consolidated statement of financial position HK$'000	Net amount HK$'000
As at 31 December 2024					
Trading securities	378,304	–	378,304	(263,662)	114,642
Creditors, deposits received and accrued charges	608,538	–	608,538	–	608,538
As at 31 December 2023					
Trading securities	237,500	–	237,500	(199,226)	38,274
Creditors, deposits received and accrued charges	911,247	–	911,247	–	911,247

39. FINANCIAL INSTRUMENTS (continued)

(f) Offsetting financial assets and financial liabilities (continued)

Reconciliation to the net amount of financial assets and financial liabilities presented in the consolidated statement of financial position

Financial assets	Financial assets in scope of offsetting disclosures HK$'000	Carrying amounts in the consolidated statement of financial position HK$'000	Financial assets not in scope of offsetting disclosure HK$'000	Note
As at 31 December 2024				
Trading securities	2,145,697	2,830,106	684,409	23
Debtors, deposits, prepayments and others	119,859	1,545,596	1,425,737	22
As at 31 December 2023				
Trading securities	2,370,202	2,916,448	546,246	23
Debtors, deposits, prepayments and others	17,394	1,929,105	1,911,711	22

Financial liabilities	Financial liabilities in scope of offsetting disclosures HK$'000	Carrying amounts in the consolidated statement of financial position HK$'000	Financial liabilities not in scope of offsetting disclosure HK$'000	Note
As at 31 December 2024				
Trading securities	378,304	378,368	64	23
Creditors, deposits received and accrued charges	608,538	2,574,238	1,965,700	25
As at 31 December 2023				
Trading securities	237,500	237,500	–	23
Creditors, deposits received and accrued charges	911,247	2,962,495	2,051,248	25

Notional amounts of derivatives contract

The fair values and the contractual or notional amounts of the Group's trading derivatives outstanding at 31 December 2024 are detailed as follows:

	Fair value assets/(liabilities)		Contractual/ notional amounts	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Assets derivative contracts	10,735	21,162	212,793	325,369
Liabilities derivative contracts	(28,147)	(27,938)	1,989,702	2,241,356

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 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.

40. FAIR VALUES 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.

40. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

As at 31 December 2024

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Recurring fair value measurement				
Assets				
Equity investments designated at fair value through other comprehensive income:				
— Listed equity securities	6,572,616	–	–	6,572,616
Financial assets at fair value through profit or loss:				
— Listed equity securities	1,541,957	–	–	1,541,957
— Unlisted equity securities/collective investment schemes	–	–	19,410,839	19,410,839
— Unlisted preference shares	–	–	5,844,212	5,844,212
— Unlisted debt securities	–	–	453,875	453,875
	1,541,957	–	25,708,926	27,250,883
Trading securities:				
— Listed equity securities	58,151	–	–	58,151
— Listed debt securities	–	2,696,685	–	2,696,685
— Listed derivatives	–	5	–	5
— Listed funds	1,320	–	–	1,320
— Unlisted debt securities	–	60,594	–	60,594
— Unlisted derivatives	–	13,351	–	13,351
	59,471	2,770,635	–	2,830,106
Liabilities				
Trading securities:				
— Listed equity securities	(340,488)	–	–	(340,488)
— Listed debt securities	–	(6,151)	–	(6,151)
— Listed derivatives	–	(63)	–	(63)
— Unlisted derivatives	–	(31,666)	–	(31,666)
	(340,488)	(37,880)	–	(378,368)

40. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

As at 31 December 2023

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Recurring fair value measurement				
Assets				
Equity investments designated at fair value through other comprehensive income:				
— Listed equity securities	5,032,899	–	–	5,032,899
Financial assets at fair value through profit or loss:				
— Listed equity securities	1,259,263	–	732,484	1,991,747
— Unlisted equity securities/collective investment schemes	–	–	23,002,403	23,002,403
— Unlisted preference shares	–	–	5,361,456	5,361,456
— Unlisted debt securities	–	–	456,435	456,435
	1,259,263	–	29,552,778	30,812,041
Trading securities:				
— Listed equity securities	87,286	–	–	87,286
— Listed debt securities	–	2,718,090	–	2,718,090
— Unlisted debt securities	–	89,910	–	89,910
— Unlisted derivatives	–	21,162	–	21,162
	87,286	2,829,162	–	2,916,448
Liabilities				
Trading securities:				
— Listed equity securities	(205,141)	–	–	(205,141)
— Listed funds	(4,421)	–	–	(4,421)
— Listed derivatives	(22)	–	–	(22)
— Unlisted derivatives	–	(27,916)	–	(27,916)
	(209,584)	(27,916)	–	(237,500)

All financial instruments including financial instruments measured at amortised cost, were stated at fair value or carried at amounts not materially different from their fair values as at 31 December 2024 and 2023.

40. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

As at 31 December 2024, one of the financial assets at fair value through profit or loss with fair values of HK$732,484,000 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 were accordingly transferred from Level 3 to Level 1 of the fair value hierarchy.

As at 31 December 2023, four of the financial assets at fair value through profit or loss with fair values of HK$348,668,000 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 were accordingly transferred from Level 3 to Level 1 of the fair value hierarchy.

During the year ended 31 December 2024 and 2023, 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 derivatives in Level 2 is determined using broker quotes.

Information about Level 3 fair value measurements

As at 31 December 2024

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	20% to 30%	5%	(177,188)
			(5%)	177,188
	Control premium	0% to 25%	5%	306
			(5%)	(306)
	Market multiples	0.8 to 21.5	5%	251,089
			(5%)	(251,089)
	Probability of liquidation	10.00% to 10.00%	5%	(19,355)
			(5%)	19,355

40. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Information about Level 3 fair value measurements (continued)

As at 31 December 2023

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%	(22,189)
			(5%)	22,189
	Market multiples	0.8 to 30.6	5%	97,019
			(5%)	(97,019)
Binomial model and equity allocation model	Volatility	24.24% to 105.33%	5%	(2,268)
			(5%)	1,723
Put option model	Discount for lack of marketability for restricted shares	5.00% to 5.00%	5%	(1,928)
			(5%)	1,928

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 values 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.

40. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Information about Level 3 fair value measurements (continued)

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

	Financial assets designated at fair value through profit or loss				
	Listed equity securities HK$'000	Unlisted equity securities/ collective investment schemes HK$'000	Unlisted convertible preference shares HK$'000	Unlisted debt securities HK$'000	Total HK$'000
At 1 January 2023	318,667	26,693,119	6,250,280	799,778	34,061,844
Purchased	–	292,336	22,070	–	314,406
Net unrealised gains or loss recognised in profit or loss	(156,485)	(1,133,025)	(757,476)	(128,450)	(2,175,436)
Exchange adjustments	(12,890)	(273,197)	(63,852)	(4,893)	(354,832)
Disposals	–	(1,644,970)	(89,566)	(210,000)	(1,944,536)
Reclassification	583,192	(931,860)	–	–	(348,668)
At 31 December 2023 and 1 January 2024	732,484	23,002,403	5,361,456	456,435	29,552,778
Purchased	–	332,783	–	–	332,783
Net unrealised gains or loss recognised in profit or loss	–	(3,604,493)	495,040	4,123	(3,105,330)
Exchange adjustments	–	(281,733)	(83,114)	(6,683)	(371,530)
Disposals	–	(38,121)	70,830	–	32,709
Reclassification	(732,484)	–	–	–	(732,484)
At 31 December 2024	–	19,410,839	5,844,212	453,875	25,708,926

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of loss before taxation to net cash flows from operating activities:

	2024 HK$'000	2023 HK$'000
Loss before taxation	(2,177,925)	(1,685,890)
Interest income on bank deposits	(112,229)	(172,695)
Interest expenses	1,339,129	1,643,691
Dividend income	(299,232)	(330,656)
Share of profits less losses of joint ventures	41,272	(25,183)
Share of profits less losses of associates	(3,544)	(230,823)
Depreciation and amortisation expenses	50,348	55,000
Realised loss on disposal of an associate	2,202	–
Realised loss on partial disposal of an joint venture	–	171
Net loss/(gain) on revaluation of investment properties	95,096	(760,263)
Loss/(gain) on disposal of property, plant and equipment and investment properties	3,239	(90)
Written back of impairment loss on inventory	–	(179,704)
Impairment loss of investment in associates	–	64,151
Impairment loss on advances to customers	148,000	367,759
Impairment loss on finance lease receivables	20,563	3,687
Impairment loss of inventories	29,613	–
Impairment loss of debtors, deposits, prepayments and others	160,440	360,245
Cash outflow before working capital changes	(703,028)	(890,600)
Increase in finance lease receivables	(2,587)	(2,960)
Decrease/(increase) in debtors, deposits, prepayments and others	223,069	(305,165)
Decrease in inventories	26,919	34,179
Decrease in trading securities	227,210	887,123
Increase in advances to customers	(194,852)	(215,047)
Decrease in financial assets at fair value through profit or loss	3,111,923	3,882,423
(Decrease)/increase in other financial liabilities	(267,677)	538,529
Decrease in creditors, deposits received and accrued charges	(454,839)	(575,222)
Hong Kong profits tax (paid)/refunded	(24,604)	6,707
Overseas profits tax paid	(250,100)	(183,039)
Net cash inflow from operating activities	1,691,434	3,176,928

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

	1 January 2024 HK$'000	Net cash flows HK$'000	Foreign exchange movement HK$'000	Dividend declared HK$'000	Other HK$'000	31 December 2024 HK$'000
Bank loans	18,603,608	(5,168,980)	(50,075)	–	–	13,384,553
Dividend payable	–	(252,788)	–	252,788	–	–
Bonds payable	13,793,500	3,320,605	(376,120)	–	–	16,737,985
Lease liabilities	23,866	(31,859)	810	–	45,705	38,522
Total liabilities from financing activities	32,420,974	(2,133,022)	(425,385)	252,788	45,705	30,161,060

	1 January 2023 HK$'000	Net cash flows HK$'000	Foreign exchange movement HK$'000	Dividend declared HK$'000	Other HK$'000	31 December 2023 HK$'000
Bank loans	20,916,972	(2,290,491)	(22,873)	–	–	18,603,608
Dividend payable	–	(505,576)	–	505,576	–	–
Bonds payable	11,996,728	1,952,196	(155,424)	–	–	13,793,500
Lease liabilities	64,967	(38,562)	(2,725)	–	186	23,866
Total liabilities from financing activities	32,978,667	(882,433)	(181,022)	505,576	186	32,420,974

42. SEGMENT INFORMATION

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

Fund Management Business

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

- Primary market investment: Investment in unlisted equity securities or equity derivatives with equity position for participating in the ongoing management of these companies, and with an ultimate objective of capital gain on investee's equity listing or through other exit channels. Areas of investments include new economy, artificial intelligence and advanced manufacturing, new energy, medical care and senior healthcare, overseas acquisition and infrastructure, real estate, aircraft industry chain, consumer market, wealth management and others.

- Secondary market investment: Provides a diversified range of financial services, including asset management, investment management and investment advisory activities. Products include absolute return funds, bond funds and equity funds.

- Fund of Funds investment or "FoF": FoF invested in both funds initiated and managed by the Group as well as external funds with proven track records of performance and governance. FoF can provide one-stop solution that offers liquidity and potential returns for mega-size institutions.

Principal Investments Business

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

- Key investee companies: Focusing on aircraft leasing, artificial intelligence of things (AIoT) and elderly care industry platforms;

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

- Cornerstone investments: The Group's stake in China Everbright Bank and Everbright Securities contributing relative stable earnings and dividend income.

42. SEGMENT INFORMATION (continued)

(a) Business segments

For the year ended 31 December 2024:

	Fund Management Business			Principal Investments Business				
	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	Reportable segments total HK$'000	Total HK$'000
Income from contract with customers	98,069	30,252	62,334	–	216,469	–	407,124	407,124
Income from investments	(185,500)	302,005	(75,190)	391,323	(785,663)	299,232	(53,793)	(53,793)
Income from other sources	–	27,946	–	–	106	–	28,052	28,052
Total income	(87,431)	360,203	(12,856)	391,323	(569,088)	299,232	381,383	381,383
Segment operating results	(366,809)	242,062	(32,386)	353,287	(1,027,727)	299,232	(532,341)	(532,341)
Unallocated head office and corporate expenses*								(1,607,856)
Share of profits less losses of associates	(509,236)	–	–	(81,242)	(13,647)	607,669	3,544	3,544
Share of profits less losses of joint ventures	(41,245)	–	–	–	(27)	–	(41,272)	(41,272)
(Loss)/profit before taxation	(917,290)	242,062	(32,386)	272,045	(1,041,401)	906,901	(570,069)	(2,177,925)
Less: Non-controlling interests	73,694	(89,310)	–	–	50,249	–	34,633	
Segment results	(843,596)	152,752	(32,386)	272,045	(991,152)	906,901	(535,436)	
Other segment information:								
Interest income	243,853	100,500	22,022	49,925	139,738	–	556,038	
Impairment losses recognised in the statement of profit or loss	165,551	–	–	40,238	152,827	–	358,616	

* 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.

42. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

For the year ended 31 December 2023:

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

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

42. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Other Information

As at 31 December 2024

	Fund Management Business			Principal Investment Business				
	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	Reportable segments total HK$'000	Total HK$'000
Segment assets	17,936,342	3,308,559	9,387,545	2,965,019	16,406,076	6,572,732	56,576,273	56,576,273
Investments in associates	1,303,681	–	–	2,200,058	325,498	13,188,214	17,017,451	17,017,451
Investments in joint ventures	724,263	–	5,540	–	–	–	729,803	729,803
Unallocated head office and corporate assets								362,478
Total assets								74,686,005
Segment liabilities	2,432,840	1,045,453	4,664,160	–	2,181,641	–	10,324,094	10,324,094
Unallocated head office and corporate liabilities								29,668,914
Provision for taxation								672,775
Deferred tax liabilities								1,370,151
Total liabilities								42,035,934

As at 31 December 2023

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

42. SEGMENT INFORMATION (continued)

(b) Geographical segments

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

	For the year ended 31 December 2024			For the year ended 31 December 2023		
	Hong Kong & Others HK$'000	Mainland China HK$'000	Total HK$'000	Hong Kong & Others HK$'000	Mainland China HK$'000	Total HK$'000
Segment Revenue						
Income from contracts with customers	111,290	295,834	407,124	291,251	500,777	792,028
Income from investments	27,571	(81,364)	(53,793)	223,329	(712,820)	(489,491)
Income from other sources	85,572	(57,520)	28,052	(2,260)	1,104,583	1,102,323
	224,433	156,950	381,383	512,320	892,540	1,404,860

	31 December 2024			31 December 2023		
	Hong Kong & Others HK$'000	Mainland China HK$'000	Total HK$'000	Hong Kong & Others HK$'000	Mainland China HK$'000	Total HK$'000
Specified non-current assets	2,493,088	21,039,442	23,532,530	2,498,392	22,193,071	24,691,463

43. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Changes in assumptions may have a significant impact on the financial statements in the periods where the assumptions are changed. The application of assumptions and estimates means that any selection of different assumptions would cause the Group's reporting to differ. The Group believes that the assumptions that have been made are appropriate and that the financial statements therefore present the financial position and results fairly, in all material respects. Management has discussed with the Audit and Risk Management Committee on the development, selection and disclosure of the Group's significant accounting policies and estimates and the application of these policies and estimates.

43. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) Sources of estimation uncertainty

(i) Unlisted investments

The fair values of unlisted financial assets at fair value through profit or loss and other non-trading securities are significantly affected by the combination of valuation methodologies employed, the parameters used and, if required, the related comparable companies chosen. The valuation methodologies and the source of parameters adopted by the Group are discussed in note 40.

(ii) Impairment of advances to customers and debtors, deposits, prepayments and others

The impairment provisions for amortised receivables are based on assumptions about ECLs. The Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience, market benchmark and forward-looking information at the end of each reporting period. Changes in these assumptions and estimates could materially affect the results of the assessment and it may be necessary to make an additional impairment charge to profit or loss.

(iii) Tax provision

The Group's taxation provision is based on management's assessment of the estimated assessable profits for the year taking into consideration tax legislations in Hong Kong and the relevant overseas jurisdictions.

(b) Critical accounting judgements in applying the Group's accounting policies

(i) Structured entities managed by the Group and its affiliates

The Group and its affiliates, acting as the general partners or investment managers to a number of structured entities (investment funds and collective investment schemes), have provided seed capital for the set up of these structured entities. When determining whether the Group controls these structured entities, usually the level of aggregate economic interests of the Group in these funds and the level of investors' rights to remove the general partners or investment managers are considered. The Group determines that it has no control over some structured entities since the level of aggregate economic interests of the Group in those structured entities is not so significant that it gives the Group control over the structured entities, or the Group cannot control the general partners or investment managers, after taking into consideration the level of investors' rights to remove the general managers or investment managers and the power of other investors over the general partners or investment managers. The Group determines that it has control over some structured entities and has consolidated them. Further details of unconsolidated structured entities are set out in note 38.

(ii) Involvement with unconsolidated structured entities

Disclosures of interests in unconsolidated structured entities provide information on involvement in these entities which exposes the Group to variability of returns from the performance of the other entity. Involvement is considered on a case-by-case basis, taking into account the nature of the entity's activity. This could include holding debt and equity instruments, or the provision of structured derivatives, but excludes involvement that exists only because of typical customer supplier relationships, such as market-making transactions to facilitate secondary trading or senior lending in the normal course of business.

(iii) Impairment of investment in an associate — Everbright Jiabao

As at 31 December 2024, the cumulative impairment allowance and net carrying value of the Group's investment in Everbright Jiabao, an associate of the Group, amounted to HK$1,598,827,000 and HK$1,262,039,000 respectively. For impairment testing, the Group engaged an external specialist to estimate the value-in-use of Everbright Jiabao, using a discounted cash flow model. In carrying out the impairment assessment, significant judgement and assumptions are required to estimate the value-in-use based on the forecasted cash flows of Everbright Jiabao and the discount rate applied.

44. BANKING FACILITIES AND PLEDGE OF ASSETS

Aggregate banking facilities of the Group as at 31 December 2024 amounted to HK$21.4 billion (2023: HK$32.7 billion). The Group has utilised HK$13.4 billion (2023: HK$18.6 billion) of these facilities.

As at 31 December 2024, restricted bank balances of HK$32 million (31 December 2023: HK$57 million) were pledged to the banks for sales of mortgaged properties to customers and interest reserve account on borrowings. Investment properties with carrying values of HK$2,289 million (31 December 2023: HK$4,542 million) were mortgaged to secure certain bank loans granted to the Group. No inventory or stocks were mortgaged to secure certain bank loans granted to the Group (31 December 2023: HK$230 million and HK$1,475 million respectively). Pursuant to the prime brokerage agreements entered into with the prime brokers of a fund held by the Group, cash and securities deposited with the prime brokers were secured against liabilities to the prime brokers. As at 31 December 2024, assets deposited with the prime brokers included HK$1,238 million (31 December 2023: HK$1,417 million) and HK$111.4 million (31 December 2023: HK$16.4 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 in note 26 and note 28 of the Notes to the Financial Statements in this report.

45. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKAS 21	*The effects of changes in foreign exchange rates — Lack of exchangeability* [1]
Amendments to HKFRS 9 and HKFRS7	*Financial instruments and Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments* [2]
Annual improvements to HKFRS Accounting Standards — Volume 11 [2]	
HKFRS 18	*Presentation and disclosure in financial statements* [3]
HKFRS 19	*Subsidiaries without public accountability: disclosures* [3]

1. Effective for annual periods beginning on or after 1 January 2025
2. Effective for annual periods beginning on or after 1 January 2026
3. Effective for annual periods beginning on or after 1 January 2027

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability*, specify when a currency is exchangeable into another currency and when it is not, and how an entity determines a spot rate when a currency lacks exchangeability. Under the amendments, entities are required to provide additional disclosures to help users evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

Amendment to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosure — Amendments to the classification and measurement to financial instruments*, include requirements on classification of financial assets with environmental, social or governance targets and similar features; settlement of financial liabilities through electronic payment systems; and disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature.

45. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 18, *Presentation and disclosure in financial statements*, will replace HKAS 1 and aims to improve the transparency and comparability of information about an entity's financial performance. The main changes comprise a more structured income statement; enhanced disclosure requirements on management-defined performance measures ("MPMs"); and enhanced requirements on aggregation and disaggregation of information. Earlier application is permitted.

HKFRS 19, *Subsidiaries without public accountability: disclosures*, simplifies financial reporting by allowing eligible subsidiaries to apply and hence assert compliance with HKFRSs with reduced disclosures. A subsidiary may elect to apply HKFRS 19 in its consolidated, separate or individual financial statements provided that, at the reporting date, it does not have public accountability and its parent produces consolidated financial statements that are available for public use under HKFRSs. A subsidiary applying HKFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with HKFRSs that HKFRS 19 has been adopted. Earlier application is permitted.

Except for HKFRS 18 mentioned above, the adoption of them is unlikely to have a significant impact on the consolidated financial statements. The application of HKFRS 18 is expected to affect the presentation of the consolidated statement of profit or loss and disclosures in the future consolidated financial statements. The Group is in the process of assessing the detailed impact on the Group's consolidated financial statements.

46. LITIGATION

Reference is made to the announcements of the Company made through The Stock Exchange of Hong Kong Limited dated 2 February 2021, 11 April 2023, 1 June 2023, 9 September 2024 and 11 November 2024 (the "Announcements") which have disclosed, among others, matters pertaining to the litigation filed by Fang Ming (the "Plaintiff") against the Group relating to equity transfer dispute of Ying Li International Real Estate Limited (the "Legal Proceedings"). Certain amount of the Group's assets insignificant to its daily operations were preserved under the Legal Proceedings.

Following the appeal filed by the Company, on 5 September 2024, the Company received a civil judgment issued by the High People's Court of Chongqing Municipality which ruled that, among other things, the civil judgment issued by the Fifth Intermediate People's Court of Chongqing Municipality (the "First Instance Court") shall be revoked and the case shall be remanded to the First Instance Court for retrial. The Company subsequently received a civil complaint (the "Civil Complaint") against the Company in respect of the Legal Proceedings in which the Plaintiff alleged that there was disagreement over the consideration of the equity transfers, and demanded the Company to restitute and compensate for the Plaintiff's properties, financial loss and other related losses and certain subsidiaries of the Company as the other defendants to be jointly responsible for restitution and compensation obligations. According to the Civil Complaint, the amount involved in the relevant properties and related losses is yet to be ascertained.

The Company continues to firmly believe that the above allegations against the Group are without merit. The Group will take every possible step to defend the claim vigorously, and reserve the rights to take legal action(s) against the Plaintiff for any damages. The Company is of the view that the Legal Proceedings will not have a material adverse impact on the operations and debt-paying ability of the Group. The Company will continue to closely monitor the progress of the Legal Proceedings and use its best endeavours to safeguard the legitimate rights and interests of the Company and its shareholders. The Company will provide further information as and when appropriate in accordance with the applicable listing rules, laws and regulations.

47. APPROVAL OF FINANCIAL STATEMENTS

The financial statements on pages 97 to 185 were approved and authorised for issue by the Board of Directors on 27 March 2025.

FINANCIAL SUMMARY

RESULTS

	For the years ended 31 December				
	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	2024 HK$'000
Turnover	22,682,402	21,785,133	7,707,730	6,047,280	6,548,605
(Loss)/profit from operating activities after finance costs and impairment losses	2,598,936	2,252,219	(9,257,751)	(1,941,896)	(2,140,197)
Share of profits less losses of associates and joint ventures	606,320	1,288,334	634,009	256,006	(37,728)
(Loss)/profit before taxation	3,205,256	3,540,553	(8,623,742)	(1,685,890)	(2,177,925)
Income tax credit/(expenses)	(948,118)	(768,186)	923,427	(76,379)	313,266
(Loss)/profit for the year	2,257,138	2,772,367	(7,700,315)	(1,762,269)	(1,864,659)
Attributable to:					
Equity shareholders of the Company	2,264,175	2,572,840	(7,443,299)	(1,922,639)	(1,909,019)
Holders of perpetual capital securities	15,736	88,585	89,284	98,066	78,993
Non-controlling interests	(22,773)	110,942	(346,300)	62,304	(34,633)
	2,257,138	2,772,367	(7,700,315)	(1,762,269)	(1,864,659)
(Loss)/earnings per share (HK$)	1.344	1.527	(4.417)	(1.141)	(1.133)

ASSETS AND LIABILITIES

	As at 31 December				
	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	2024 HK$'000
Total assets	96,974,800	101,793,561	84,476,611	79,587,922	74,686,005
Total liabilities	(47,541,819)	(50,757,031)	(46,599,510)	(45,482,136)	(42,035,934)
Perpetual capital securities	(2,341,276)	(2,341,161)	(2,341,083)	(2,209,566)	(2,209,630)
Non-controlling interests	(1,654,688)	(1,759,044)	(1,046,815)	(906,499)	(713,777)
Shareholders' fund	45,437,017	46,936,325	34,489,203	30,989,721	29,726,664

PARTICULARS OF MAJOR PROPERTIES

Location	Site area/Gross floor area	Tenure	Use
Hong Kong			
46th Floor, Far East Finance Centre, 16 Harcourt Road	Gross floor area of 10,800 sq. ft.	Government lease for 75 years from 23rd July 1980, renewable for another 75 years	Commercial
40th Floor, Far East Finance Centre, 16 Harcourt Road	Gross floor area of 10,800 sq. ft.	Government lease for 75 years from 23rd July 1980, renewable for another 75 years	Commercial
Flat A, 27/F, 1 Star Street, Wanchai	Gross floor area of 655 sq. ft.	Government lease for 75 years from 22nd August 1928, renewable for another 75 years	Residential
Mainland China			
Units 1-17, 8th Floor, Industrial Bank Building, 4013 Shennan Road, Futian District, Shenzhen	Gross floor area of 1,241.25 sq.m.	Land use rights for 50 years from 27th December 2000	Commercial
Unit 1300, Level 13, China Overseas International Center, 28 Ping'anli West Street, Xicheng District, Beijing	Gross floor area of 1,474.42 sq.m.	Land use rights for 50 years from 7th March 2004	Commercial
Level 25, 21 Century Center, No. 210 Century Road, Pudong New District, Shanghai	Gross floor area of 1,976.23 sq.m.	Land use rights for 50 years from 25th February 1997	Commercial

CORPORATE INFORMATION

BOARD OF DIRECTORS

Yu Fachang (Chairman)#
Lin Chun (President)
An Xuesong
Pan Jianyun
Yin Yanwu
Qin Hongyuan#
Lin Zhijun*
Law Cheuk Kin Stephen*
Wong Chun Sek Edmund*

Non-executive Directors
* Independent Non-executive Directors

COMPANY SECRETARY

Wan Kim Ying Kasina

REGISTERED OFFICE

46th Floor
Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

China Everbright Bank Company Limited
China Construction Bank Corporation
Agricultural Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
Ping An Bank Co., Limited
Bank of China (Hong Kong) Limited
Shanghai Pudong Development Bank Co., Ltd, Hong Kong Branch

SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

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