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CORE ECONOMY INVESTMENT GROUP LIMITED
核心經濟投資集團有限公司

(formerly known as Earnest Investments Holdings Limited
安利時投資控股有限公司*)

(Continued into Bermuda with limited liability)

(**Stock Code : 339**)

2018 ANNUAL REPORT

* for identification purposes only

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. SUN Bo *(Chairman)**
Mr. WANG Daming

Non-executive Director

Mr. HE Yu#

Independent Non-executive Directors

Mr. CHEN Ming
Mr. MOK Ho Ming
Mr. WONG Yan Wai George

CHIEF EXECUTIVE OFFICER

Mr. ZHANG Yufei

COMPANY SECRETARY

Ms. CHEUNG Hoi Ue

AUDITOR

Messrs. RSM Hong Kong
Certified Public Accountants

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 04 & 05
19/F Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

STOCK CODE

339

INVESTMENT MANAGER

China Everbright Securities (HK) Limited

AUDIT COMMITTEE

Mr. MOK Ho Ming *(Chairman)*
Mr. CHEN Ming
Mr. WONG Yan Wai George

REMUNERATION COMMITTEE

Mr. WONG Yan Wai George *(Chairman)*
Mr. MOK Ho Ming
Mr. SUN Bo

NOMINATION COMMITTEE

Mr. SUN Bo *(Chairman)*
Mr. MOK Ho Ming
Mr. WONG Yan Wai George

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Management (Bermuda) Limited
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited

* Re-designated as Executive Director on 20 March 2018
\# Appointed on 21 March 2019

On behalf of the board (the "Board") of directors (the "Directors", and each, a "Director"), I am pleased to present the annual report of Core Economy Investment Group Limited (the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Appropriations

During the year, the Group recorded a revenue of approximately HK$180,000 (2017: Approximately HK$112,000), proceeds from disposals of listed equity securities of HK$Nil (2017: Approximately HK$23,291,000), loss attributable to owners of the Company approximately HK$11,590,000 (2017: Approximately HK$6,592,000) and basic loss per share of HK$0.083 (2017: HK$0.056). The revenue recorded in the year represented the dividend income from its investments in listed equity securities as well as bank and other interest income. The increase in revenue was mainly attributable to increase in dividend income from listed equity securities.

The Group's administrative and other operating expenses amounted to approximately HK$11,001,000 (2017: Approximately HK$9,752,000). The Group recorded a loss on net change in fair value of financial assets at fair value through profit or loss ("FVTPL") for the year of approximately HK$769,000 as compared with the gain of approximately HK$3,048,000 of previous year. The increase in loss for the year attributable to owners of the Company was mainly driven by the increase in unrealised losses on the Hong Kong listed securities on hand as a result of the stock market recession since the middle of 2018 and increase in operating expenses.

Business Review

The US-China trade tension, the Brexit negotiation and the fear of China's slow economic growth brought by trade protectionism continue to be the key focus to jitter the markets. Hong Kong stock market fell sharply since the first quarter of 2018 and it is expected the investors are pessimistic to 2019 global market. The Group has adopted the wait-and-see approach to keep the existing securities during the year. Having said that, the Group will navigate the way to more international opportunities for better return.

The Group's portfolio of listed securities as at 31 December 2018 consisted of New China Life Insurance Company Limited, China Taiping Insurance Holdings Company Limited, Ping An Insurance (Group) Company of China, Limited, The Wharf (Holdings) Limited, China Pacific Insurance (Group) Company Limited, Sun Hung Kai Properties Limited, CK Asset Holdings Limited, China Resources Land Limited, CK Hutchison Holdings Limited, HSBC Holdings Plc, China Overseas Land & Investment Limited, Tianjin Development Holdings Limited, Sunac China Holdings Limited, China Life Insurance Company Limited, Enterprise Products Partners L.P., Energy Transfer L.P. (formerly known as Energy Transfer Partners L.P.) and Cityneon Holdings Limited.

The Group's ten largest investments consist of China Resources Land Limited, China Overseas Land & Investment Ltd., Ping An Insurance (Group) Company of China, Ltd., Sun Hung Kai Properties Limited, CK Asset Holdings Limited, The Wharf (Holdings) Limited, China Taiping Insurance Holdings Company Limited, Sunac China Holdings Ltd., Enterprise Products Partners L.P. and Energy Transfer L.P. (formerly known as Energy Transfer Partners, L.P.). The performance and prospect analysis of these investees have been set out as per below:

China Resources Land Limited

Bloomberg stock code: 1109:HK

China Resources Land Limited ("China Resources Land") is principally engaged in the development of properties for sale, property investments and management, hotel operations and the provision of construction, decoration services and other property development related services in the People's Republic of China (the "PRC"). The Board noted that China Resources Land has generated a steady growth in the past years. In future, the Board believes that the management of China Resources Land keep on promoting a healthy and sustainable property market which is in line with the national development strategy.

China Overseas Land & Investment Ltd.

Bloomberg stock code: 688:HK

China Overseas Land & Investment Ltd. ("China Overseas Land") is principally engaged in property development and investment, provision of real estate management services as well as construction and building design consultancy services. The Board noted that China Overseas Land has achieved concurrent growth in scale during the year. Looking forward to 2019, the Board believes that China Overseas Land will strive for stable long-term development by investing most of its resource to residential development as the management of China Overseas Land considers that China property market still has ample room for development.

Ping An Insurance (Group) Company of China, Ltd.
Bloomberg stock code: 2318:HK

Ping An Insurance (Group) Company of China, Ltd. ("Ping An") is principally engaged in provision of integrated financial products and services and is engaged in life insurance, property and casualty insurance, trust, securities and other assets management as well as banking. The Board noted that Ping An maintained a strong operating profit growth during the year. In 2019, the Board believes that Ping An will remain committed to sustainable development and continue to focus on the two major industries, namely, pan financial assets and pan health care.

Sun Hung Kai Properties Limited
Bloomberg stock code: 16:HK

Sun Hung Kai Properties Limited ("Sun Hung Kai") is principally engaged in the development of and investment in properties for sale and rent, hotel operation, telecommunications, transport infrastructure and logistics. The Board noted that the decrease in underlying profit during the six months ended 31 December 2018 reflects the effects of changes in accounting policies resulting from the adoption of new accounting standard. In future, the Board believes that the management of Sun Hung Kai expects to put up more new projects on the market and drive the property sales revenue.

CK Asset Holdings Limited
Bloomberg stock code: 1113:HK

CK Asset Holdings Limited ("CK Asset") is principally engaged in the property development, property investment, hotel and serviced suite operation, property and project management, as well as aircraft leasing. The Board noted that CK Asset's 2018 results are continue to be stable. In 2019, the Board believes that the management of CK Asset will make the best of its solid financial base and strong fundamentals to intensify the diversification across sector and geographies.

Chairman's Statement

The Wharf (Holdings) Limited
Bloomberg stock code: 4:HK

The Wharf (Holdings) Limited ("Wharf") is principally engaged in property-related businesses and operates through five segments. The segments are investment property, development property, hotels, logistics and communications, media and entertainment. The Board noted that Wharf has recorded a decrease in profit during the year, which is mainly attributed by decrease in development properties sale in Hong Kong and the demerger of Wharf Real Estate Investment Company Limited in November 2017. In future, the Board believes that the management of Wharf will leverage its solid foundation and focus on properties market unchanged.

China Taiping Insurance Holdings Company Limited
Bloomberg stock code: 966:HK

China Taiping Insurance Holdings Company Limited ("China Taiping") is principally engaged in insurance businesses which provides the underwriting of direct life insurance in the PRC and Hong Kong; direct property and casualty insurance in the PRC, Hong Kong and overseas; pension and group life insurance; and all classes of global reinsurance services. The Board noted that the operating profit of China Taiping slightly increased during the year, which is mainly attributed by increase in insurance income and investment income. The Board believes that the insurance business will grow persistently and healthily based on China Taiping's management expectation and China Taiping will focus on upgrading its insurance business in different aspects.

Sunac China Holdings Ltd
Bloomberg stock code: 1918:HK

Sunac China Holdings Ltd ("Sunac China") is principally engaged in the businesses of property development and investment, property management services and operations in the PRC. The Board noted that the profit for the year increased significantly, which was primarily brought by the growth in properties sale in the PRC. In future, the Board believes that Sunac China will focus on enhancing its product quality and expand its brand influence in property market.

Enterprise Products Partners L.P.

Bloomberg stock code: EPD:US

Enterprise Products Partners L.P. ("EPD") is a leading North American provider of midstream energy services to producers and consumers of natural gas, natural gas liquids ("NGLs"), crude oil, petrochemicals and refined products. The Board noted that the operating result is impressive during the year thanks to revenue growth on NGLs business. The Board believes that EPD management will continue to invest in drilling and completion activities in the United States.

Energy Transfer L.P. (formerly known as Energy Transfer Partners, L.P.)

Bloomberg stock code: ET:US

Energy Transfer L.P. ("ET") is principally engaged in the businesses of natural gas and liquids operations; NGLs and refined product transportation; terminalling services and acquisition and marketing activities in the United States. The Board noted that there is increase in operating profit for the year of 2018 compared with 2017. The Board believes that there will be earnings growth in 2019 form the completion of project backlog and further enhance its diversified asset portfolio based on ET's management expectation.

A brief description of the business and financial information of the above listed investee companies based on their published annual and interim reports have been set out in note 18 to the consolidated financial statements.

As at 31 December 2018, approximately 15% (2017: 13%) of the Group's total investments were in a portfolio of listed securities, 2% (2017: 1%) in other assets, 1% (2017: 1%) in property, plant and equipment and 82% (2017: 85%) in cash which was deposited with banks and a financial institute in Hong Kong.

Liquidity, Financial Resources and Funding

The Group mainly relies upon shareholders' funds, funds from placing of shares and cash generated from its business operations to finance its operation and expansion. The Group maintained a strong cash position, cash and cash equivalents amounting to HK$25,704,886 as at 31 December 2018 (2017: HK$36,226,467). As at 31 December 2018, the consolidated net asset value of the Group was HK$30,681,867 (2017: HK$42,272,831) with consolidated net asset value per share of HK$0.22 (2017: HK$0.30).

Chairman's Statement

On 25 February 2019, a total of 27,800,000 new shares (the "Placing Shares") of nominal value of HK0.02 each in the share capital of the Company were successfully placed under the General Mandate by the placing agent to one placee, namely Sun Oxford Co., Limited, a company incorporated in Hong Kong with limited liability, at the placing price of HK$0.4 per the Placing Share pursuant to the terms and conditions of the placing agreement and the supplemental placing agreement on 25 January 2019 and 12 February 2019 respectively. The aggregate of 27,800,000 new shares of the Company represents 19.97% of issued share capital of the Company immediately before the completion of the placing and approximately 16.65% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. Details of the placing of shares was set out in the Company's announcements dated 25 January 2019, 12 February 2019 and 25 February 2019. To the best knowledge, information and belief of the Company having made such reasonable enquiry and as informed by the placing agent, the placee and its ultimate beneficial owner(s) are independent third parties. Of the net proceeds approximately HK$11,000,000, the Company intends to use it for future investment and business development and as general working capital of the Company.

The Group has no significant liabilities. The Group's total liabilities comprising accruals and other payables amounted to HK$564,311 as at 31 December 2018 (2017: HK$308,500). The gearing ratio of the Group, calculated on the basis of the Group's total liabilities over total owners' equity, was 0.018 as at 31 December 2018 (2017: 0.007).

Capital Structure

Save as disclosed above in the section headed "Liquidity, Financial Resources and Funding", there was no any other material change on Company's overall share structure for the year ended 31 December 2018. The capital of the Company comprises only ordinary shares as at 31 December 2018 and 2017.

Capital Expenditures

The Group's capital expenditures primarily consisted of expenditures on acquisition of computer equipment, furniture and fixtures and office equipment. For the year ended 31 December 2018, the Group incurred capital expenditure in the amount of HK$11,898 (2017: HK$45,800).

Capital Commitments

As at 31 December 2018, the Group did not have any significant capital commitments (2017: Nil).

Foreign Exchange Exposure

The Board believes that the Group has certain exposure to foreign exchange risk as some of the business transactions of the Group are denominated in Renminbi, United States dollars and Singapore dollars. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor the foreign currency exposure closely.

Environmental, Social and Corporate Responsibility

The Company is committed to maintain environmental and social standard to ensure business development and sustainability. We take steps to reduce our consumption of energy and natural resources, e.g. advocate paperless office to reduce the consumption of paper, turn off computers, printers and lighting immediately after use; and use environmentally friendly products and certified materials whenever possible.

The Company has complied with all relevant laws and regulations which include the Bermuda Companies Act and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and maintained good relationship with its employees and investors.

Employees and Remuneration Policies

As at 31 December 2018, the Group has employed a total of 11 employees (2017: 10) including the Directors of the Company. The remuneration packages consist of basic salary, mandatory provident fund, medical insurance and other benefits considered as appropriate. Remuneration packages are generally structured by reference to the prevailing market conditions, individual qualification and performance. They are under periodic review based on individual merit and other market factors. The total staff costs for the year ended 31 December 2018 amounted to HK$4,400,863 (2017: HK$3,723,228).

Charges on the Group's Assets

As at 31 December 2018, there were no charges on the Group's assets (2017: Nil).

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2018 (2017: Nil).

Significant Investment Held

Save as disclosed above, the Group had no other significant investment held as at 31 December 2018.

Future Plans Relating to Material Investment or Capital Asset

The Group had not executed any agreement in respect of material investment or capital asset and did not have any further plans relating to material investment or capital asset as at the date of this annual report. Nonetheless, if any potential investment opportunity arises in the coming future, the Group will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Group and the shareholders of the Company as a whole.

Prospects

Having mentioned in "Business Review" section, the market is experiencing a tumultuous in short run. The Group expect the global economy will be full of challenge in future. The management of the Group will adopt a conservative approach in managing the existing investments in accordance with the Group's investment objectives and policies. On the other hand, the Group will continue to seek and evaluate good investment opportunities to enrich the investment portfolios, aiming to maximize the return for the shareholders of the Company.

Appreciation

On behalf of the Board, I would like to thank all our shareholders for their continued trust and support, and the Investment Manager for their dedicated efforts.

SUN Bo
Chairman

Hong Kong, 22 March 2019

Executive Directors

Mr. SUN Bo, aged 37, was appointed as a Non-executive Director on 14 March 2016 and re-designated as an Executive Director on 20 March 2018. He was appointed as the chairman of the Board on 26 May 2017. He obtained a Master Degree in Business Administration from the American National University in 2005. He also obtained a post graduate diploma in Business Administration from the Society of Business Practitioners in England (the "SBP") in 2017 and certified as the Honorable Fellow of the SBP. Mr. SUN has extensive experience in finance and real estate development and management in the PRC.

Mr. WANG Daming, aged 58, was appointed as an Executive Director on 17 May 2002. Mr. WANG holds a Bachelor's Degree in Economics from the PRC and has extensive experience in finance. He formerly worked for the Agricultural Bank of China and a number of China enterprises and Sino-Foreign Joint Venture companies of various industries including financial services and information technology. Mr. WANG was qualified as Assistant Economist of the PRC in 1987, and then as Economist and Senior Economist in 1990 and 1996 respectively.

Non-executive Director

Mr. HE Yu, aged 39, was appointed as a Non-executive Director on 21 March 2019. Mr. HE obtained a Master of Science Degree in Software Engineering from the University of Bradford in 2005. He currently is the partner of London And Oxford Capital Markets Limited, a company incorporated in the United Kingdom of Greater Britain and Northern Ireland (the "UK"), which is authorised and regulated by Financial Conduct Authority in the UK. He has extensive experience in asset management, project management and corporate advisory in the UK.

Independent Non-executive Directors

Mr. CHEN Ming, aged 35, was appointed as an Independent Non-executive Director on 31 May 2017. Mr. CHEN holds a master degree of Business Administration from The Chinese University of Hong Kong and a bachelor degree of Law from Shenzhen University in the PRC. He has been qualified as a lawyer in PRC since 2010. Mr. CHEN has extensive experience in corporate financing and legal fields in PRC.

Mr. MOK Ho Ming, aged 44, was appointed as an Independent Non-executive Director on 22 November 2016. Mr. MOK obtained a master degree in professional accounting from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of International Accountants. Mr. MOK has over 20 years of experience in accounting, taxation, auditing and corporate finance.

Mr. WONG Yan Wai George, aged 34, was appointed as an Independent non-executive Director on 11 April 2017. Mr. WONG obtained his bachelor degree of Science in Business Management from King's College London, University of London in 2006. He has extensive experience in corporate management, investment fund management and the financial services field. Since 2008, he has served as the managing director for King Wealth Group Limited involving in the setup, management and maintenance of a paid subscription-based online portal, www.wongsir.com.hk, providing in-depth financial analysis and audio programmes to its subscribers. Mr. WONG currently is also the managing director of China Tonghai Financial Media Limited, a subsidiary of China Tonghai International Financial Limited whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 952).

Chief Executive Officer

Mr. ZHANG Yufei, aged 34, was appointed as the Chief Executive Officer of the Company on 28 July 2016. Mr. ZHANG graduated from Shanghai University of Finance and Economics with major in insurance studies and obtained a bachelor's degree in economics. He is an associate of the Life Management Institute and an SAC qualified practitioner. Mr. ZHANG has accumulated over 8 years of experience in the banking industries in the PRC.

Company Secretary

Ms. CHEUNG Hoi Ue, was appointed as the Company Secretary, one of the Authorized Representatives and Service Agent of the Company on 5 October 2016. Ms. CHEUNG holds a Master Degree of Corporate Governance from The Hong Kong Polytechnic University. She is also the financial controller of the Company. She is a member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries as well as the Institute of Chartered Secretaries and Administrators. Ms. CHEUNG has over 10 years of experience in accounting, taxation, auditing, corporate governance and corporate finance.

The Directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2018.

PRINCIPAL ACTIVITY AND ANALYSIS OF OPERATIONS

The Company acts as an investment company engaged principally in investment and trading of listed and unlisted equity securities. The investment objective is to achieve earnings in the form of capital appreciation as well as income from interest and dividends mainly through investment in a diversified portfolio of listed and unlisted companies, in Hong Kong or China or any other countries that such investment is considered profitable.

No analysis of the Group's performance by operating segment is presented as all of the turnover, revenue and contribution to operating results of the Group are attributable to investment activities which are carried out or originated principally in Hong Kong.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 8 June 2018, the English name of the Company has been changed from "Earnest Investments Holdings Limited" to "Core Economy Investment Group Limited" which was approved by the Registrar of Companies in Bermuda on 21 June 2018, and the certificate of registration of alternation of name of registered non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on 12 July 2018. The Chinese name "核心經濟投資集團有限公司" has been adopted as the secondary name of the Company to replace its former Chinese name "安利時投資控股有限公司", which was formerly adopted for identification purpose only.

BUSINESS REVIEW

Details of business review of the Group for the year ended 31 December 2018 is set out in Management Discussion and Analysis section under the Chairman's Statement on pages 3 to 7 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's revenue is derived from its investments in listed equity securities and the disclosure of information regarding customers and suppliers would not be meaningful.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2018 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 45.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2018 (2017: Nil).

DISTRIBUTABLE RESERVES

During the year, the changes of distributable reserves are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Changes in Equity.

At 31 December 2018, the reserves available for distribution to shareholders pursuant to the Bermuda Companies Act 1981 amounted to HK$Nil (2017: HK$Nil).

FIVE YEAR FINANCIAL SUMMARY

The following is a summary of the results and of the assets and liabilities of the Group for the last five financial years:

Results

	Year ended 31 December				
	2018	2017	2016	2015	2014
	HK$	HK$	HK$	HK$	HK$
Turnover	**179,615**	23,402,553	1,825,147	39,543,770	26,820,062
(Loss)/profit before tax	**(11,590,262)**	(6,591,963)	(13,044,689)	(19,702,564)	645,136
Income tax	**–**	–	–	–	–
(Loss)/profit for the year attributable to owners of the Company	**(11,590,262)**	(6,591,963)	(13,044,689)	(19,702,564)	645,136

Assets and liabilities

	As at 31 December				
	2018	2017	2016	2015	2014
	HK$	HK$	HK$	HK$	HK$
Total assets	**31,246,178**	42,581,331	34,084,369	33,572,659	53,244,098
Total liabilities	**(564,311)**	(308,500)	(836,600)	(246,662)	(215,537)
Total equity	**30,681,867**	42,272,831	33,247,769	33,325,997	53,028,561

SHARE ISSUED DURING THE YEAR

There was no new share issued by the Company during the year ended 31 December 2018.

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted by the shareholders of the Company at the special general meeting held on 16 May 2016 (the "Adoption Date"). The Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules.

The Share Option Scheme is valid and effective for a period of 10 years commencing on the Adoption Date and the purpose of the Share Option Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to participants. Pursuant to the Share Option Scheme the Board may at its discretion, subject always to any limits and restrictions specified in the Listing Rules, offer to grant an option to any participant; impose terms and conditions; and determine such number of shares to be subscribed for at the option price.

The minimum option price for any option granted under the Share Option Scheme shall not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange on the date of offer; (ii) the average closing price of the shares as stated in the Stock Exchange for the five business days immediately preceding the date of offer; and (iii) the nominal value of the share.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any options to be granted under any other scheme must not in aggregate exceed 10% of the aggregate of the shares in issue as at the Adoption Date unless refreshed by the shareholders. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and all outstanding options granted and yet to be exercised under any other scheme should not exceed 30% of the shares in issue from time to time.

During the year, no option was granted, exercised, cancelled or lapsed under the Share Option Scheme and there was no outstanding option as at 31 December 2018.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders under the Company's Bye-Laws and there is no restriction against such rights under the laws of Bermuda.

Report of the Directors

DIRECTORS

The Directors of the Company during the year and up to the date of this annual report were:

Executive Directors

Mr. SUN Bo *(Chairman)* – re-designated as an Executive Director on 20 March 2018
Mr. WANG Daming

Non-executive Directors

Mr. SUN Bo *(Chairman)* – re-designated as an Executive Director on 20 March 2018
Mr. HE Yu – appointed on 21 March 2019

Independent Non-executive Directors

Mr. MOK Ho Ming
Mr. WONG Yan Wai George
Mr. CHEN Ming

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of Directors are set out on pages 11 to 12.

OTHER INFORMATION

Change of Directors and change of information of Directors

With effect from 20 March 2018, Mr. SUN Bo has been re-designated as an executive Director. He ceased to act as any position with Shan Qiu Asset Management (Beijing) Co., Ltd. # （山丘資產管理（北京）有限公司）(formerly known as Beijing San Zhi Bao Ying Asset Management Co., Ltd. # （北京三智寶盈資產管理有限公司）) on 20 March 2018.

With effect from 23 July 2018, Mr. WONG Yan Wai George has been appointed as managing director of China Tonghai Financial Media Limited, a subsidiary of China Tonghai International Financial Limited whose shares are listed on the Stock Exchange (Stock Code: 952).

With effect from 21 March 2019, Mr. HE Yu has been appointed as a Non-executive Director of the Company. Further details have been set out in an announcement of the Company dated 21 March 2019.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

EMOLUMENT POLICY

The emolument policy for the employees of the Company is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company and any of its subsidiaries was a party and in which any Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Unofficial English translation

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2018 and up to the date of this annual report, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in any business which were in competition or were likely to compete, either directly or indirectly, with the Company's business which needs to be disclosed pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

At 31 December 2018, so far as the Directors are aware, the interests and/or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company, its specific undertaking or any of other associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Name of Directors or chief executives	Capacity	Long/Short position	Number of shares held	Approximate percentage of the issued share capital as at 31 December 2018
SUN Bo	Beneficial owner	Long position	22,275,000	16.00%
ZHANG Yufei	Beneficial owner	Long position	8,000,000	5.75%

Saved as disclosed above, at no time during the year, the Directors and chief executives of the Company had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its specific undertaking or any other associated corporations required to be disclosed pursuant to the SFO.

Saved as disclosed above, at no time during the year was the Company or its subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company to hold any interests or short positions in shares or underlying shares in, or debentures of, the Company, its specific undertaking or any other associated corporation.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the sections headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION" and the "SHARE OPTION SCHEME" above in this annual report, at no time during the year was the Company, a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the reporting period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

Save as disclosed in the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION", as at 31 December 2018, the register of substantial shareholders maintained by the Company pursuant to Section 336 of Part XV of the SFO showed that the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the Directors and chief executives as disclosed above.

Name of shareholder	Capacity	Number of shares held	Approximate percentage of the issued share capital as at 31 December 2018
Salus Investments Limited[1]	Beneficial owner	8,260,000	5.93%
ZHANG Xu Ming[1]	Interest of controlled corporation	8,260,000	5.93%

Note:

1. The 8,260,000 shares were held by Salus Investments Limited which was wholly owned by Mr. ZHANG Xu Ming. By virtue of the SFO, Mr. ZHANG Xu Ming was deemed to be interested in the 8,260,000 shares.

All the interests disclosed above represent long position in the ordinary shares of the Company.

Save as disclosed above, no other person had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

MANAGEMENT CONTRACTS AND CONTINUING CONNECTED TRANSACTIONS

The Company entered into an investment management agreement with China Everbright Securities (HK) Limited ("CES"), for the provision of investment management services to the Company for a period of two years from 12 May 2016. On 11 May 2018, the Company entered into a new investment management agreement with CES to extend the terms for a further period of two years from 12 May 2018 to 11 May 2020 with the monthly fee and payment term remain unchanged.

Rule 14A.08 of the Listing Rules provides that where a listed company is an investment company listed under Chapter 21 of the Listing Rules, its connected persons also include an investment manager. Accordingly, the provision of investment management services by CES to the Company under the above-mentioned investment management agreements constitutes continuing connected transactions of the Group under Chapter 14A of the Listing Rules.

Details of the investment management fee paid to CES pursuant to the investment management agreements for the year is set out in note 12 to the consolidated financial statements.

In the opinion of the Independent Non-executive Directors, the payment of the investment management fee was:

(i) in the ordinary and usual course of the Group's business;

(ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and

(iii) in accordance with the terms of 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 "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 an unqualified letter to the Board that nothing has come to their attention that caused them to believe that the continuing connected transactions for the year ended 31 December 2018 (i) had not been approved by the Board of the Company; and (ii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iii) had exceeded the aggregate annual cap of HK$720,000 as set out by the Company in the previous announcements dated 12 May 2016 and 11 May 2018 in respect of the disclosed continuing connected transactions.

Apart from the aforesaid, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this annual report, there is sufficient public float of more than 25% of the issued share capital of the Company as required under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 27 to the consolidated financial statements.

AUDITOR

At the last annual general meeting of the Company, RSM Hong Kong was re-appointed as the auditor of the Company. On 22 November 2018, the auditor of the Company changed its Chinese practicing name to "羅申美會計師事務所".

The consolidated financial statements have been audited by RSM Hong Kong who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of RSM Hong Kong will be put at the forthcoming annual general meeting.

On behalf of the Board

Mr. SUN Bo
Chairman

Hong Kong, 22 March 2019

Corporate Governance Report

The Board has always valued transparency and accountability as the key for achieving a high standard of corporate governance. The Company has adopted and complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules.

THE BOARD

As at 31 December 2018, the Board comprises two Executive Directors and three Independent Non-executive Directors ("INEDs"). The brief biographical details of the Directors are set out in the "Biographical Details of Directors and Senior Management" section on pages 11 to 12. More than one-third of the Directors is INEDs and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise.

The Board is responsible for the Company's affairs including but not limited to leadership, control and overall strategic development of the Company, as well as to oversee the Company's internal control systems and financial performance of the Company.

The Directors have been informed of the Company's investment objectives and investment making procedures. The Board makes investment decision, taking into account the advice of the Company's Investment Manager, which is in line with the Company's investment objectives.

The Investment Manager's advice and reports as well as monthly management accounts and updates have been circulated to all Directors, and Directors will follow up any issues that come to their attention immediately. All Directors have access to board papers and related materials which are provided on a timely manner.

The Company has received, from each of the INEDs an annual confirmation of independence, and the Company considers that all of the INEDs are independent in accordance with the guidelines as set out in Rule 3.13 of the Listing Rules.

The Company has acquired appropriate insurance cover for all Directors.

The Directors are continually updated with the regulatory requirements, business activities and development of the Group to facilitate the discharge of their responsibilities. Through regular board meetings, all Directors are kept abreast of the conduct, business activities and development of the Company. All Directors were encouraged to participate in appropriate continuous professional development and refresh their knowledge and skills during the year for ensuring their contribution to the Board remains informed and relevant. Such professional development could be completed either by way of attending briefings, conference, courses, forum and seminars, teaching, self-reading and participated in business-related research which are relevant to the business or directors duties. During the year, all Directors had participated in appropriate continuous professional development activities either by attending training courses or by reading materials relevant to the Group's business or to the Directors' duties and responsibilities.

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of the Chairman and the Chief Executive Officer of the Company are currently held by Mr. SUN Bo and Mr. ZHANG Yufei respectively.

Mr. SUN Bo, who was appointed as the Chairman of the Board on 26 May 2017, is primarily responsible for the leadership of the Board, ensuring that all significant policy issues are discussed by the Board in a timely and constructive manner and the Directors receive accurate, timely and clear information.

Mr. ZHANG Yufei, the Chief Executive Officer of the Company, is responsible for the day-to-day management of the Company's business.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Board selects and appoints the candidates for directorships of the Company based on their appropriate experiences, personal skills and time commitments.

All INEDs of the Company were appointed for a specific term, but subject to the relevant provisions of the Bye-Laws of the Company, or any other applicable laws whereby the Directors shall vacate or retire from their office. The term of appointment of the INEDs is one year commencing from the date of appointment.

The Bye-Laws of the Company Bye-law 99 provides that one-third of the Directors shall retire from office by rotation at every annual general meeting of the Company. Consequently, every Director (other than those appointed since the last annual general meeting) shall be subject to retirement by rotation at least once every three years.

The Bye-law 102(A) provides any Director so appointed either to fill a casual vacancy or as an addition to the Board shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at the meeting.

BOARD COMMITTEES

As an integral part of good corporate governance practices, the Board had established three committees namely, the audit committee, remuneration committee and nomination committee, for overseeing particular aspects of the Group's affairs. Each of these committees comprises mostly INEDs who have been invited to serve as members. These committees are governed by the respective terms of reference approved by the Board. The terms of reference of these committees are posted on the websites of the Company and the Stock Exchange and available to shareholders upon request.

Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with the CG Code. The terms of reference are available on both the Company's and Stock Exchange's websites. The major roles and functions of the Nomination Committee are:

- to formulate nomination policy for the Board's consideration and implement the Board's approved nomination policy;
- to review the structure, size and diversity (including but not without limitation, gender, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services) of the Board at least annually and make recommendations;
- to identify individuals who are suitably qualified candidates and to receive nominations from shareholders or directors, and make recommendations on the selection of individuals nominated for directorship;
- to assess the independence of INEDs in accordance with the Listing Rules and the CG Code;
- to make recommendations to the Board on the appointment or re-appointment of Directors, as well as succession planning for Directors.

The Nomination Committee has the right to access to independent professional advice if considered necessary.

The Nomination Committee meets at least once a year and will meet as and when necessary or as requested by a Committee member.

The following is a summary of the work of the Nomination Committee during the year ended 31 December 2018:

- reviewed the structure, size and diversity (including but not without limitation, gender, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services) of the Board;
- reviewed the retirement of Directors by rotation and the re-appointment of the retiring Directors at the 2018 Annual General Meeting ("AGM");
- reviewed the reappointment of Directors during the year; and
- assessed the independence of the INEDs.

Nomination Policy

The Company has adopted the nomination policy in regards to the amendments to the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rule effective from 1 January 2019. The nomination policy sets out the procedures, process and criteria for identifying and recommending candidates for election to the Board. No candidate was nominated for directorship during the year.

Remuneration Committee

The Remuneration Committee plays an advisory role to the Board. The final authority to approve any remuneration package is retained by the Board. The Company established the Remuneration Committee with written terms of reference in compliance with the CG Code. The terms of reference of the Remuneration Committee are available on the Company's and the Stock Exchange websites.

The Remuneration Committee meets at least once a year and will meet as and when necessary or when requested by any Committee member.

The major roles and functions of the Remuneration Committee are:

- to formulate remuneration policy regarding Directors and senior management by taking into consideration of individual performance, responsibility and the prevailing market practice;
- to make recommendations to the Board on the Company's policy and structure for the remuneration of the Directors, senior management and general staff;
- to review and recommend the remuneration packages of all Executive Directors and senior management for approval by the Board; and
- to review and approve compensation payable to the Directors in connection with loss of their office or compensation arrangement relating to dismissal or removal of Directors.

The Remuneration Committee has the right to access to independent professional advice relating to remuneration proposals if considered necessary. Details of the remuneration of the Directors are disclosed on an individual basis and set out in note 14 to the consolidated financial statements.

The following is a summary of the work of the Remuneration Committee during the year ended 31 December 2018:

- reviewed the Company's policy and structure for the remuneration of Directors, senior management and general staff;
- reviewed and recommended to the Board the remuneration packages of Directors, senior management and general staff; and
- ensured that no Director or any of his associates was involved in deciding his own remuneration.

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. The terms of reference of the Audit Committee are available on the Company's and the Stock Exchange's websites.

The Audit Committee meets as and when necessary or as requested by an Audit Committee member or the external auditor. The Audit Committee meets (with the presence of the external auditor) at least twice a year.

The major roles and functions of the Audit Committee are:

- to review the Group's interim and annual consolidated financial statements before submission to the Board for review and approval;
- to discuss with the external auditor on matters arising from the audit of the Group's consolidated financial statements;
- to review the Group's financial controls, internal control, and risk management systems;
- to review the Group's financial and accounting policies and practice; and
- to perform the corporate governance functions.

The Audit Committee has been provided with sufficient resources to discharge its duties and has access to independent professional advice if considered necessary.

The following is a summary of the work of the Audit Committee during the year ended 31 December 2018:

- reviewed the audited financial statements of the Company for the year ended 31 December 2017 and the related results announcement;
- reviewed the interim accounts of the Group for the 6 months ended 30 June 2018 and the related results announcement;
- reviewed the Group's financial controls, internal control and risk management systems;
- reviewed the remuneration and terms of engagement of the Company's external auditor;
- reviewed the policies and practices on the Company's corporate governance and the training and continuous professional development of Directors; and
- reviewed the Company's continuing connected transaction.

ATTENDANCE OF DIRECTORS AT MEETINGS

Regular board meetings are scheduled to be held at approximately quarterly intervals. The attendance of the Directors at the general meetings of the Company, meetings of the Board, the Audit Committee, the Nomination Committee and the Remuneration Committee during the year ended 31 December 2018 are set out below:

	Notes	AGM	Meetings attended/Meetings eligible to attend (ii) Board meetings	Audit Committee meetings	Nomination Committee meetings	Remuneration Committee meetings
Executive Directors						
Mr. SUN Bo	i	1/1	25/26	–	4/5	4/5
Mr. WANG Daming		1/1	25/26	–	–	–
Independent Non-executive Directors						
Mr. CHEN Ming		1/1	12/26	4/4	–	–
Mr. MOK Ho Ming		1/1	13/26	4/4	4/5	4/5
Mr. WONG Yan Wai George		1/1	12/26	4/4	4/5	4/5

Notes:

i. Mr. SUN Bo was re-designated as an executive Director on 20 March 2018.

ii. Attendances of the Directors appointed/retired during the year were made by reference to the number of such meetings held during their respective tenures.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy as it recognizes it is an essential element contributing to the sustainable development of the Group. The concept of diversity incorporates a number of different aspects, such as experiences, skills, knowledge, gender, age, cultural and educational background. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board of the Company. The Nomination Committee has been delegated with the overall responsibility for implementation, monitoring and periodic review of the board diversity policy.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, all the Directors have complied with the required standards as set out in the Model Code and its code of conduct regarding directors’ securities transactions throughout the year.

AUDITOR'S RESPONSIBILITIES AND REMUNERATION

The statement of the Company's external auditor Messrs. RSM Hong Kong regarding their report responsibilities is set out in the Independent Auditor's Report on pages 41 to 44 of this annual report. For the year ended 31 December 2018, the remuneration payable to Messrs. RSM Hong Kong is HK$218,000 for audit service, HK$43,000 for review of interim report, HK$10,000 for continuing connected transactions and HK$22,000 for tax compliance service.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has the ongoing responsibility to ensure the Group maintains a sound and effective internal control and risk management systems and the effectiveness of the systems should be reviewed to safeguard shareholders' investments and the Group's assets. The risk management and internal control systems of the Group are designed to identify and manage rather than eliminating all the risks, and can provide reasonable instead of absolute assurance against material misstatement or loss. To fulfill the responsibility, the Board has entrusted the Audit Committee and appointed a professional firm as an independent advisor to assess the risk of the Group and review the internal control system of the Group, including financial, operational, investment reporting and compliance functions.

Internal Audit report

The internal audit report summarized the internal control findings and major risks respectively. The internal audit consists primarily of examination of the Group's information and documents, together with an assessment of the adequacy of the internal controls of the Group. The set of work programs of the internal audit used include inquiry, observation, review documentation and/or re-performance. The development of the internal control systems of the Group helps to safeguard assets of the Group against unauthorized use or disposition, to maintain proper account records of reliable financial data and to comply with all the relevant laws and regulations. Based on the internal audit review, no material deficiency in all reviewed aspects is discovered.

Process of the Risk Management

The risk assessment has been carried out under a business risk model. The risk model is a framework for identifying and understanding the types of business risks including strategic risks, operation risks, financial risks as well as information risks. Key risks have been identified by carrying out analysis and through conducting interviews with senior management and executives. The process is followed by assessing the significance and likelihood of the risks qualitatively and quantitatively for risks prioritisation, subsequently evaluating against the control design indicators to conclude the audit requirement rating. Based on the risk assessment and discussion with the Audit Committee, a prioritized group of auditable areas served as input to the development of a three-year internal audit plan. According to the review of the risk assessment report, the audit committee has made recommendations to the Board on the development of the Company's upcoming internal audit plan. The risk assessment report together with the suggested internal audit plan were adopted by the Board as input for the risk management and internal audit function.

Main Feature of Internal Controls and Risk Management

The Group's internal control system includes a defined management structure with straightforward and clear lines of reporting, authority limits as well as reporting mechanisms that are designed to facilitate the Group to manage its risks across business operations. The main features of the Group's risk management and internal control systems include management integrity, proper segregation of duties and record maintenance and other controls including analytics and management approval to help safeguarding the Group's assets.

Review of Effectiveness of the Internal Control and Risk Management System

Through meetings with the professional firm, the Board has assessed the effectiveness and adequacy of the internal control and risk management systems of the Group for the year ending 31 December 2018. The Board considers that as a whole the existing internal control systems of the Group are adequate and effective in controlling and safeguarding the Group's assets, help to prevent irregularities and protect the interests of the Company's shareholders in material aspects.

Inside Information

With regards to the internal controls and procedures for the handling and dissemination of inside information, the Company complies with under the Part XIVA and relevant parts of the Securities and Future Ordinances and Listing Rules. To ensure that all staff members in the Company are aware of the inside information handling, the Company's disclosure policy sets out guidance and procedures to ensure that the inside information of the Company is disseminated to the public completely, accurately and timely. Besides, the Board is responsible to approve the dissemination of the information. The Company also has reasonable measures in keeping sensitive information confidential and ensuring the confidentiality terms are in place in significant agreements.

The Board has also developed objective and policies for management of financial risk areas facing the Group, details of which are set out in note 6 to the consolidated financial statements.

DIRECTORS' RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS AND CORPORATE GOVERNANCE

The Directors acknowledge their responsibility for preparation of the consolidated financial statements and ensure that the consolidated financial statements for the year ended 31 December 2018 are prepared in accordance with statutory requirements and applicable accounting standards, as well as their responsibility for performing the corporate governance function.

COMPANY SECRETARY

The Company Secretary, Ms. CHEUNG Hoi Ue, is a full time employee of the Company. She fulfills the requirement under rules 3.28 and 3.29 of the Listing Rules. The company secretary reports to the Chief Executive Officer and supports the Board, ensures good information flow within the Board and Board policy and procedures are followed, advises the Board on governance matters, facilitates induction and, monitors the training and continuous professional development of Directors. She has attained not less than 15 hours of relevant professional training during the year.

DIVIDEND POLICY

Dividend payout policy is adopted which sets out the factors in in determining dividend payment of the Company, such as the Group actual and expected financial performance, the expected cash inflow and outflow, the frequency and form of dividend payments. The policy shall be reviewed periodically and submitted to the Board for approval if amendments are required.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Board considers that annual general meeting of the Company is key opportunities for Shareholders to exchange views with the Board. The Chairman of the Board, the Executive Directors, the Chairman and/or other members of the Audit Committee, Nomination Committee and Remuneration Committee, as well as the external auditor had attended the 2018 AGM of the Company to answer questions raised.

Explanation of detail procedures of voting by poll has been given at the commencement of the 2018 AGM. For each substantially separate issue at the 2018 AGM, a separate resolution was proposed by the chairman of the meeting. The poll results of the 2018 AGM had been published in accordance with the requirement of the Listing Rules.

In addition to annual general meeting, the Company has established a number of channels to communicate with shareholders:

- Annual reports, interim reports and circulars are sent to shareholders in print form, and are available on both the Company's and Stock Exchange's websites;
- An updated version of the Company's constitutional documents such as the Memorandum of Continuance and New Bye-laws is made available on the Company's website; and
- The Company's monthly net asset value announcements are posted on the Company's and the Stock Exchange's websites.

SHAREHOLDERS' RIGHTS

Procedure for Shareholders to Convene Special General Meetings (SGM)

Pursuant to the Bye-laws of the Company, a SGM can be convened on the requisition by shareholders pursuant to the Companies Act. Moreover, Section 74 of the Companies Act provides that shareholders who, as at the date of deposit of the requisition, hold not less than one-tenth of the paid-up capital of the Company and carry the right of voting at general meetings of the Company, can request the Directors to convene a SGM.

The requisitionists must state the purpose of the meeting and the requisition must be signed by the requisitionists and deposited at the registered office or Principal Office of the Company. The Directors must convene a SGM within twenty-one days from the date of deposit of the requisition. The requisitionists, or any of them representing more than one half of the total voting rights may convene a SGM if the Directors fail to convene one within the twenty-one days period.

Shareholders' Enquiries

Shareholders should direct questions concerning their shareholdings to the Company's share registrar/ branch share registrar. They can also make enquiries to the Company Secretary of the Company for information concerning the Company which are available to them pursuant to the Companies Act and the Company's Bye-laws. Moreover, they can make written enquires to the Board, by stating the nature and reasons in writing.

Procedure for Making Proposals at General Meetings

Shareholders may put forward written proposals for consideration at a general meeting by submitting their proposals to the Board at the Principal Office of the Company at least 60 days before the relevant general meeting. The proposal should be in the form of a proposed resolution and should comply with the following criteria:

i. be clearly stated and in accordance with the Company's Bye-laws, the Companies Act, applicable laws, regulations and the Listing Rules;

ii. be relevant to the Company's business, and comply with all relevant requirements of a general meeting;

iii. in the event that the proposed business includes a proposal to amend the Company's Bye-laws, the proposed resolution should be in complete text and supported by, including but not limited to the following:

– The class and total number of shares beneficially owned by the individual shareholder of the Company making the proposal;

– The reasons for the proposed resolution, and any interest in or anticipated benefit to the proposing shareholder; and

– The benefits or disadvantage, if any, that the proposer suggests.

Procedure for Proposing a Person for Election as a Director

The procedure for proposing a person for election as a Director are made available on the Company's website.

Constitutional Documents

An updated version of the Memorandum of Continuance and New Bye-laws of the Company is available on the Company's and the Stock Exchange's websites.

On behalf of the Board

SUN Bo
Chairman

Hong Kong, 22 March 2019

Core Economy Investment Group Limited (hereinafter referred as "CEIG", "we", and the "Company") is pleased to present the third Environmental, Social and Governance ("ESG") report which details the material social and environmental performance of the Company from 1 January 2018 to 31 December 2018 ("FY 2018").

About the Company

We are principally engaged in investment and trading of listed and unlisted equity securities.

Reporting scope

The information covered in this ESG report focuses on our Hong Kong office.

Reporting guidelines

This ESG report is prepared in accordance with the "comply or explain" provisions of Appendix 27 of the Rules Governing the Listing of Securities set by the Hong Kong Exchanges and Clearing Limited ("HKEx").

Feedback

We welcome your feedback on this ESG report, and please feel free to share what you think about our ESG practices through email at enquiry@ceig.hk.

PROTECTING THE ENVIRONMENT

Climate change is causing tremendous treat to the environment and society in which we operate and live. We recognise this big challenge facing the world today, and despite little and not directly impacting the environment, we strive to work as an environmentally responsible corporate so as to positively contribute the natural environment for our future generations.

Like most of the other financial services companies, our daily operation takes place in office with comparatively low power, energy and water consumption. To protect the environment and avoid wastage, we raise employees' awareness of environmental protection and encourage them save energy and resources at work.

Energy conservation

- Install energy-efficient LED lighting that saves energy and in turn reduces greenhouse gas ("GHG") emission
- Control temperature of air-conditioning system to strike balance between electricity usage and employees' comfort
- Remind employees regularly to switch off idling office equipment and appliances

Water conservation

- Remind to switch off faucets after use in pantries and washrooms
- Check for leaks in water pipes and faucets regularly to keep them drip-free

Paper conservation

- Double-sided printing over single-sided printing to reduce paper use
- Recycle and reuse single-sided printed paper

During FY 2018, we were not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, generation of waste and use of resources in Hong Kong.

Our Environmental Performance

Although our direct environmental impact is relatively immaterial, we still actively seek to limit our impact on the environment associated with our business development. This year not only we continue to perform carbon accounting to measure and manage our carbon footprint, we also keep track on our resource management in order to understand our footprint portfolio and reduce our impact on natural environment.

Since our operations do not result in any direct GHG emissions, our GHG inventory mainly covers energy indirect emission including electricity and paper consumption. In FY 2018, we used 9,561 kWh of electricity and 2 tonnes of paper at work. In our operation, we measure efficiency by comparing amount of resources consumed to total full-time employees ("FTE") at work. We aim to improve the efficiency and preserve the precious resources for our next generations.

Total amount[1]	Unit	FY 2018	FY 2017
Electricity consumed	kWh	9,561	10,126
Intensity[2]	kWh/FTE	869.18	1,012.60
Paper consumed	Tonnes	2	1
Intensity[2]	Tonnes/FTE	0.18	0.11

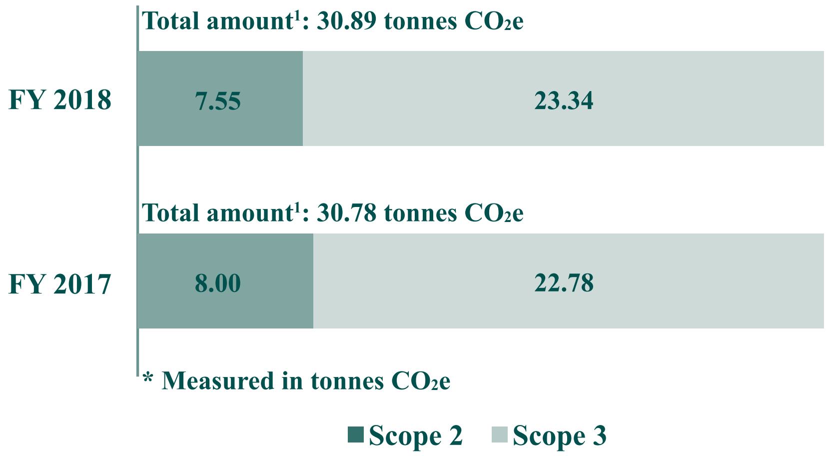
Paper, which is made from wood as one of the main raw materials, is important in our daily operation. We know that these raw materials are limited and will be used up in one day. This is why we aim at utilising them in a more sustainable and responsible manner and to avoid unnecessary wastage. We focus on practical options for paper management, including ways to reduce, reuse, and recycle this precious resource. We will explore ways to increase paper efficiency in our operation to help sustain the natural environment.

1 We collected the data from our core operations and the data disclosed were considered material to our business operations in FY 2018.

2 Our intensity data presented is the sum of the recorded data, divided by the total number of the FTE in the core operations in FY 2018.

In FY 2018, GHG emissions from our operation were a total of 30.89 tonnes of CO_2e. Our total GHG emissions, which measure emissions of GHG per FTE at work, slightly decreased by 8.77% to 2.81 tonnes CO_2e per FTE compared to FY 2017. Of that total amount we generated, around 75% came from our employee business travel. We will put more effort and look for alternatives to lower our carbon footprint for employees' air business travel.

GHG Emissions by Scope



Total amount[1]	Unit	FY 2018	FY 2017
GHG emissions[3]	Tonnes CO_2e	30.89	30.78
Intensity[4]	Tonnes CO_2e/FTE	2.81	3.08

Overall, we have made good progress towards protecting the environment. We will strive to reduce our operational impacts on the environment and utilise the resources in a more responsible manner in future.

3 Our recorded GHG emissions include energy indirect ("Scope 2") and other indirect ("Scope 3") emissions generated from our core operations in FY 2018 – Scope 2 emission consisted of the GHG emissions generated from the imported electricity; and Scope 3 emission consisted of the GHG emissions generated from air business travel by employees.

We do not report the data of energy direct ("Scope 1") emissions as they are insignificant in our business.

4 Our recorded GHG intensity is the sum of Scope 2 and Scope 3 emissions, divided by the total number of the FTE in the core operations in FY 2018.

RESPECTING OUR PEOPLE

Employees are the key to our business success, without whom, the Company cannot truly operate. At CEIG, we strongly believe in creating values for our employees and strive to fulfill our responsibility as a responsible employer by providing a respectful and motivating workplace where they can grow and develop with us.

Employment

As a responsible employer, we strictly follow applicable laws and regulations as well as setting out guidelines on labour standards and human rights to ensure everyone is respected and fairly treated. These include compensation, dismissal, recruitment, promotion, working hour, rest periods, equal opportunity, as well as benefits and welfare.

We understand the importance of a motivating workplace to employees. Hence, we provide overtime compensation, paid leaves such as examination, maternity, paternity, marriage and compassionate, and also offer various allowances for eligible employees, such as academic qualification, transportation as well as business travel. To motivate our people, apart from medical benefits and social insurance, rewards in terms of bonus, promotions or other fringe benefits are provided.

We place strong consideration in providing equal opportunities in the operation. To provide a respectful and fair work environment, we consider the job applicants' previous work experience, education, professional qualifications and suitability for the position during recruitment, while promotion decisions are made based on employees' work performance and merits.

During FY 2018, we were not aware of any material non-compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare in Hong Kong.

Staff development

Professional and personal development of our employees is essential for our long-term business growth. At CEIG, with strong emphasis on self-learning, we always support employees in professional development and encourage them to continue their education. Flexible work programmes are arranged, such as paid examination leave, flexible schedules for work, as well as education subsidies, for them. In addition, we focus on professional development of our management staff, by providing them with learning and development opportunities, to advance their skills and knowledge.

Employee engagement

We value our employees and always want to strengthen their sense of belonging towards the Company. To maintain open and effective communication, various channels, such as email, bulletin board and meetings, are set up at work where employees are encouraged to voice their opinions and suggestions out to the management.

In addition, supporting work-life balance is a crucial part to keep our people happy and healthy. A number of activities, such as team lunch and birthday celebration, are arranged to let our people relax from their daily work and mingle with other co-workers while strengthening the bond among our people.

SAFEGUARDING OUR BUSINESS

We always uphold integrity in all of the business activities. To make this commitment stay strong within our business, in addition to strictly complying with relevant laws and regulations, we set out strict rules and detail our expectations on employees in our code of conduct. In addition, our whistleblowing system is also in place, together with various whistleblowing channels, to encourage anonymous reporting of any potential misconduct. In case any unethical business practice arises, we will take disciplinary actions and also develop corrective improvement measures promptly to avoid recurrence of similar problem.

Anti-corruption

Complying with local regulations and laws, we strictly prohibit any forms of fraud, bribery and deceiving at the Company. With our code of conduct in place, our staff are not allowed to receive or solicit any gifts, entertainment or other benefits from business associates. If any case of corruption is found, punishment will be given to the employees involved and they might be subject to legal actions.

During FY 2018, we were not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering in Hong Kong.

Privacy and confidentiality

In order to protect the interest of the Company, we always take confidentiality seriously. Guidelines are established for our employees to ensure that they maintain confidentiality at all times when doing business and also to restrict them from disclosing confidential information, such as insider information, to third parties. To ensure regulatory compliance and strengthen our commitment, we also set up a working group to handle such sensitive information when necessary. We may require our business partners, such as suppliers, to sign a non-disclosure agreement when doing business with us. Violation will be subject to disciplinary actions up to and including dismissal.

HKEX ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures		Policies & Procedures	Explanation/Reference Section
Aspect A Environmental			
A1 Emissions	Information on: – the policies; and – compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.	No Policy	PROTECTING THE ENVIRONMENT
A2 Use of Resources	Policies on efficient use of resources, including energy, water and other raw materials.	No Policy	PROTECTING THE ENVIRONMENT
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	Not Applicable	The Company's operations do not have significant impact on the environment and natural resources.

HKEx ESG Reporting Guide General Disclosures		Policies & Procedures	Explanation/Reference Section
Aspect B Social			
B1 Employment	Information on: – the policies; and – compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Human Resources Management Policy	RESPECTING OUR PEOPLE – Employment
B2 Health and Safety	Information on: – the policies; and – compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	No Policy	RESPECTING OUR PEOPLE – Employee engagement
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Training refers to vocational training. It may include internal and external courses paid by the employer.	Human Resources Management Policy Internal Management and Control Manual	RESPECTING OUR PEOPLE – Staff development

HKEx ESG Reporting Guide General Disclosures		Policies & Procedures	Explanation/Reference Section
B4 Labour Standards	Information on: – the policies; and – compliance with relevant laws and regulations that have significant impact on the issuer relating to preventing child and forced labour.	No Policy	We strictly comply with all the applicable laws and regulations related to labour standards.
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	No Policy	SAFEGUARDING OUR BUSINESS – Privacy and confidentiality
B6 Product Responsibility	Information on: – the policies; and – compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Code of Conduct for Employees Handling Insider Information Policy	SAFEGUARDING OUR BUSINESS
B7 Anti-corruption	Information on: – the policies; and – compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Code of Conduct for Employees Whistleblowing Policy	SAFEGUARDING OUR BUSINESS – Anti-corruption
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	No Policy	Not Applicable

RSM

TO THE SHAREHOLDERS OF
CORE ECONOMY INVESTMENT GROUP LIMITED
(Continued into Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Core Economy Investment Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 88, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2018, 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of 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.

We have determined that there are no key audit matters to be communicated in our report.

OTHER INFORMATION *(Subject to the provision of other information by management)*

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the Company's 2018 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 the Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company 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 disclosure requirements of 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.

Those charged with governance are responsible 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. We report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda 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 skepticism 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.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, 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 Ng Wai Kwun.

Certified Public Accountants
Hong Kong
22 March 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Note	**2018** **HK$**	2017 HK$
Revenue	8	**179,615**	112,013
Net change in fair value of financial assets at fair value through profit or loss	9	**(768,538)**	3,047,632
Administrative and other operating expenses		**(11,001,339)**	(9,751,608)
Loss before tax		**(11,590,262)**	(6,591,963)
Income tax	10	**–**	–
Loss for the year attributable to owners of the Company	11	**(11,590,262)**	(6,591,963)
Other comprehensive income for the year, net of tax			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(702)**	–
Total comprehensive income for the year attributable to owners of the Company		**(11,590,964)**	(6,591,963)
Loss per share			
Basic	16	**(0.083)**	(0.056)

Consolidated Statement of Financial Position

At 31 December 2018

	Note	**2018 HK$**	2017 HK$
Non-current assets			
Property, plant and equipment	17	**227,254**	331,215
Current assets			
Financial assets at fair value through profit or loss	18	**4,804,779**	5,573,317
Prepayments, deposits and other receivables		**509,259**	450,332
Bank and cash balances		**25,704,886**	36,226,467
		31,018,924	42,250,116
Current liabilities			
Accruals and other payables		**564,311**	308,500
Net current assets		**30,454,613**	41,941,616
Total assets less current liabilities		**30,681,867**	42,272,831
NET ASSETS		**30,681,867**	42,272,831
Equity attributable to owners of the Company			
Share capital	19	**2,784,000**	2,784,000
Reserves	21	**27,897,867**	39,488,831
TOTAL EQUITY		**30,681,867**	42,272,831
Net asset value per share	25	**0.22**	0.30

Approved by the Board of Director on 22 March 2019 and are signed on its behalf by:

SUN Bo
Executive Director

WANG Daming
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Share capital HK$ (note 19)	Share premium account HK$ (note 21)	Contributed surplus account HK$ (note 21)	Foreign currency translation reserve HK$ (note 21)	Accumulated losses HK$	Total equity HK$
At 1 January 2017	2,320,000	35,186,461	28,040,011	–	(32,298,703)	33,247,769
Issue of shares	464,000	15,153,025	–	–	–	15,617,025
Total comprehensive income for the year	–	–	–	–	(6,591,963)	(6,591,963)
Changes in equity for the year	464,000	15,153,025	–	–	(6,591,963)	9,025,062
At 31 December 2017 and 1 January 2018	2,784,000	50,339,486	28,040,011	–	(38,890,666)	42,272,831
Total comprehensive income for the year	–	–	–	(702)	(11,590,262)	(11,590,964)
At 31 December 2018	2,784,000	50,339,486	28,040,011	(702)	(50,480,928)	30,681,867

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	2018 HK$	2017 HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(11,590,262)**	(6,591,963)
Adjustments for:		
Depreciation	**115,858**	108,334
Net realised losses on disposals of financial assets at fair value through profit or loss	**–**	685,026
Net unrealised losses/(gains) on financial assets at fair value through profit or loss	**768,538**	(3,732,658)
Operating loss before working capital changes	**(10,705,866)**	(9,531,261)
Increase in prepayments, deposits and other receivables	**(58,927)**	(52,492)
Increase/(decrease) in accruals and other payables	**255,811**	(528,100)
Proceeds from disposals of financial assets at fair value through profit or loss	**–**	23,290,540
Purchase of financial assets at fair value through profit or loss	**–**	(6,694,670)
Net cash (used in)/generated from operating activities	**(10,508,982)**	6,484,017
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment and net cash used in investing activities	**(11,897)**	(45,800)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and net cash generated from financing activities	**–**	15,617,025
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(10,520,879)**	22,055,242
Effect of foreign exchange rate changes	**(702)**	–
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**36,226,467**	14,171,225
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		
Representing bank and cash balances	**25,704,886**	36,226,467

1. CORPORATE INFORMATION

Core Economy Investment Group Limited (the "Company") was continued into Bermuda as an exempted company with limited liability under the Bermuda Companies Act 1981. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The address of its principal place of business is Suites 04 & 05, 19th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company and its principal activities are investment and trading of listed and unlisted equity securities. The Company and its subsidiaries are collectively referred to as the "Group".

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised 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 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 consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2018. Of these, only the new HKFRS below is relevant to the Group's consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies.

(a) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss ("FVTPL"), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 9 Financial instruments **(Continued)**

(b) Measurement

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Subsequent measurement of financial assets depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its financial assets:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

- FVTPL: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at FVTPL. A gain or loss on equity/debt investment that is subsequently measured at FVTPL is recognised directly in profit or loss and presented net as separate line item in the consolidated statement of profit or loss and other comprehensive income in the period it arises.

The Group subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss as revenue when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in profit or loss and presented as separate line item in the consolidated statement of profit or loss and other comprehensive income as applicable.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 9 Financial instruments **(Continued)**

(c) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For assets in scope of the HKFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of HKFRS 9 impairment model requirements at 1 January 2018 does not result in an additional impairment allowance.

The following table and the accompanying note below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018.

Financial assets	**Classification under HKAS 39**	**Classification under HKFRS 9**	**Carrying amount under HKAS 39** HK$	**Carrying amount under HKFRS 9** HK$
Equity investments *(note)*	FVTPL	FVTPL	5,573,317	5,573,317
Deposits	Loans and receivables	Amortised cost	5,900	5,900
Bank and cash balances	Loans and receivables	Amortised cost	36,226,467	36,226,467

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities and equity at 1 January 2018 have not been impacted by the initial application.

The Group did not designate or de-recognise any financial assets or financial liabilities at FVTPL at 1 January 2018.

Note: Investments in equity securities which held for trading purpose is required to be held as FVTPL under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the adoption of HKFRS 9.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2018. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16 Leases	1 January 2019
Annual Improvements to HKFRSs 2015 – 2017 Cycle	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 30 June 2019. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(b) New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 16 Leases **(Continued)**

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office property lease is currently classified as operating lease and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16, the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for the lease. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in note 24, the Group's future minimum lease payments under the non-cancellable operating lease for its office property amounted to HK$7,080,852 as at 31 December 2018. The lease is expected to be recognised as lease liability, with corresponding right-of-use asset, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

Other than the recognition of lease liability and right-of-use asset, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements from 2019 onwards.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The area where assumptions and estimates are significant to the consolidated financial statements is disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. 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. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment

Property, plant and equipment held for administrative purposes are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Office equipment	25%
Furniture and fixtures	20%
Computer equipment	25%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

(d) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(e) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Recognition and derecognition of financial instruments (Continued)

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(f) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to accumulated losses. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as revenue.

Policy prior to 1 January 2018

Investments in equity securities held for trading purpose were classified as financial assets measured at FVTPL. Any attributable transaction costs were recognised in profit or loss as incurred. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in profit or loss.

Dividend income from investments in equity securities was recognised in profit or loss as revenue.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses ("ECL").

(i) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(j) Other payables

Other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Revenue recognition

Income is classified by the Group as revenue when it arises from the ordinary course of the Group's business.

(i) Dividend income from investments in listed equity securities is recognised when the share price of the investment goes ex-dividend.

(ii) Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Policy prior to 1 January 2018

Interest income is recognised on a time-proportion basis using the effective interest method.

(m) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period, if applicable.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to a defined contribution retirement scheme which is available to all employees. Contributions to the scheme by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss and other comprehensive income to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(p) Impairment of financial assets

The Group recognises a loss allowance for ECL on other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for the financial instruments when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of financial assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk for a particular financial instrument;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor;

– significant increases in credit risk on other financial instruments of the same debtor; or

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of financial assets (Continued)

Significant increase in credit risk **(Continued)**

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) The financial instrument has a low risk of default;

(ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

– the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, this is represented by the financial assets' gross carrying amount at the reporting date and other relevant forward-looking information.

The ECL for financial assets is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of financial assets (Continued)

Measurement and recognition of ECL **(Continued)**

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Policy prior to 1 January 2018

At the end of each reporting period, the Group assesses whether its financial assets (other than those at fair value through profit or loss) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For financial assets of the Group, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present 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 expenditures 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 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 is remote.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 31 December 2018 was HK$227,254 (2017: HK$331,215).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in Renminbi, United States dollars and Singapore dollars. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities quoted on the Stock Exchange.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 10% higher/lower (2017: 10% higher/lower), loss after tax for the year ended 31 December 2018 would decrease/increase by HK$480,478 (2017: decrease/increase by HK$557,332). This is mainly due to the changes in fair value of held-for-trading investments.

As at the date of approval of these consolidated financial statements, the net realised gains from disposal of listed equity securities and the net unrealised gains from change in fair value of listed equity securities held as at 31 December 2018 approximate to HK$3,000 and HK$779,000 respectively.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

All of the Group's financial assets at amortised cost are considered to have low credit risk, and the loss allowance, if any, recognised during the period was therefore limited to 12-month expected losses. Financial instruments are considered to be low credit risk when they have a low of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Financial assets at amortised cost include deposits and other receivables.

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Group's financial liabilities are repayable on demand or within one year.

(e) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits. These deposits bear interest at variable rates varied with the then prevailing market condition. The effect from changes in interest rates is considered not significant to the consolidated financial statements.

(f) Categories of financial instruments at 31 December

	2018 **HK$**	2017 HK$
Financial assets:		
Financial assets at FVTPL		
Mandatorily measured at FVTPL		
– Held for trading	**4,804,779**	5,573,317
Financial assets measured at amortised cost	**25,893,414**	–
Loans and receivables (including cash and cash equivalents)	**–**	36,232,367
Financial liabilities:		
Financial liabilities at amortised cost	**564,311**	308,500

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

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 following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The recurring fair value measurements of the Group's financial assets at FVTPL are using the Level 1 of the fair value hierarchy.

8. REVENUE AND SEGMENT INFORMATION

	2018 **HK$**	2017 HK$
Dividend income from listed equity securities	**168,189**	109,968
Bank interest income	**8,158**	1,840
Other interest income	**3,268**	205
Revenue	**179,615**	112,013
Proceeds from disposals of financial assets at FVTPL	**–**	23,290,540

No segment information is presented as all of the revenue, contribution to operating results, assets and liabilities of the Group are attributable to investment activities which are carried out or originated principally in Hong Kong.

9. NET CHANGE IN FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 **HK$**	2017 HK$
Net realised losses on disposals of financial assets at FVTPL	**–**	(685,026)
Net unrealised (losses)/gains on financial assets at FVTPL	**(768,538)**	3,732,658
	(768,538)	3,047,632

10. INCOME TAX

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year. For the year ended 31 December 2017, no provision for Hong Kong Profits Tax had been made since the Group had sufficient tax losses brought forward to set off against the assessable profit for that year.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2018 **HK$**	2017 HK$
Loss before tax	**(11,590,262)**	(6,591,963)
Tax at Hong Kong Profits Tax rate of 16.5% (2017: 16.5%)	**(1,912,393)**	(1,087,674)
Tax effect of income that is not taxable	**(29,098)**	(18,481)
Tax effect of expenses that is not deductible	**51,848**	17,325
Tax effect of temporary differences not recognised	**140,881**	1,203,611
Tax effect of utilisation of tax losses not previously recognised	**–**	(114,781)
Tax effect of tax losses not recognised	**1,746,261**	–
Effect of different tax rates of subsidiaries	**2,501**	–
Income tax	**–**	–

10. INCOME TAX (Continued)

At 31 December 2018, the Group has following unused tax losses and taxable temporary differences:

	2018 **HK$**	2017 HK$
Tax losses	**62,162,754**	51,588,409
Unrealised losses/(gains) from financial assets at FVTPL	**726,849**	(41,689)
Accelerated depreciation allowances	**(133,531)**	(218,820)
	62,756,072	51,327,900

The resulting potential deferred tax assets amounting to HK$10,354,751 (2017: HK$8,469,103) have not been recognised in respect of the above items due to the unpredictability of future profit streams. The tax losses are subject to the review of Hong Kong Inland Revenue Department and may be carried forward indefinitely.

11. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's loss for the year attributable to owners of the Company is stated after charging the following:

	2018 **HK$**	2017 HK$
Auditor's remuneration	**218,000**	195,000
Depreciation	**115,858**	108,334
Investment management fee (Note 12)	**720,000**	720,000
Operating lease charges – land and buildings	**2,966,641**	2,948,450

12. CONTINUING CONNECTED TRANSACTIONS

On 12 May 2016, the Company entered into an investment management agreement (the "Agreement") with China Everbright Securities (HK) Limited ("CES") for the provision of investment management services to the Company for a period of two years from 12 May 2016 at investment management fee of HK$60,000 per month payable monthly in arrears. On expiry date of the Agreement, the Company entered into the new investment management agreement with CES to extend the terms under the Agreement of a further period from 12 May 2018 to 11 May 2020 at a fixed investment management fee of HK$60,000 per month payable monthly in arrears. During the reporting period, the investment management fee of HK$720,000 (2017: HK$720,000) was paid by the Company to CES.

Rule 14A.08 of the Listing Rules provides that where a listed company is an investment company listed under Chapter 21 of the Listing Rules, its connected persons also include an investment manager. Accordingly, the provision of investment management services by the investment manager to the Company under the above-mentioned investment management agreements constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

13. EMPLOYEE BENEFITS EXPENSE

	2018 **HK$**	2017 HK$
Employee benefits expense including directors' emoluments:		
Basic salaries, fees and allowances	**4,161,000**	3,523,126
Discretionary bonus	**156,788**	133,822
Retirement benefit scheme contributions	**83,075**	66,280
	4,400,863	3,723,228

13. EMPLOYEE BENEFITS EXPENSE (Continued)

Five highest paid individuals

Except the chief executive officer, none (2017: none) of the directors, whose emoluments are reflected in the analysis presented in note 14, are included in the five highest paid individuals of the Group during the report period. The emoluments of the five (2017: five) individuals including the chief executive officer are set out below:

	2018	2017
	HK$	HK$
Basic salaries and allowances	**3,330,000**	2,928,000
Discretionary bonus	**147,500**	129,000
Retirement benefit scheme contributions	**77,525**	58,250
	3,555,025	3,115,250

The emoluments fell within the following band:

	Number of individuals	
	2018	2017
Nil to HK$1,000,000	**4**	4
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**1**	–
	5	5

14. BENEFITS AND INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

(a) Directors' and chief executive officer's emoluments

The remuneration of each director and chief executive officer, on a name basis, for the years ended 31 December 2018 and 2017 are set out below:

	Fees HK$	Salaries HK$	Employer's contribution to a retirement benefit scheme HK$	Total HK$
Executive Directors				
Mr. SUN Bo	**187,742**	**–**	**–**	**187,742**
Mr. WANG Daming	**120,000**	**–**	**–**	**120,000**
Non-executive Director				
Mr. SUN Bo	**52,258**	**–**	**–**	**52,258**
Independent Non-executive Directors				
Mr. MOK Ho Ming	**120,000**	**–**	**–**	**120,000**
Mr. WONG Yan Wai, George (i)	**120,000**	**–**	**–**	**120,000**
Mr. CHEN Ming (ii)	**120,000**	**–**	**–**	**120,000**
Chief Executive Officer				
Mr. ZHANG Yufei	**–**	**1,560,000**	**13,500**	**1,573,500**
Total for 2018	**720,000**	**1,560,000**	**13,500**	**2,293,500**
Executive Directors				
Mr. WANG Daming	60,000	–	–	60,000
Mr. CHAN Chak Paul (iii)	96,774	–	4,839	101,613
Independent Non-executive Directors				
Mr. MOK Ho Ming	173,500	–	–	173,500
Mr. WONG Yan Wai, George (i)	86,667	–	–	86,667
Mr. CHEN Ming (ii)	70,000	–	–	70,000
Mr. CHAN Francis Ping Kuen (iii)	24,194	–	–	24,194
Dato' TAN Yee Boon (iv)	25,000	–	–	25,000
Chief Executive Officer				
Mr. ZHANG Yufei	–	1,380,000	–	1,380,000
Total for 2017	536,135	1,380,000	4,839	1,920,974

14. BENEFITS AND INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (Continued)

(a) Directors' and chief executive officer's emoluments (Continued)

Notes:

(i) Appointed on 11 April 2017

(ii) Appointed on 31 May 2017

(iii) Resigned on 26 May 2017

(iv) Resigned on 31 May 2017

Mr. Sun Bo, was appointed as non-executive director on 14 March 2016 and agreed to waive his entitlement to receive remuneration during the contractual service period up to 31 December 2017. He was re-designed as executive director on 20 March 2018.

Neither the chief executive officer nor any of the directors waived or agreed to waive any emoluments during the year.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

15. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2018 (2017: Nil).

16. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of HK$11,590,262 (2017: HK$6,591,963) and the weighted average number of ordinary shares of 139,200,000 (2017: 116,762,739) in issue during the year.

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary shares during two years ended 31 December 2018 and 2017.

17. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$	Furniture & fixtures HK$	Computer equipment HK$	Total HK$
Costs				
At 1 January 2017	68,627	334,476	69,527	472,630
Additions	45,800	–	–	45,800
At 31 December 2017 and 1 January 2018	114,427	334,476	69,527	518,430
Additions	11,897	–	–	11,897
At 31 December 2018	126,324	334,476	69,527	530,327
Accumulated depreciation				
At 1 January 2017	12,410	55,746	10,725	78,881
Charge for the year	24,057	66,895	17,382	108,334
At 31 December 2017 and 1 January 2018	36,467	122,641	28,107	187,215
Charge for the year	31,581	66,895	17,382	115,858
At 31 December 2018	68,048	189,536	45,489	303,073
Net book value				
At 31 December 2018	**58,276**	**144,940**	**24,038**	**227,254**
At 31 December 2017	77,960	211,835	41,420	331,215

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 HK$	2017 HK$
Equity securities, at fair value		
Listed in Hong Kong	**3,785,220**	4,572,630
Listed outside Hong Kong	**1,019,559**	1,000,687
	4,804,779	5,573,317

The carrying amounts of the above financial assets are mandatorily measured at fair value through profit or loss in accordance with HKFRS 9.

The investments included above represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

The fair values of the listed securities are based on quoted market prices.

Particulars of the Group's financial assets at fair value through profit or loss are as follows:

At 31 December 2018

Name of investee company	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost HK$	Market value HK$	Fair value gains/ (losses) HK$	Dividend income received during the year HK$	Dividend cover	Net assets attributable to the Group HK$
Listed in Hong Kong:									
China Resources Land Limited ("China Resources Land")	Cayman Islands	16,000	Less than 1%	363,200	481,600	118,400	15,952	10.64	336,628
China Overseas Land & Investment Ltd. ("China Overseas Land")	Hong Kong	14,000	Less than 1%	350,000	376,600	26,600	11,900	9.04	362,236
Ping An Insurance (Group) Company of China, Ltd. ("Ping An")	People's Republic of China ("PRC")	5,000	Less than 1%	400,250	345,750	(54,500)	9,829	13.01	173,313
Sun Hung Kai Properties Limited ("Sun Hung Kai")	Hong Kong	3,000	Less than 1%	381,000	334,800	(46,200)	13,950	9.35	565,232

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

At 31 December 2018 (Continued)

Name of investee company	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost HK$	Market value HK$	Fair value gains/ (losses) HK$	Dividend income received during the year HK$	Dividend cover	Net assets attributable to the Group HK$
Listed in Hong Kong: (Continued)									
CK Asset Holdings Limited ("CK Asset")	Cayman Islands	5,500	Less than 1%	365,750	315,150	(50,600)	9,625	13.69	481,767
The Wharf (Holdings) Limited ("Wharf")	Hong Kong	15,000	Less than 1%	380,250	306,000	(74,250)	18,000	7.57	666,648
China Taiping Insurance Holdings Company Limited ("China Taiping")	Hong Kong	14,000	Less than 1%	400,400	301,000	(99,400)	1,400	16.36	264,250
Sunac China Holdings Ltd. ("Sunac China")	Cayman Islands	11,000	Less than 1%	386,650	280,500	(106,150)	6,743	5.20	140,634
China Pacific Insurance (Group) Co., Ltd.	PRC	10,600	Less than 1%	394,320	268,710	(125,610)	9,348	2.12	199,212
New China Life Insurance Company Ltd.	PRC	7,700	Less than 1%	399,245	239,470	(159,775)	4,361	3.53	184,327
HSBC Holdings Plc.	England	2,400	Less than 1%	178,200	155,520	(22,680)	9,600	4.44	171,990
Tianjin Development Holdings Ltd.	Hong Kong	44,000	Less than 1%	180,558	134,200	(46,358)	3,436	10.90	475,124
China Life Insurance Co. Ltd.	PRC	8,000	Less than 1%	194,000	133,120	(60,880)	3,524	2.96	108,081
CK Hutchison Holdings Limited	Cayman Islands	1,500	Less than 1%	152,700	112,800	(39,900)	4,410	6.51	173,544
Listed outside Hong Kong:									
Enterprise Products Partners L.P. ("EPD")	United States	2,000	Less than 1%	413,959	383,678	(30,281)	16,870	6.23	171,230
Energy Transfer L.P. (Formerly known as Energy Transfer Partners, L.P.) ("ET")	United States	3,648	Less than 1%	400,624	375,955	(24,669)	29,241	3.92	224,502
Cityneon Holdings Limited	Singapore	34,800	Less than 1%	190,522	259,926	69,404	–	N/A	57,717
				5,531,628	4,804,779	(726,849)			

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

At 31 December 2017

Name of investee company	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost HK$	Market value HK$	Fair value gains/ (losses) HK$	Dividend income received during the year HK$	Dividend cover	Net assets attributable to the Group HK$
Listed in Hong Kong:									
New China Life Insurance Company Ltd.	PRC	7,700	Less than 1%	399,245	411,180	11,935	–	N/A	188,549
China Taiping Insurance Holdings Company Limited	Hong Kong	14,000	Less than 1%	400,400	410,200	9,800	–	N/A	258,809
Ping An Insurance (Group) Company of China, Ltd.	PRC	5,000	Less than 1%	400,250	406,750	6,500	–	N/A	155,222
The Wharf (Holdings) Limited	Hong Kong	15,000	Less than 1%	380,250	405,000	24,750	–	N/A	701,308
China Pacific Insurance (Group) Co., Ltd.	PRC	10,600	Less than 1%	394,320	398,030	3,710	–	N/A	177,325
Sun Hung Kai Properties Limited	Hong Kong	3,000	Less than 1%	381,000	391,200	10,200	–	N/A	545,315
CK Asset Holdings Limited	Cayman Islands	5,500	Less than 1%	365,750	375,650	9,900	–	N/A	433,681
China Resources Land Limited	Cayman Islands	16,000	Less than 1%	363,200	368,000	4,800	–	N/A	330,315
CK Hutchison Holdings Limited	Cayman Islands	1,500	Less than 1%	152,700	147,150	(5,550)	1,170	5.29	178,684
HSBC Holdings Plc.	England	2,400	Less than 1%	178,200	191,880	13,680	1,872	4.99	175,578
China Overseas Land & Investment Ltd.	Hong Kong	14,000	Less than 1%	350,000	352,100	2,100	–	N/A	311,074
Tianjin Development Holdings Ltd.	Hong Kong	44,000	Less than 1%	180,558	163,240	(17,318)	1,795	6.49	427,348
Sunac China Holdings Ltd.	Cayman Islands	11,000	Less than 1%	386,650	355,850	(30,800)	–	N/A	67,435
China Life Insurance Co. Ltd.	PRC	8,000	Less than 1%	194,000	196,400	2,400	–	N/A	108,904
Listed outside Hong Kong:									
Enterprise Products Partners L.P.	United States	2,000	Less than 1%	413,959	412,814	(1,145)	–	N/A	163,686
Energy Transfer Partners, L.P.	United States	2,850	Less than 1%	400,624	397,646	(2,978)	–	N/A	544,830
Cityneon Holdings Limited	Singapore	34,800	Less than 1%	190,522	190,227	(295)	–	N/A	68,958
				5,531,628	5,573,317	41,689			

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

A brief description of the business and financial information of the listed investee companies that accounted for the Group's ten largest investments, based on their published annual and interim reports, is as follows:

(a) China Resources Land is principally engaged in the development of properties for sale, property investments and management, hotel operations and the provision of construction, decoration services and other property development related services in the PRC. The audited consolidated profit attributable to owners of China Resources Land for the year ended 31 December 2017 was approximately HK$23,016,685,000 (2016: HK$19,500,880,000). As at 31 December 2017, the audited consolidated net asset value attributable to owners of China Resources Land was approximately HK$143,087,283,000 (2016: HK$116,437,504,000). The unaudited consolidated profit attributable to owners of China Resources Land for the six months ended 30 June 2018 was approximately HK$10,900,782,000 (2017 (restated): HK$5,116,289,000). As at 30 June 2018, the unaudited consolidated net asset value attributable to owners of China Resources Land was approximately HK$145,821,853,000 (2017 (restated): HK$121,775,087,000).

(b) China Overseas Land is principally engaged in property development and investment, provision of real estate management services as well as construction and building design consultancy services. The audited consolidated profit attributable to owners of China Overseas Land for the year ended 31 December 2018 was approximately HK$44,900,303,000 (2017: HK$40,766,835,000). As at 31 December 2018, the audited consolidated net asset value attributable to owners of China Overseas Land was approximately HK$283,481,070,000 (2017: HK$265,694,287,000).

(c) Ping An is principally engaged in provision of integrated financial products and services and is engaged in life insurance, property and casualty insurance, trust, securities and other assets management as well as banking. The audited consolidated profit attributable to owners of Ping An for the year ended 31 December 2018 was approximately HK$127,445,586,000 (2017: HK$102,869,914,000). As at 31 December 2018, the audited consolidated net asset value attributable to owners of Ping An was approximately HK$633,640,009,000 (2017: HK$567,500,514,000).

(d) Sun Hung Kai is principally engaged in the development of and investment in properties for sale and rent, hotel operation, telecommunications, transport infrastructure and logistics. The audited consolidated profit attributable to owners of Sun Hung Kai for the year ended 30 June 2018 was approximately HK$49,951,000,000 (2017: HK$41,782,000,000). As at 30 June 2018, the audited consolidated net asset value attributable to owners of Sun Hung Kai was approximately HK$539,098,000,000 (2017: HK$498,215,000,000). The unaudited consolidated profit attributable to owners of Sun Hung Kai for the six months ended 31 December 2018 was approximately HK$20,469,000,000 (2017: HK$33,031,000,000). As at 31 December 2018, the unaudited consolidated net asset value attributable to owners of Sun Hung Kai was approximately HK$545,856,000,000 (2017: HK$526,547,000,000).

(e) CK Asset is principally engaged in the property development, property investment, hotel and serviced suite operation, property and project management, as well as aircraft leasing. The audited consolidated profit attributable to owners of CK Asset for the year ended 31 December 2018 was approximately HK$40,117,000,000 (2017: HK$30,125,000,000). As at 31 December 2018, the audited consolidated net asset value attributable to owners of CK Asset was approximately HK$323,520,000,000 (2017: HK$291,552,000,000).

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(f) Wharf is principally engaged in property-related businesses and operates through five segments. The segments are investment property, development property, hotels, logistics and communications, media and entertainment. The audited consolidated profit attributable to owners of Wharf for the year ended 31 December 2018 was approximately HK$6,623,000,000 (2017: HK$21,876,000,000). As at 31 December 2018, the audited consolidated net asset value attributable to owners of Wharf was approximately HK$135,424,000,000 (2017: HK$141,974,000,000).

(g) China Taiping is principally engaged in insurance businesses which provides the underwriting of direct life insurance in the PRC and Hong Kong; direct property and casualty insurance in the PRC, Hong Kong and overseas; pension and group life insurance; and all classes of global reinsurance services. The audited consolidated profit attributable to owners of China Taiping for the year ended 31 December 2017 was approximately HK$6,136,187,000 (2016 (restated): HK$4,831,649,000). As at 31 December 2017, the audited consolidated net asset value attributable to owners of China Taiping was approximately HK$66,440,426,000 (2016 (restated): HK$57,824,421,000). The unaudited consolidated profit attributable to owners of China Taiping for the six months ended 30 June 2018 was approximately HK$5,209,106,000 (2017 (restated): HK$2,364,508,000). As at 30 June 2018, the unaudited consolidated net asset value attributable to owners of China Taiping was approximately HK$67,837,204,000 (2017 (restated): HK$62,500,636,000).

(h) Sunac China is principally engaged in the businesses of property development and investment, property management services and operations in the PRC. The audited consolidated profit attributable to owners of Sunac China for the year ended 31 December 2017 was approximately HK$12,706,161,000 (2016: HK$2,891,494,000). As at 31 December 2017, the audited consolidated net asset value attributable to owners of Sunac China was approximately HK$52,514,506,000 (2016: HK$25,859,364,000). The unaudited consolidated profit attributable to owners of Sunac China for the six months ended 30 June 2018 was approximately HK$7,834,466,000 (2017 (restated): HK$1,859,870,000). As at 30 June 2018, the unaudited consolidated net asset value attributable to owners of Sunac China was approximately HK$56,331,862,000 (2017 (restated): HK$27,865,744,000).

(i) EPD is a leading North American provider of midstream energy services to producers and consumers of natural gas, NGLs, crude oil, petrochemicals and refined products. The audited consolidated profit attributable to owners of EPD for the year ended 31 December 2018 was approximately HK$32,704,940,000 (2017: HK$21,814,945,000). As at 31 December 2018, the audited consolidated net asset value attributable to owners of EPD was approximately HK$186,868,320,000 (2017: HK$176,183,821,000).

(j) ET is principally engaged in the businesses of natural gas and liquids operations; NGLs and refined product transportation; terminalling services and acquisition and marketing activities in the United States. The audited consolidated profit attributable to owners of ET for the year ended 31 December 2018 was approximately HK$12,996,070,000 (2017: HK$7,683,898,000). As at 31 December 2018, the audited consolidated net asset value attributable to owners of ET was approximately HK$161,059,210,000 (2017: HK$220,893,966,000).

19. SHARE CAPITAL

	Note	Number of shares	Amount
			HK$
Authorised:			
Ordinary shares of HK$0.02 each			
At 1 January 2017, 31 December 2017 and 31 December 2018		1,000,000,000	20,000,000
Issued and fully paid:			
Ordinary shares of HK$0.02 each			
At 1 January 2017		116,000,000	2,320,000
Issue of shares	(a)	23,200,000	464,000
At 31 December 2017, 1 January 2018 and 31 December 2018		139,200,000	2,784,000

Note:

(a) On 1 December 2017, the Company and South China Securities Limited entered into a placing agreement in respect of the placement of 23,200,000 ordinary shares of HK$0.02 each to independent investors at a price of HK$0.68 each (the "Placing Shares"). The placement was completed on 20 December 2017 and the Placing Shares were allotted and issued to not fewer than six placees, who are professional investors as defined under the Securities and Futures Ordinance (the "SFO"), at the placing price of HK$0.68 each. The premium on issue of shares amounting to HK$15,153,025 (net of share issue expenses of HK$158,975) was credited to the Company's share premium account.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The directors of the Company consider the capital comprises all components of equity.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts. No changes had been made in the objectives, policies and processes during the years ended 31 December 2018 and 2017.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares.

The Group receives a report from the share registrars regularly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year.

20. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	**2018** **HK$**	2017 HK$
Non-current assets			
Investments in subsidiaries		**1,560**	–
Property, plant and equipment		**227,254**	331,215
		228,814	331,215
Current assets			
Financial assets at fair value through profit or loss		**4,804,779**	5,573,317
Due from subsidiaries		**45,419**	–
Prepayments, deposits and other receivables		**503,025**	450,332
Bank and cash balances		**25,699,701**	36,226,467
		31,052,924	42,250,116
Current liabilities			
Due to a subsidiary		**780**	–
Accruals and other payables		**523,603**	308,500
		524,383	308,500
Net current assets		**30,528,541**	41,941,616
Total assets less current liabilities		**30,757,355**	42,272,831
NET ASSETS		**30,757,355**	42,272,831
Equity attributable to owners of the Company			
Share capital		**2,784,000**	2,784,000
Reserves	20(b)	**27,973,355**	39,488,831
TOTAL EQUITY		**30,757,355**	42,272,831

Approved by the Board of Directors on 22 March 2019 and is signed on its behalf by:

SUN Bo
Executive Director

WANG Daming
Executive Director

20. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Note	Share premium account HK$	Contributed surplus account HK$	Accumulated losses HK$	Total HK$
At 1 January 2017		35,186,461	28,040,011	(32,298,703)	30,927,769
Issue of shares	19(a)	15,153,025	–	–	15,153,025
Total comprehensive income for the year		–	–	(6,591,963)	(6,591,963)
Changes in equity for the year		15,153,025	–	(6,591,963)	8,561,062
At 31 December 2017 and 1 January 2018		50,339,486	28,040,011	(38,890,666)	39,488,831
Total comprehensive income for the year		–	–	(11,515,476)	(11,515,476)
At 31 December 2018		50,339,486	28,040,011	(50,406,142)	27,973,355

21. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium account

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

(ii) Contributed surplus account

Under the Bermuda Companies Act 1981, the contributed surplus account of the Company is available for distribution. However the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

– it is, or would after the payment be, unable to pay its liabilities as they become due; or

– the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(b) to the consolidated financial statements.

22. SHARE OPTIONS

During the years ended 31 December 2018 and 2017, no option was granted, exercised, cancelled or lapsed under the share option scheme adopted by the Company on 16 May 2016.

There were no outstanding share options as at 31 December 2018 and 2017.

23. CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have any significant contingent liabilities (2017: Nil).

24. LEASE COMMITMENTS

At 31 December 2018, the total future minimum lease payments under non-cancellable operating lease are payable as follows:

	2018 **HK$**	2017 HK$
Within one year	**3,338,712**	2,725,100
In the second to fifth years inclusive	**3,742,140**	–
	7,080,852	2,725,100

Operating lease payments represent rentals payable by the Group for its office property. Lease is negotiated for an average term of three years and rentals are fixed over the lease terms and do not include contingent rentals.

25. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of the Group as at 31 December 2018 of HK$30,681,867 (2017: HK$42,272,831) and the number of ordinary shares of 139,200,000 (2017: 139,200,000) in issue as at that date.

26. RELATED PARTY TRANSACTIONS

The key management personnel of the Group comprises all directors and the chief executive officer, details of their remuneration are disclosed in note 14.

27. EVENTS AFTER THE REPORTING PERIOD

The Company and Bonus Eventus Securities Limited (the "Placing Agent") entered into a placing agreement and a supplemental placing agreement on 25 January 2019 and 12 February 2019 respectively, pursuant to which the Placing Agent agreed, on a best effort basis, to procure a placee to subscribe for 27,800,000 new ordinary shares (the "Placing Shares") at a price of HK$0.40 each. The Placing Shares rank pari passu in all respect with the then existing shares of the Company.

The placing was completed and 27,800,000 new ordinary shares were issued and allotted to the placee namely Sun Oxford Co., Limited on 25 February 2019. To the best knowledge, information and belief of the Company having made such reasonable enquiry and as informed by the Placing Agent, the placee and its ultimate beneficial owners are independent third parties and not connected with the Company and its connected persons.

28. INVESTMENTS IN SUBSIDIARIES OF THE COMPANY

Particulars of the subsidiaries as at 31 December 2018 are as follows:

Name	Place of incorporation/ registration	Particular of paid up capital	Percentage of ownership interest/voting power/profit sharing		Principal activities
			Direct	Indirect	
CEIG One Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	–	Investment holding
CEIG Two Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	–	Dormant
Hong Kong CEIG One Limited	Hong Kong	100 ordinary shares of HK$1 each	–	100%	Dormant
深圳核經一咨詢有限公司	PRC	Registered capital of RMB Nil	–	100%	Dormant

29. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 22 March 2019.