



**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 INTERIM REPORT

* for identification purposes only

Contents

	Pages
Corporate Information	2
Management Discussion and Analysis	3
Other Information	7
Independent Review Report	12
Condensed Consolidated Interim Financial Statements	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	14
Condensed Consolidated Statement of Financial Position	15
Condensed Consolidated Statement of Changes in Equity	16
Condensed Consolidated Statement of Cash Flows	17
Notes to the Condensed Consolidated Financial Statements	18

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. SUN Bo (*Chairman*)*

Mr. WANG Daming

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

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

The Bank of East Asia, Limited

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

STOCK CODE

339

* Re-designated as Executive Director on 20 March 2018

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the "Board") of directors (the "Directors", and each, a "Director") of Core Economy Investment Group Limited (the "Company", together with its subsidiaries, the "Group") is pleased to present the unaudited interim financial results for the six months ended 30 June 2018 (the "Period").

RESULTS

During the Period, the Group recorded a turnover of approximately HK\$58,000 (2017: Approximately HK\$13,142,000), loss attributable to owners of the Company approximately HK\$5,412,000 (2017: Approximately HK\$3,573,000) and basic loss per share of HK\$0.039 (2017: HK\$0.031). The turnover recorded in the Period are generated from dividend income from listed investments as well as bank and other interest income. The decreased in turnover was mainly attributable to reduce in trading of listed equity securities.

The Group's administrative and other operating expenses amounted to approximately HK\$4,990,000 (2017: Approximately HK\$4,640,000). The Group recorded a loss on net change in fair value of financial assets for the Period of approximately HK\$480,000 as compared with the gain of approximately HK\$1,021,000 in the corresponding period of previous year. The increase in net loss was mainly driven by the reduced in unrealised gain on the Hong Kong listed securities on hand as a result of the recent downturn in financial market especially in the second quarter of 2018.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: HK\$ Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the investment and trading of listed and unlisted equity securities. The stock market has been volatile in 2018 due to the dispute between China and the United States. The trade war has weakened China and Hong Kong stock markets. The impact on stock markets is severe. The Hang Seng index reached up high at 33,000 level during January 2018 then plunged about 5,000 points to the 28,000 level afterwards. The Group adopted wait-and-see approach to keep the existing securities during the Period.

The Group's portfolio of listed securities as at 30 June 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 Partners L.P. and Cityneon Holdings Limited.

As at 30 June 2018, approximately 14% (31 December 2017: 13%) of the Group's total investments consisted of a portfolio of listed securities, 1% (31 December 2017: 1%) in other assets, 1% (31 December 2017: 1%) in property, plant and equipment and 84% (31 December 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\$31,304,998 as at 30 June 2018 (31 December 2017: HK\$36,226,467). As at 30 June 2018, the net asset value of the Group was HK\$36,860,773 (31 December 2017: HK\$42,272,831) with net asset value per share of HK\$0.26 (31 December 2017: HK\$0.30).

The Group has no significant liabilities. The Group's total liabilities amounted to HK\$136,333 as at 30 June 2018 (31 December 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 0.004 as at 30 June 2018 (31 December 2017: 0.007).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

The capital of the Group comprises only ordinary shares as at 30 June 2018 and 31 December 2017. There was no change on the Group's overall capital structure for the six months ended 30 June 2018.

CAPITAL EXPENDITURES

The Group's capital expenditures primarily consisted of expenditures on acquisition of computer equipment, furniture and fixtures and office equipment. During the six months ended 30 June 2018, the Group incurred capital expenditure in the amount of HK\$11,898 (2017: HK\$18,800).

CAPITAL COMMITMENTS

As at 30 June 2018, the Group did not have any significant capital commitments (31 December 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, Singapore dollars and United States dollars. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Board will monitor the foreign currency exposure closely.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group has employed a total of 10 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 six months ended 30 June 2018 amounted to HK\$2,061,150 (2017: HK\$1,866,978).

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2018, no charges had been created on the Group's assets (31 December 2017: Nil).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2018 (31 December 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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 "AGM"), 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.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed here, there was no other significant events that might affect the Group since the end of the six months ended 30 June 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 other future plans relating to material investment or capital asset as at the date of this report. Nonetheless, if any potential investment opportunity arises in the coming future, the Group will perform feasibility studies and prepare implementation plans to assess 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.

OTHER INFORMATION

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 of Hong Kong Limited (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 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 reporting period, no option was granted, exercised, cancelled or lapsed under the Share Option Scheme and there was no outstanding option as at 30 June 2018.

OTHER INFORMATION

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 30 June 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 or any of its associated corporations (within the meaning of Part XV of the Securities and Future 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 30 June 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 Period, the Directors or chief executives had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its other associated corporations required to be disclosed pursuant to the SFO.

Saved as disclosed above, at no time during the period was the Company 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 or other associated corporation.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND 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 30 June 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 30 June 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:

- 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.

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 report, at no time during the reporting period 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.

OTHER INFORMATION

CHANGE OF INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

With effect from 1 January 2018, the remuneration of Mr. ZHANG Yufei ("Mr. ZHANG"), the chief executive officer of the Company, has been increased from HK\$1,380,000 per annum to HK\$1,560,000 per annum, such emoluments have been approved by the Board, with reference to prevailing market conditions and to his duties and responsibilities at the Company. Mr. ZHANG has been acted as a director of the following subsidiaries, namely, CEIG One Limited, CEIG Two Limited and Hong Kong CEIG One Limited with effect from 15 January 2018, 15 January 2018 and 31 January 2018 respectively.

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 Oceanwide Financial Media Limited, a subsidiary of China Tonghai International Financial Limited whose shares are listed on the Stock Exchange (Stock Code: 952).

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2018 and up to the date of this 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 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 reporting period.

CORPORATE GOVERNANCE

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the best interest of the Company and its shareholders. The Company has established procedures on corporate governance that comply with the requirements of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. The Board has reviewed and taken measures to adopt the CG Code as the Company's code of corporate governance practices. During the six months ended 30 June 2018, the Company has complied with the code provisions under the CG Code.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the reporting period, neither the Group nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities.

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 report, there is sufficient public float of more than 25% of the issued share capital of the Company as required under the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee"), with its terms of reference established in compliance with the Listing Rules, comprises three independent non-executive Directors, namely Mr. MOK Ho Ming (the chairman of the Audit Committee), Mr. CHEN Ming and Mr. WONG Yan Wai George. The Audit Committee has reviewed with the management of the Company the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2018 including the accounting principles and practices adopted by the Group and has also discussed with management of the Group the financial reporting procedures, internal control and risk management systems.

REVIEW OF ACCOUNTS

The external auditor, RSM Hong Kong, has reviewed the interim financial information for the six months ended 30 June 2018 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Unofficial English translation

INDEPENDENT REVIEW REPORT



**TO THE BOARD OF DIRECTORS OF
CORE ECONOMY INVESTMENT GROUP LIMITED
(FORMERLY KNOWN AS EARNEST INVESTMENTS HOLDINGS LIMITED)**

(Continued into Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 14 to 26 which comprises the condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT REVIEW REPORT

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

RSM Hong Kong

Certified Public Accountants

Hong Kong
17 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Note	(Unaudited)	
		Six months ended 30 June	
		2018	2017
		HK\$	HK\$
Revenue	5	58,076	46,002
Net change in fair value of financial assets	6	(480,073)	1,021,125
Administrative and other operating expenses		(4,990,061)	(4,640,322)
Loss before tax		(5,412,058)	(3,573,195)
Income tax	7	–	–
Loss for the period attributable to owners of the Company	8	(5,412,058)	(3,573,195)
Other comprehensive income for the period, net of tax		–	–
Total comprehensive income for the period attributable to owners of the Company		(5,412,058)	(3,573,195)
Loss per share			
Basic	11	(0.039)	(0.031)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018

		(Unaudited) 30 June 2018 HK\$	(Audited) 31 December 2017 HK\$
	Note		
Non-current assets			
Property, plant and equipment	12	285,184	331,215
Current assets			
Financial assets at fair value through profit or loss	13	5,093,244	5,573,317
Prepayments and deposits		313,680	450,332
Bank and cash balances		31,304,998	36,226,467
		36,711,922	42,250,116
Current liabilities			
Accruals		136,333	308,500
Net current assets		36,575,589	41,941,616
Total assets less current liabilities		36,860,773	42,272,831
NET ASSETS		36,860,773	42,272,831
Equity attributable to owners of the Company			
Share capital	14	2,784,000	2,784,000
Reserves		34,076,773	39,488,831
TOTAL EQUITY		36,860,773	42,272,831
Net asset value per share	15	0.26	0.30

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	(Unaudited)				
	Share capital HK\$	Share premium account HK\$	Contributed surplus account HK\$	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
Total comprehensive income and change in equity for the period	-	-	-	(3,573,195)	(3,573,195)
At 30 June 2017	2,320,000	35,186,461	28,040,011	(35,871,898)	29,674,574
At 1 January 2018	2,784,000	50,339,486	28,040,011	(38,890,666)	42,272,831
Total comprehensive income and change in equity for the period	-	-	-	(5,412,058)	(5,412,058)
At 30 June 2018	2,784,000	50,339,486	28,040,011	(44,302,724)	36,860,773

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
Net cash (used in)/generated from operating activities	(4,909,571)	7,915,525
Net cash used in investing activities	(11,898)	(18,800)
Net (decrease)/increase in cash and cash equivalents	(4,921,469)	7,896,725
Cash and cash equivalents at 1 January	36,226,467	14,171,225
Cash and cash equivalents at 30 June		
Representing bank and cash balances	31,304,998	22,067,950

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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, 19/F., 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 activity is 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 condensed consolidated interim financial statements have not been audited.

These condensed consolidated interim financial statements for the six months ended 30 June 2018 (the "Period") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. Except that these condensed consolidated interim financial statements are the first financial period prepared in accordance with HKFRS 10 "Consolidated Financial Statements", the accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2017.

3. ADOPTION OF NEW AND REVISED HKFRSs

In the current period, the Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2018. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. Amendments to HKFRSs effective from 1 January 2018 do not have a material effect on the Group's consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

4. FAIR VALUE MEASUREMENTS

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

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 fair value through profit and loss are using the Level 1 of the fair value hierarchy.

5. REVENUE AND SEGMENT INFORMATION

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
Dividend income from listed securities	56,171	45,009
Bank and other interest income	1,905	993
Revenue	58,076	46,002
Proceeds from disposals of financial assets at fair value through profit or loss	-	13,095,700

No segment information is presented as all of the revenue and 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

6. NET CHANGE IN FAIR VALUE OF FINANCIAL ASSETS

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
Net realised loss on disposals of financial assets at fair value through profit or loss	–	(851,850)
Net unrealised (losses)/gains on financial assets at fair value through profit or loss	(480,073)	1,872,975
	(480,073)	1,021,125

7. INCOME TAX

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the Period (2017: Nil).

As at 30 June 2018, the Group has unused tax losses of HK\$56,524,497 (31 December 2017: HK\$51,588,409) available to offset against future profits. No deferred tax asset has been recognised in the condensed consolidated interim financial statements due to the unpredictability of future profit streams.

8. LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
Depreciation	57,929	51,892
Directors' emoluments		
– Fees	360,000	302,635
– Retirement benefit scheme contributions	–	4,839
	360,000	307,474
Investment management fee (Note 9)	360,000	360,000
Operating lease charges — land and buildings	1,435,230	1,428,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

9. 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 of a period of two years from 12 May 2016 with investment management fee of HK\$60,000 per month payable monthly in arrears. 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. During the Period, the investment management fee of HK\$360,000 was paid 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 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.

10. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

11. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the Period attributable to owners of the Company of HK\$5,412,058 (2017: HK\$3,573,195) and the weighted average number of ordinary shares of 139,200,000 (2017: 116,000,000) in issue during the Period.

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2018 and 2017.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment of HK\$11,898 (2017: HK\$18,800).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 June 2018 HK\$	(Audited) 31 December 2017 HK\$
Equity securities, at fair value		
Listed in Hong Kong	4,048,035	4,572,630
Listed outside Hong Kong	1,045,209	1,000,687
	5,093,244	5,573,317

The carrying amounts of the above financial assets are classified as held for trading.

The investment 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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

AT 30 JUNE 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 Period 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	423,200	60,000	-	N/A	330,315
The Wharf (Holdings) Limited ("Wharf")	Hong Kong	15,000	Less than 1%	380,250	378,000	(2,250)	14,250	7.59	701,697
China Overseas Land & Investment Ltd. ("China Overseas")	Hong Kong	14,000	Less than 1%	350,000	361,900	11,900	-	N/A	339,508
Ping An Insurance (Group) Company of China, Ltd. ("Ping An")	People's Republic of China ("PRC")	5,000	Less than 1%	400,250	361,000	(39,250)	-	N/A	155,222
Sun Hung Kai Properties Limited ("Sun Hung Kai")	Hong Kong	3,000	Less than 1%	381,000	355,200	(25,800)	3,600	12.03	545,267
China Taiping Insurance Holdings Company Limited ("China Taiping")	Hong Kong	14,000	Less than 1%	400,400	343,700	(56,700)	-	N/A	258,809
CK Asset Holdings Limited ("CK Asset")	Cayman Islands	5,500	Less than 1%	365,750	342,650	(23,100)	7,040	6.30	464,477
China Pacific Insurance (Group) Co., Ltd. ("China Pacific")	PRC	10,600	Less than 1%	394,320	321,710	(72,610)	-	N/A	192,624
Sunac China Holdings Ltd.	Cayman Islands	11,000	Less than 1%	386,650	301,950	(84,700)	-	N/A	131,207
New China Life Insurance Company Ltd.	PRC	7,700	Less than 1%	399,245	251,405	(147,840)	-	N/A	188,549
HSBC Holdings Plc.	England	2,400	Less than 1%	178,200	176,640	(1,560)	3,954	2.27	170,169
China Life Insurance Co. Ltd.	PRC	8,000	Less than 1%	194,000	162,000	(32,000)	-	N/A	108,904
Tianjin Development Holdings Ltd.	Hong Kong	44,000	Less than 1%	180,558	143,880	(36,678)	-	N/A	450,203
CK Hutchison Holdings Limited	Cayman Islands	1,500	Less than 1%	152,700	124,800	(27,900)	3,105	4.40	170,929
Listed outside Hong Kong:									
Enterprise Products Partners L.P. ("EPD")	United States	2,000	Less than 1%	413,959	432,676	18,717	8,383	1.81	163,747
Energy Transfer Partners, L.P. ("ETP")	United States	2,850	Less than 1%	400,624	424,263	23,639	15,839	1.43	534,782
Cityneon Holdings Limited	Singapore	34,800	Less than 1%	190,522	188,270	(2,252)	-	N/A	68,958
				5,531,628	5,093,244	(438,384)			

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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

At 31 December 2017

Name of investee company	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost		Fair value gains/(losses)	Dividend income received during the year	Dividend cover	Net assets attributable to the Group
				HK\$	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	Hong Kong	14,000	Less than 1%	400,400	410,200	9,800	-	N/A	258,809
Ping An	PRC	5,000	Less than 1%	400,250	406,750	6,500	-	N/A	155,222
Wharf	Hong Kong	15,000	Less than 1%	380,250	405,000	24,750	-	N/A	701,308
China Pacific	PRC	10,600	Less than 1%	394,320	398,030	3,710	-	N/A	177,325
Sun Hung Kai	Hong Kong	3,000	Less than 1%	381,000	391,200	10,200	-	N/A	545,315
CK Asset	Cayman Islands	5,500	Less than 1%	365,750	375,650	9,900	-	N/A	433,681
China Resources Land	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	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:									
EPD	United States	2,000	Less than 1%	413,959	412,814	(1,145)	-	N/A	163,686
ETP	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	68,968
				5,531,628	5,573,317	41,689			

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

13. 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 development 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).
- (b) 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 2017 was approximately HK\$21,876,000,000 (2016: HK\$21,440,000,000). As at 31 December 2017, the audited consolidated net asset value attributable to owners of Wharf was approximately HK\$141,974,000,000 (2016: HK\$316,794,000,000). The unaudited consolidated profit attributable to owners of Wharf for the six months ended 30 June 2018 was approximately HK\$2,860,000,000 (2017: HK\$8,441,000,000). As at 30 June 2018, the unaudited consolidated net asset value attributable to owners of Wharf was approximately HK\$142,516,000,000 (2017: HK\$324,456,000,000).
- (c) China Overseas is principally engaged in property development and investment, and treasury operations. The audited consolidated profit attributable to owners of China Overseas for the year ended 31 December 2017 was approximately HK\$40,766,835,000 (2016: HK\$37,020,638,000). As at 31 December 2017, the audited consolidated net asset value attributable to owners of China Overseas was approximately HK\$265,694,287,000 (2016: HK\$222,248,442,000).
- (d) Ping An is principally engaged in provision of integrated financial products and services with a focus on business of life insurance, property and casualty insurance, trust, securities and banking. The audited consolidated profit attributable to owners of Ping An for the year ended 31 December 2017 was approximately HK\$102,869,914,000 (2016: HK\$72,795,080,000). As at 31 December 2017, the audited consolidated net asset value attributable to owners of Ping An was approximately HK\$567,500,514,000 (2016: HK\$426,126,874,000).
- (e) Sun Hung Kai is principally engaged in 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 2017 was approximately HK\$41,782,000,000 (2016: HK\$32,666,000,000). As at 30 June 2017, the audited consolidated net asset value attributable to owners of Sun Hung Kai was approximately HK\$498,215,000,000 (2016: HK\$468,707,000,000). The unaudited consolidated profit attributable to owners of Sun Hung Kai for the six months ended 31 December 2017 was approximately HK\$33,031,000,000 (2016: HK\$20,659,000,000). As at 31 December 2017, the unaudited consolidated net asset value attributable to owners of Sun Hung Kai was approximately HK\$526,547,000,000 (2016: HK\$476,834,000,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

- (f) 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).
- (g) CK Asset is principally engaged in the property development and investment, hotel and serviced suite operation, property and project management, joint ventures in infrastructure and utility asset operation, as well as aircraft leasing. The audited consolidated profit attributable to owners of CK Asset for the year ended 31 December 2017 was approximately HK\$30,125,000,000 (2016: HK\$19,415,000,000). As at 31 December 2017, the audited consolidated net asset value attributable to owners of CK Asset was approximately HK\$291,552,000,000 (2016: HK\$270,199,000,000). The unaudited consolidated profit attributable to owners of CK Asset for the six months ended 30 June 2018 was approximately HK\$24,753,000,000 (2017 (restated): HK\$14,975,000,000). As at 30 June 2018, the unaudited consolidated net asset value attributable to owners of CK Asset was approximately HK\$312,255,000,000 (2017: HK\$275,623,000,000).
- (h) China Pacific is principally engaged in property and casualty insurance businesses, life insurance businesses, pension and annuity businesses, as well as asset management, etc. The audited consolidated profit attributable to owners of China Pacific for the year ended 31 December 2017 was approximately HK\$16,930,211,000 (2016: HK\$14,066,902,000). As at 31 December 2017, the audited consolidated net asset value attributable to owners of China Pacific was approximately HK\$164,846,352,000 (2016: HK\$146,429,333,000).
- (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 2017 was approximately HK\$21,814,945,000 (2016: HK\$19,506,682,000). As at 31 December 2017, the audited consolidated net asset value attributable to owners of EPD was approximately HK\$176,183,821,000 (2016: HK\$170,952,438,000). The unaudited consolidated profit attributable to owners of EPD for the six months ended 30 June 2018 was approximately HK\$12,341,876,000 (2017: HK\$10,995,546,000). As at 30 June 2018, the unaudited consolidated net asset value attributable to owners of EPD was approximately HK\$177,881,374,000 (2017: HK\$176,907,401,000).
- (j) ETP is principally engaged in the businesses of (i) natural gas operations; (ii) natural gas liquids operations; (iii) crude oil and refined product transportation, terminalling services and acquisition and marketing activities in the United States. The audited consolidated profit attributable to owners of ETP for the year ended 31 December 2017 was approximately HK\$7,683,898,000 (2016 (restated): Loss attributable to owners of HK\$7,909,478,000). As at 31 December 2017, the audited consolidated net asset value attributable to owners of ETP was approximately HK\$220,893,966,000 (2016 (restated): HK\$144,387,234,000). The unaudited consolidated profit attributable to owners of ETP for the six months ended 30 June 2018 was approximately HK\$2,265,355,000 (2017: HK\$248,768,000). As at 30 June 2018, the unaudited consolidated net asset value attributable to owners of ETP was approximately HK\$218,628,790,000 (2017: HK\$199,984,112,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

14. SHARE CAPITAL

	(Unaudited) 30 June 2018 HK\$	(Audited) 31 December 2017 HK\$
Authorised:		
1,000,000,000 ordinary shares of HK\$0.02 each	20,000,000	20,000,000
Issued and fully paid:		
139,200,000 ordinary shares of HK\$0.02 each	2,784,000	2,784,000

During the six months ended 30 June 2018, 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 30 June 2018 and 31 December 2017.

15. 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 30 June 2018 of HK\$36,860,773 (31 December 2017: HK\$42,272,831) and the number of ordinary shares of 139,200,000 (31 December 2017: 139,200,000) in issue as at that date.

16. RELATED PARTY TRANSACTIONS

Key management compensation

The key management personnel of the Group comprises all directors and the chief executive officer. Details of their emoluments are disclosed below:

	(Unaudited) Six months ended 30 June 2018 HK\$	2017 HK\$
Fees	360,000	302,635
Salaries	780,000	690,000
Retirement benefit scheme contributions	4,500	4,839
	1,144,500	997,474

17. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2018 (At 31 December 2017: Nil).

18. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 17 August 2018.