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Core Economy Investment Group Limited

核心經濟投資集團有限公司

(Continued into Bermuda with limited liability)

(Stock Code: 339)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 consolidated interim results of the Group for the six months ended 30 June 2022 (the “Period”), together with the comparative figures for the corresponding period of 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		(Unaudited)	
		Six months ended 30 June	
	Notes	2022 HK\$	2021 HK\$
Revenue	4	164,418	74,721
Net change in fair value of financial assets at fair value through profit or loss	5	(2,671,934)	1,774,293
Administrative and other operating expenses		(3,867,006)	(4,836,842)
Finance costs	6	(204,962)	(270,924)
Loss before income tax expense	7	(6,579,484)	(3,258,752)
Income tax expense	8	–	–
Loss for the period attributable to owners of the Company		(6,579,484)	(3,258,752)
Other comprehensive income for the period, net of tax:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(441)	(206)
Total comprehensive income for the period attributable to owners of the Company		(6,579,925)	(3,258,958)
Loss per share			
– Basic and diluted	10	(0.027)	(0.014)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		(Unaudited) As at 30 June 2022 <i>HK\$</i>	(Audited) As at 31 December 2021 <i>HK\$</i>
Non-current assets			
Property, plant and equipment		437,702	535,522
Right-of-use asset		1,813,110	2,409,992
Refundable rental deposit		403,129	403,129
		2,653,941	3,348,643
Current assets			
Financial assets at fair value through profit or loss	11	12,992,432	17,660,440
Prepayments, deposits and other receivables		204,820	328,641
Cash and cash equivalents		1,471,748	1,419,050
		14,669,000	19,408,131
Current liabilities			
Accruals and other payables		725,676	514,332
Director's loans		1,500,000	–
Lease liability		1,231,620	1,163,564
		3,457,296	1,677,896
Net current assets		11,211,704	17,730,235
Total assets less current liabilities		13,865,645	21,078,878
Non-current liabilities			
Lease liability		696,234	1,329,542
Provision		300,000	300,000
		996,234	1,629,542
NET ASSETS		12,869,411	19,449,336
Equity attributable to owners of the Company			
Share capital		4,809,600	4,809,600
Reserves		8,059,811	14,639,736
TOTAL EQUITY		12,869,411	19,449,336

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. GENERAL INFORMATION

Core Economy Investment Group Limited (the “Company”) was continued into Bermuda as an exempted company with limited liability under Bermuda Companies Act 1981. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The address of its principal place of business is Room 1805, 18th 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 securities. The Company and its subsidiaries are collectively referred to as the “Group”.

These condensed consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), unless otherwise stated.

The condensed consolidated financial statements have not been audited.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The accounting policies applied in these condensed consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 December 2021, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2022. The Group has not early adopted any new and revised Hong Kong Financial Reporting Standards (the “HKFRSs”) that has been issued but not yet effective in the current accounting period.

These condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with HKFRSs and should be read in conjunction with the annual financial statements for the year ended 31 December 2021.

The preparation of these condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

3. CHANGES IN HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Annual Improvements to HKFRSs 2018–2020 Cycle	Amendments to HKFRS 1, HKFRS 9 and HKAS 41 and Illustrative Examples Accompanying HKFRS 16

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in these condensed consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENT INFORMATION

	(Unaudited)	
	Six months ended 30 June	
	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
Dividend income from listed equity investments	164,398	74,027
Bank interest income	20	30
Other interest income	–	664
	<u>164,418</u>	<u>74,721</u>
Revenue		
Proceeds from disposals of financial assets at fair value through profit or loss (“FVTPL”)	<u>14,757,090</u>	<u>38,395,131</u>

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.

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

	(Unaudited)	
	Six months ended 30 June	
	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
Net realised gains on disposals of financial assets at FVTPL	1,044,294	1,692,987
Net unrealised (losses)/gains on financial assets at FVTPL	<u>(3,716,228)</u>	<u>81,306</u>
	<u>(2,671,934)</u>	<u>1,774,293</u>

6. FINANCE COSTS

	(Unaudited)	
	Six months ended 30 June	
	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
Interest expense on lease liability	129,086	183,214
Interest expense on other borrowings	75,876	87,710
	<u>204,962</u>	<u>270,924</u>

7. LOSS BEFORE INCOME TAX EXPENSE

	(Unaudited)	
	Six months ended 30 June	
	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
Loss before income tax expense for the Period is stated at after charging:		
Auditor's remuneration	48,000	48,000
Depreciation		
– Property, plant and equipment	97,820	115,005
– Right-of-use asset	596,882	980,048
Directors' emoluments		
– Fees	1,368,000	1,516,881
Written off of property, plant and equipment	–	5,088
	<u>–</u>	<u>5,088</u>

8. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the Period (2021: Nil).

As at 30 June 2022, the Group has unused tax losses of HK\$98,052,172 (At 31 December 2021: HK\$93,650,711) and unrealised losses from financial assets at FVTPL of HK\$10,425,367 (At 31 December 2021: HK\$7,694,976) available to offset against future profits. No deferred tax asset has been recognised in the condensed consolidated financial statements due to the unpredictability of future profit streams.

9. DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2022 (2021: Nil).

10. 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\$6,579,484 (2021: HK\$3,258,752) and the weighted average number of 240,480,000 (2021: 233,394,033) ordinary shares in issue during the Period.

Diluted loss per share equals to basic loss per share, as there were no potential dilutive ordinary shares issued during the six months ended 30 June 2022 and 2021.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 June 2022 HK\$	(Audited) 31 December 2021 HK\$
Equity securities excluding suspended equity securities, at fair value		
– Listed in Hong Kong	10,077,076	15,708,817
– Listed outside Hong Kong	1,774,200	1,951,623
Suspended equity securities in Hong Kong, at fair value	1,141,156	–
	<u>12,992,432</u>	<u>17,660,440</u>

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

Except for the suspended equity securities, the fair values of the listed securities are based on quoted market prices.

12. NET ASSET VALUE PER SHARE

The net asset value per share is HK\$0.05 as at 30 June 2022 (At 31 December 2021: HK\$0.08). The calculation is based on the net assets of the Group as at 30 June 2022 of HK\$12,869,411 (At 31 December 2021: HK\$19,449,336) and the number of ordinary shares of 240,480,000 (At 31 December 2021: 240,480,000) in issue as at that date.

13. IMPACTS OF COVID-19 PANDEMIC

Since January 2020, the outbreak of Novel Coronavirus (“COVID-19”) has dealt a big blow on the global business environment. In preparing the condensed consolidated financial statements, the Group applies fair value approach to measure its financial assets at FVTPL. Since 2020, fair value of the Group’s financial assets at FVTPL has been suffering from fluctuations due to the COVID-19 outbreak. The impact will largely depend on duration of the outbreak.

In view of the development and spread of COVID-19 subsequent to the date of this announcement, further changes in economic conditions arising thereof may have negative impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will keep monitoring to the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

During the Period, the Group recorded a revenue of approximately HK\$164,000 (2021: Approximately HK\$75,000), loss attributable to owners of the Company of approximately HK\$6,579,000 (2021: Approximately HK\$3,259,000) and basic loss per share of HK\$0.027 (2021: HK\$0.014). The revenue recorded in the Period is generated from dividend income from listed investments as well as bank and other interest income. The increase in revenue was mainly attributable to increase in dividend income from listed equity securities during the Period.

The Group's administrative and other operating expenses amounted to approximately HK\$3,867,000 (2021: Approximately HK\$4,837,000). The Group recorded a loss on net change in fair value of financial assets at fair value through profit or loss for the Period of approximately HK\$2,672,000 as compared with a gain of approximately HK\$1,774,000 in the corresponding period of previous year. The increase in net loss was mainly driven by increase in loss on net change in fair value of financial assets at fair value through profit or loss as a result of the recent downturn in financial market and effect is partially mitigated by decrease in administrative and other operating expenses because of implementation of cost saving plan.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: HK\$Nil).

Business Review

The last half-year hasn't exactly been stellar for the stock market. During the first six months of 2022, the Hang Seng Index dropped more than 10%, marking its worst first-half performance since 2016. Shares are likely to see continued short-term volatility as central banks continue to tighten to combat high inflation, the war in Ukraine continues and fears of recession remain high. During the reporting period, the new wave of COVID-19 outbreak adversely affected the global economy, especially Mainland China and Hong Kong. Looking ahead, the relaxation of COVID-19 measures will give a boost to the market. Yet, the Company maintains a conservative investment position in the face of the rising risk of recession and uncertainty.

The Group's portfolio of listed securities as at 30 June 2022 consisted of Tencent Holdings Limited, Alibaba Group Holding Limited, Sunac China Holdings Limited, DT Capital Limited, Meta Platforms, Inc., China Evergrande Group, New Silkroad Culturaltainment Limited, Ping An Insurance (Group) Company of China, Ltd. – A Shares, JD.com, Inc., HSBC Holdings Plc, Baidu, Inc., Blue Moon Group Holdings Limited, JD Health International Inc. and Sunac Services Holdings Limited.

Liquidity, Financial Resources and Funding

The Group mainly relies upon shareholders' funds, loans from a director, funds from placing of shares and cash generated from its business operations to finance its operation and expansion. The Group managed the cash and cash equivalents principally based on making good use of capital to achieve returns for shareholders and ensuring sufficient liquidity for the working capital requirements.

The Group had non-interest-bearing loans from one Director of HK\$1,500,000 as at 30 June 2022 (At 31 December 2021: Nil) which were repayable on 9 December 2022 and 26 December 2022 respectively. Details of the loans from the Director are disclosed in the section "Loans from a Director" below.

Cash and cash equivalents stood at HK\$1,471,748 as at 30 June 2022 (At 31 December 2021: HK\$1,419,050). As at 30 June 2022, the consolidated net asset value of the Group was HK\$12,869,411 (At 31 December 2021: HK\$19,449,336) with consolidated net asset value per share of HK\$0.05 (At 31 December 2021: HK\$0.08).

Loans from a Director

On 8 June 2022 and 24 June 2022, the Company entered into two loan agreements with Mr. SUN Bo ("Mr. SUN"), an executive Director and one of the shareholders of the Company, pursuant to which Mr. SUN agreed to provide two loans to the Company with the principal amount of HK\$500,000 and HK\$1,000,000 respectively. The purpose of the loans is to support the day-to-day operation of the Group. The loans did not bear any interest and were repayable within six months. The loans were repayable on 9 December 2022 and 26 December 2022 respectively. As at 30 June 2022, HK\$1,500,000 has been drawn and approximately of HK\$200,000 has been used as working capital of the Group.

During the Period, the Company did not carry out any fund raising activities.

The Group has no significant liabilities. The Group's accruals and other payables amounted to HK\$725,676 as at 30 June 2022 (At 31 December 2021: HK\$514,332), a lease liability amounted to HK\$1,927,854 (At 31 December 2021: HK\$2,493,106) and a provision amounted to HK\$300,000 (At 31 December 2021: HK\$300,000). The Group has recognised a right-of-use asset and a lease liability for the office property lease contract. The gearing ratio of the Group, calculated on the basis of the Group's total liabilities over total owners' equity, was 0.346 as at 30 June 2022 (At 31 December 2021: 0.170).

Capital Structure

The capital of the Group comprises only ordinary shares as at 30 June 2022 and 31 December 2021. There was no change on the Group's overall capital structure for the six months ended 30 June 2022.

Capital Expenditures

The Group's capital expenditures primarily consisted of expenditures on acquisition of computer equipment, furniture and fixtures, motor vehicles, office equipment and leasehold improvements. During the six months ended 30 June 2022, the Group incurred capital expenditure in the amount of HK\$Nil (2021: HK\$86,550).

Capital Commitments

As at 30 June 2022, the Group did not have any significant capital commitments (At 31 December 2021: 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 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 2022, the Group has employed a total of 12 employees (2021: 12) 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 2022 amounted to HK\$2,421,000 (2021: HK\$2,637,859).

Charges on the Group's Assets

As at 30 June 2022, no charges had been created on the Group's assets (At 31 December 2021: Nil).

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2022 (At 31 December 2021: Nil).

Prospects

Having mentioned in "Business Review" section, the market is experiencing a tumultuous in short run. The Group expects 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.

Events After The Reporting Period

Save as disclosed above and under the section “CHANGE OF THE AUDITOR OF THE COMPANY”, there is no material subsequent event undertaken by the Group after the end of the six months ended 30 June 2022 and up to the date of this announcement.

Significant Investment Held

As at 30 June 2022, the significant investments of the Group are included in the note 11 to the condensed consolidated financial statements of this announcement.

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 announcement. 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.

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 Period or at any time during the Period.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

For the period ended 30 June 2022 and up to the date of this announcement, 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.

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.

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 2022, the Company has complied with the code provisions under the CG Code.

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 reporting period.

CHANGE OF THE AUDITOR OF THE COMPANY

Reference is made to the announcement of the Company dated 15 July 2022. BDO Limited (“BDO”) has resigned as the auditor of the Company with effect from 15 July 2022. LIF & WONG CPA Limited had been appointed as the auditor of the Company to fill the casual vacancy following the resignation of BDO with effect from 15 July 2022 and hold office until the conclusion of the next annual general meeting of the Company.

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 financial statements of the Group for the six months ended 30 June 2022 including the accounting principles and practices adopted by the Group and has also discussed with management of the Company the financial reporting procedures, internal control and risk management systems.

REVIEW OF ACCOUNTS

The external auditor, LIF & WONG CPA Limited, has reviewed the condensed consolidated financial statements for the six months ended 30 June 2022 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.

PUBLICATION OF 2022 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website (www.ceig.hk) and the Stock Exchange's website (www.hkexnews.hk). The Group's 2022 interim report for the six months ended 30 June 2022 will be made available on the websites of the Company and Stock Exchange and will be dispatched to Company's shareholders in due course.

By order of the Board
Core Economy Investment Group Limited
SUN Bo
Chairman

Hong Kong, 29 August 2022

As at the date of this announcement, the executive Directors are Mr. SUN Bo (Chairman) and Mr. WANG Daming; the non-executive Directors are Mr. HE Yu and Ms. LIU Li; and the independent non-executive Directors are Mr. CHEN Ming, Mr. MOK Ho Ming and Mr. WONG Yan Wai George.