CEIG

2019 ANNUAL REPORT

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**)

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. HE Yu*
Mr. LIANG Qianyuan#

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

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

STOCK CODE

339

* Appointed on 21 March 2019
\# Appointed on 4 July 2019

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

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited

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 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Appropriations

During the year, the Group recorded a revenue of approximately HK$195,000 (2018: Approximately HK$180,000), proceeds from disposals of listed equity securities of approximately HK$263,000 (2018: HK$Nil), loss attributable to owners of the Company approximately HK$11,182,000 (2018: Approximately HK$11,590,000) and basic loss per share of HK$0.069 (2018: HK$0.083). 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$11,409,000 (2018: Approximately HK$11,001,000). The Group recorded a gain on net change in fair value of financial assets at fair value through profit or loss for the year of approximately HK$174,000 as compared with the loss of approximately HK$769,000 of previous year. The decrease in loss for the year attributable to owners of the Company was mainly driven by increase in gain from change in fair value of financial assets, while such result was partially mitigated by slightly increase in administrative and other operating expenses.

Business Review

The results of the Group remained stable this year. Stock markets have been performed better than last year, Hang Seng Index sees 9% gain in 2019, resulting in an increase in gain from change in fair value of financial assets. However, the market still faces with uncertainties, the unstable political situation in Hong Kong, and the trade negotiation between China and US as well as the Brexit event. It would seem that the situation is even worse than we had previously thought, the outbreak of coronavirus has suspended all cross-border trade activities which will hit the global market tremendously. It is expected that global government will impose a number of measures to stimulate the economy rebound once the coronavirus scare recedes, the Group will cautiously navigate investment opportunities internationally for better return and create value for shareholders.

The Group's portfolio of listed securities as at 31 December 2019 consisted of New Silkroad Culturaltainment Limited, China Resources Land Limited, Sunac China Holdings Limited, Ping An Insurance (Group) Company of China, Ltd., China Overseas Land & Investment Ltd., Sun Hung Kai Properties Limited, China Pacific Insurance (Group) Co., Ltd., CK Asset Holdings Limited, The Wharf (Holdings) Limited, China Taiping Insurance Holdings Company Limited, New China Life Insurance Company Ltd., China Life Insurance Company Limited, HSBC Holdings Plc, CK Hutchison Holdings Limited, Tianjin Development Holdings Limited, Enterprise Products Partners L.P. and Energy Transfer L.P..

Chairman's Statement

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

New Silkroad Culturaltainment Limited

Bloomberg stock code: 472:HK

New Silkroad Culturaltainment Limited ("New Silkroad") is principally engaged in provision of loan facilitation services, operation of casino business, development and operation of integrated resort, cultural tourism and real estate and production and distribution of wine and Chinese baijiu. New Silkroad has recorded a loss at the first half year of 2019. From the management of New Silkroad's view, the loss is mainly driven by disposal of 深圳市你我金融信息服務有限公司 (Shenzhen Niiwoo Financial Information Services Ltd.). In future, New Silkroad will manage risks cautiously and aim for business growth.

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"). China Resources Land has generated a steady growth in the past years. In future, the management of China Resources Land will focus on urban, consumption and industrial upgrade trends to transform China Resources Land into an integrated operator in city investment, development and operation. China Resources Land also participate in the urbanisation progress to achieve quality growth to improve product and service quality. The management of China Resources Land aim at delivering "high quality, high efficiency, low risk" growth.

Sunac China Holdings Limited
Bloomberg stock code: 1918:HK

Sunac China Holdings Limited ("Sunac China") is principally engaged in the businesses of property development and investment, property management services and operations in the PRC. The profit for the year increased significantly, which was primarily brought by the increase of the area delivered in the sales of properties. In future, Sunac China will focus on enhancing its liquidity position and invest prudently to maintain its industry leading position.

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. It maintained a strong operating profit growth during the year. In future, Ping An will focus on integrating different technologies into their retail financial services and seek for sustainable growth.

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 EPD has performed well during the year thanks to change in energy commodity prices leading the decrease in cost of sales. The management of EPD expect several facilities (e.g. Mentone Natural Gas Processing Facility, Bulldog Natural Gas Processing Plant, Isobutane Dehydrogenation Unit, etc.) will be completed and begin service in 2020.

Chairman's Statement

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. China Overseas Land has achieved concurrent growth in scale during the year. In future, China Overseas Land considers sustainable development is a key for their success in long run. The management of China Overseas Land is committed to improve product quality and they believe that China property market will maintain a steady growth.

Energy Transfer 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 2019 compared with 2018. In future, the management of ET will continue focus on expanding natural gas and liquids businesses through acquiring certain strategic operations and businesses or assets.

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

Sun Hung Kai Properties Limited ("Sun Hung Kai") is principally engaged the development of and investment in properties for sale and rent, hotel operation, telecommunications, transport infrastructure and logistics. The decrease in underlying profit during the six months ended 31 December 2019 partially driven by significantly reduce in hotel business revenue due to the recent epidemic. In future, the management of Sun Hung Kai expects the global spread of the novel coronavirus, which will continue to pose risks and challenges to the world economy. Sun Hung Kai will continue to expand its diversified property investment portfolio in the near term.

China Pacific Insurance (Group) Co., Ltd.
Bloomberg stock code: 2601:HK

China Pacific Insurance (Group) Co., Ltd. ("China Pacific Insurance") is principally engaged in the property and casualty businesses, life insurance businesses, pension and annuity businesses as well as asset management. The management of China Pacific Insurance expect there will be significantly increase in profit for the year of 2019 as compared to last year. The management of China Pacific Insurance will focus on sustainable value growth by enhancing its brand name and further expanding its insurance business.

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. CK Asset's first half of 2019 results were in line with expectations. In future, the management of CK Asset will enhance its property business and explore global opportunities to strengthen the recurrent income base by further expansion of its local and overseas business portfolio.

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 20 of the consolidated financial statements.

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$23,308,357 as at 31 December 2019 (2018: HK$25,704,886). The cash was deposited with banks and a financial institution in Hong Kong. As at 31 December 2019, the net financial investments in a portfolio of listed securities was HK$5,918,323 (2018: HK$4,804,779), the consolidated net asset value of the Group was HK$30,506,667 (2018: HK$30,681,867) with consolidated net asset value per share of HK$0.18 (2018: HK$0.22).

Chairman's Statement

On 25 February 2019, a total of 27,800,000 new shares (the "Placing Shares") of nominal value of HK$0.02 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 (the "Placing Price") of HK$0.4 per the Placing Share pursuant to the terms and conditions of the placing agreement (the "Placing Agreement") and the supplemental placing agreement on 25 January 2019 and 12 February 2019 respectively.

The Placing Price of HK$0.4 per Placing Share represents (i) a discount of approximately 6.98% to the closing price of HK$0.43 per share as quoted on the The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 25 January 2019, being the date of the Placing Agreement; and (ii) a discount of approximately 6.98% to the average of the closing prices of HK$0.43 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement. 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 respectively. 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 and not connected with the Company and its connected person as at the date of completion.

The gross and net proceeds were approximately HK$11,120,000 and HK$11,000,000 respectively. The net placing price per share was approximately HK$0.396. Of the net proceeds, the Company intends to use (i) approximately HK$5,500,000 for future investment and business development (the "Investment Fund"); and (ii) approximately HK$5,500,000 as general working capital of the Company (the "General Working Capital Fund"). During the year, the Group had fully used the General Working Capital Fund and utilised approximately HK$1,200,000 Investment Fund.

The Group has no significant liabilities. The Group's accrual and other payables amounted to HK$464,300 as at 31 December 2019 (2018: HK$564,311) and a lease liability amounted to HK$3,560,700 as at 31 December 2019 (2018: HK$Nil). The Group has recognised a right-of-use asset and a lease liability for the office property lease contract. Further details have been set out in note 3 of the consolidated financial statements. The gearing ratio of the Group, calculated on the basis of the Group's total liabilities over total owners' equity, was 0.13 as at 31 December 2019 (2018: 0.018).

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 2019. The capital of the Company comprises only ordinary shares as at 31 December 2019 and 2018.

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 2019, the Group incurred capital expenditure in the amount of HK$8,480 (2018: HK$11,898).

Capital Commitments

As at 31 December 2019, the Group did not have any significant capital commitments (2018: 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 (the "Listing Rules") and maintained good relationship with its employees and investors.

Employees and Remuneration Policies

As at 31 December 2019, the Group has employed a total of 11 employees (2018: 11) 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 2019 amounted to HK$5,429,365 (2018: HK$4,400,863).

Charges on the Group's Assets

As at 31 December 2019, there were no charges on the Group's assets (2018: Nil).

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2019 (2018: Nil).

Significant Investment Held

Save as disclosed above, the Group had no other significant investment held as at 31 December 2019.

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 maximise 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, 31 March 2020

Biographical Details of Directors and Senior Management

Executive Directors

Mr. SUN Bo, aged 38, 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 59, 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 currently holds various director position for several fund management companies in the PRC, including China Venture Capital Co., Ltd. and CVIT (Beijing) Capital Management Co., Ltd.. He also provides advice on economic matters to government bureaux and departments in different cities including Beijing and acts as guest professors for a number of higher education institutes in the PRC. 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 Directors

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.

Mr. LIANG Qianyuan, formerly known as LIANG Benlan, aged 62, was appointed as a Non-executive Director on 4 July 2019. He obtained an academic diploma of Party and government cadres from Guangdong Radio & TV University in 1986. Mr. LIANG has more than 30 years' experience in the banking industry and corporate advisory in the PRC. He currently is a director of Shenzhen City Hua Shang Zhi Jia Wealth Management Co., Ltd.**（深圳市華商之家財富管理有限公司）. Mr. LIANG currently is also the chief executive officer, an executive director, the chairman of corporate governance committee and an authorised representative of Solis Holdings Limited, a Hong Kong listed company (Stock Code: 2227).

Independent Non-executive Directors

Mr. CHEN Ming, aged 37, 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 the PRC since 2010. Mr. CHEN, who has been the legal advisor of a great number of conglomerates and financial institutions, has extensive experience in corporate financing and legal fields in the PRC.

** Unofficial English translation

Mr. MOK Ho Ming, aged 45, 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 35, 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 previously was 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 (Stock Code: 952).

Chief Executive Officer

Mr. ZHANG Yufei, aged 35, 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.

Chief Financial Officer

Ms. CHEUNG Hoi Ue, aged 35, joined the Company as the financial controller on 5 October 2016 and was further appointed as the Chief Financial Officer on 1 January 2020. She is also the Company Secretary, one of the Authorised Representatives and Service Agent of the Company. Ms. CHEUNG holds a Master Degree of Corporate Governance from The Hong Kong Polytechnic University. She is a member of the Hong Kong Institute of Certified Public Accountants, the CPA Australia, 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.

Report of the Directors

The Directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITY AND ANALYSIS OF OPERATIONS

The Company acts as an investment company engaged principally in investment and trading of listed and unlisted 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.

BUSINESS REVIEW

Details of business review of the Group for the year ended 31 December 2019 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 2019 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 49.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2019 (2018: 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 2019, the reserves available for distribution to shareholders pursuant to the Bermuda Companies Act 1981 amounted to HK$Nil (2018: HK$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				
	2019	2018	2017	2016	2015
	HK$	HK$	HK$	HK$	HK$
Turnover	**458,403**	179,615	23,402,553	1,825,147	39,543,770
Loss before tax	**(11,182,075)**	(11,590,262)	(6,591,963)	(13,044,689)	(19,702,564)
Income tax	**–**	–	–	–	–
Loss for the year attributable to owners of the Company	**(11,182,075)**	(11,590,262)	(6,591,963)	(13,044,689)	(19,702,564)

Assets and liabilities

	As at 31 December				
	2019	2018	2017	2016	2015
	HK$	HK$	HK$	HK$	HK$
Total assets	**34,531,667**	31,246,178	42,581,331	34,084,369	33,572,659
Total liabilities	**(4,025,000)**	(564,311)	(308,500)	(836,600)	(246,662)
Total equity	**30,506,667**	30,681,867	42,272,831	33,247,769	33,325,997

SHARES ISSUED DURING THE YEAR

On 25 February 2019, the Company issued 27,800,000 ordinary shares of HK$0.02 each at the placing price of HK$0.4 per share for total consideration of HK$11,120,000. The net proceeds from the placing is approximately HK$11,000,000, which is intended to be used for future investment and business development and as general working capital of the Company. Further details have been set out in the announcements of the Company on 25 January 2019, 12 February 2019 and 25 February 2019 respectively. Details of the shares issued during the year ended 31 December 2019 are set out in note 22 to the consolidated financial statements and section headed "Liquidity, Financial Resources and Funding" under the Chairman's Statement.

SHARE OPTION SCHEME

At the special general meeting of the Company held on 16 May 2016, the shareholders of the Company approved the adoption of a share option scheme (the "Share Option Scheme") under which the Directors of the Company may grant options to eligible persons ("Eligible Person(s)") to subscribe for the Company's shares subject to the terms and conditions as stipulated therein. Unless otherwise cancelled or amended, the Share Option Scheme will remain valid for a period of 10 years from the date of its adoption. The Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules.

The Share Option Scheme was adopted on 16 May 2016, details are as follows:

(i) Purpose

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.

(ii) Eligible Person

(a) Any Executive, i.e. any person who is a full-time or part-time employee or a Director (including executive and non-executive directors) of the Company or any of its subsidiaries at the offer date.

(b) Any Non-Executive as approved by the Board.

(iii) The total number of shares available for issue under the Share Option Scheme and the percentage of the issued share capital that it represents as at the date of the annual report

(a) The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes must not in aggregate exceed 11,600,000 shares, representing approximately 6.95% of the issued share capital as at 31 December 2019.

(b) The maximum 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 any other schemes of the Company must not exceed 30% of the shares in issue from time to time.

SHARE OPTION SCHEME (Continued)

(iv) Maximum entitlement of each Eligible Person

The maximum number of shares issued and to be issued upon the exercise of options granted to each Eligible Person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the issued share capital of the Company. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting of the Company.

(v) Timing for exercise of options

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Directors to each option holder but may not be exercised after the expiry of 10 years from the offer date. The Directors may provide restrictions on the exercise of an option during the period and option may be exercised as a result.

(vi) The minimum period for which an option must be held before it can be exercised

Pursuant to the Share Option Scheme, the Directors have discretion to set a minimum period for which an option has to be held before the exercise of the subscription rights attaching thereto.

(vii) Basis for determination of option price

The option price per share in relation to an option shall be a price to be determined by the Directors and shall be no less than the highest of:

(a) the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date on which the option is offered to an Eligible Person, which must be a business day;

(b) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; or

(c) the nominal value of the shares on the offer date.

(viii) Life of the scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on 16 May 2016, which was the date of adoption of the Share Option Scheme.

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 2019.

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.

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)*
Mr. WANG Daming

Non-executive Directors

Mr. HE Yu – appointed on 21 March 2019
Mr. LIANG Qianyuan – appointed on 4 July 2019

Independent Non-executive Directors

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

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 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.

With effect from 4 July 2019, Mr. LIANG Qianyuan has been appointed as a Non-executive Director of the Company. Further details have been set out in an announcement of the Company dated 4 July 2019. Mr. LIANG has been appointed as a non-executive director of Solis Holdings Limited ("Solis"), a Hong Kong listed company (Stock Code: 2227), on 25 September 2019. He has been re-designated from a non-executive director to an executive director and appointed as the chief executive officer and chairman of corporate governance committee of Solis with effect from 13 December 2019. Mr. LIANG has been appointed as one of the authorised representatives of Solis on 24 December 2019.

OTHER INFORMATION (Continued)

Change of Directors and change of information of Directors (Continued)

With effect from 30 March 2020, Mr. WONG Yan Wai George has ceased to be 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 (Stock Code: 952).

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.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year. The Company has taken out and maintained directors' liability insurance that provides appropriate cover for the Directors.

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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2019 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 2019, 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 2019
HE Yu[1]	Interest of controlled corporation	Long position	27,800,000	16.65%
SUN Bo	Beneficial owner	Long position	22,275,000	13.34%
ZHANG Yufei	Beneficial owner	Long position	8,000,000	4.79%

Note:

1 The 27,800,000 shares were held by Sun Oxford Co., Limited was solely and wholly owned by Mr. HE Yu. By virtue of the SFO, Mr. HE Yu is deemed to be interested in the 27,800,000 shares of the Company.

Save 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.

Save 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.

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 2019, no other person had notified the Company that he or she had an interest or short position in the shares and underlying shares of the Company as recorded in the register of substantial shareholders required to be kept by the Company pursuant to Section 336 of Part XV 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 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.

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 13 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 2019 (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 announcement dated 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

After the coronavirus outbreak in early 2020, a series of precautionary and control measures has been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the effect to business and economic activities caused by, the coronavirus outbreak and evaluating its impact on the financial position, cash flows and operating results of the Group. Given the uncertainties brought by the coronavirus outbreak, it is not practicable to provide a reasonable estimate of its financial effect on the Group's financial position, cash flows and operating results at the date of approval of this annual report.

Save as disclosed above, there is no material subsequent event undertaken by the Group after the year ended 31 December 2019 and up to the date of this annual report.

AUDITOR

The consolidated financial statements have been audited by RSM Hong Kong, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Mr. SUN Bo
Chairman

Hong Kong, 31 March 2020

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 2019, the Board comprises two Executive Directors, two Non-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, the Chairman of the Board, 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 and Non-executive Directors 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 2019:

- 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 2019 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 CG 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.

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 15 to the consolidated financial statements.

The following is a summary of the work of the Remuneration Committee during the year ended 31 December 2019:

- 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 2019:

- reviewed the audited financial statements of the Group for the year ended 31 December 2018 and the related results announcement;
- reviewed the interim accounts of the Group for the six months ended 30 June 2019 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 2019 are set out below:

		Meetings attended/Meetings eligible to attend (iii)				
	Notes	AGM	Board meetings	Audit Committee meetings	Nomination Committee meetings	Remuneration Committee meetings
Executive Directors						
Mr. SUN Bo		1/1	28/28	–	4/4	6/6
Mr. WANG Daming		1/1	21/28	–	–	–
Non-executive Directors						
Mr. HE Yu	i	1/1	11/22	–	–	–
Mr. LIANG Qianyuan	ii	–	4/10	–	–	–
Independent Non-executive Directors						
Mr. CHEN Ming		1/1	12/28	2/2	–	–
Mr. MOK Ho Ming		1/1	19/28	2/2	3/4	5/6
Mr. WONG Yan Wai George		1/1	12/28	2/2	3/4	5/6

Notes:

i. Mr. HE Yu was appointed as a Non-executive Director on 21 March 2019.

ii. Mr. LIANG Qianyuan was appointed as a Non-executive Director on 4 July 2019.

iii. 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 recognises 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 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 45 to 48 of this annual report. For the year ended 31 December 2019, the remuneration payable to Messrs. RSM Hong Kong is HK$232,000 for audit service, HK$48,000 for review of interim report, HK$10,000 for continuing connected transactions and HK$29,300 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 summarised 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 unauthorised 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 prioritised 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 2019. 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 SFO and the 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 2019 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 2019 AGM of the Company to answer questions raised.

Explanation of detail procedures of voting by poll has been given at the commencement of the 2019 AGM. For each substantially separate issue at the 2019 AGM, a separate resolution was proposed by the chairman of the meeting. The poll results of the 2019 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, 31 March 2020

Environmental, Social and Governance Report

Core Economy Investment Group Limited (hereafter the "Company") and its subsidiaries (collectively the "Group" or "We") understand the increasing concern of our stakeholders about the environmental, social and governance ("ESG") performance of the Company. We maintain our relationship with the key stakeholders and seek for their opinions in regular communication channels such as annual general meeting. To better communicate and meet with their expectation, we are pleased to publish the fourth ESG report (the "Report"). In this report, we present our policy and strategy as well as the performance in addressing the ESG issues.

Scope of Report

The scope of the Report covers the office operation in Hong Kong and the reporting period is from 1 January 2019 to 31 December 2019 (the "Reporting Period", "2019").

Reporting Standard

The Report has been prepared in accordance with the "Comply or Explain" provisions of the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEx ESG Reporting Guide").

The Report has been reviewed and approved by the board of directors of the Company.

Contact & Feedback

The Group values your feedback and opinion on the Report to seek for continuous improvement. Please feel free to contact us through our email at enquiry@ceig.hk.

CARE FOR OUR EMPLOYEES

Employment Conditions

We comply with the Labour Ordinance and relevant laws and regulations in Hong Kong in terms of the working hours, holidays and MPF. To maintain the competitiveness in the market, we provide attractive remuneration package including medical insurance, training fund, double pay and bonuses. Annual review on the package is conducted to evaluate the pay standard.

We ensure all the staff are fairly treated and free from discrimination and harassment. Equal opportunity is committed by the Group during the recruitment and promotion process. All employees are evaluated based on their performance. During the Reporting Period, we were not aware of any non-compliance regarding the compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Relationship with Employees

To maintain the continuity of the business, employees are the key and the greatest asset of the Company. We highly value their opinions and provide various communication channels including the meeting, email and letter so that they can provide feedback to the Group. We will take necessary follow-up actions to address their comments in order to maintain high-quality management.

In addition, we care about the well-being of our employees. As such, we organise activities periodically such as team lunch to maintain the bonding among the employees and support the work-life balance.

Health and Safety

The major business operation conducts in the office environment where is not anticipated of significant health and safety risk. To protect the health of our employees, the Group has provided medical insurance plan to cover potential illness and diseases of our employees. We also emphasise the personal hygiene, cleanliness and tidiness of office to ensure a pleasant working environment for all our employees.

Development and Training

Professional development is essential to keep pace with the latest market information and maintain technical competence in investment industry. As such, we encourage our employees to actively participate in continuous professional training and provide support to them. Furthermore, we gather and distribute the latest updates of the regulatory changes or market information to our employees for their knowledge enrichment. On-job training regarding the company policies, procedures, disclosures standard and obligation to relevant employees is also provided.

SUSTAINABLE INVESTMENT

Investment Strategy

The Group believes that effective management of the ESG issues is one of the key elements in sustaining the business and promoting the long-term growth of a company. Being a responsible investor, we value a company with strong future prospect. Therefore, we set out investment principles to invest in business with strong management, potential growth of profit, high levels of expertise, research and development capabilities and long term growth. We consider the ESG performance of a company to determine the long-term growth in terms of their transparency of information, environmental consciousness in pollution reduction, resource conservation, social responsibility in community contribution and interaction with the key stakeholders.

In addition, we are obliged to safeguard the investment of our shareholders. We invest in diverse portfolios and implement hierarchy to make sure the investments are in line with the investment objective before taking any transaction actions. Our employees should strictly follow the Internal Management and Control Manual (operation) to make the investment decision.

Supply Chain Management

The Group selects reliable vendors and service providers to support the business operations, and is committed as much as possible to conduct the business with suppliers that act in a socially responsible manner to meet the ethical expectations. The Group will take into account their reputation, their track record of high corporate standards, expertise and capacity so as to select the qualified supplier, and should obtain appropriate management's approval before entering an agreement. Such procedure aims to support operational efficiency, segregation of duties and making the best decision.

Privacy Protection

We maintain high level of confidentiality in the company privacy (e.g. investment plans and any price sensitive information). The Company has strictly complied with the Listing Rules, the SFO and other regulatory requirements in relation to the disclosure of inside information. A policy is established to ensure the confidentiality of the potential inside information and timely disclosure if necessary. All our employees are not allowed to disclose any unpublished inside information and strictly follow the policy for handling the inside information.

ETHNIC BUSINESS

Anti-corruption

The Group upholds the business integrity and corporate ethnics and has no toleration on any forms of corruptions and fraud. The employees are not allowed to receive any benefits and compensations from the investee company or potential company unless prior approval is obtained. If any suspected corruption is identified, legal actions will be undertaken. All employees should follow our "Conflict of Interests Policy" to report and declare any conflict of interest between the potential investee companies to avoid biased investment.

During the Reporting Period, the Company did not receive any cases violating relevant laws and regulation on corruption, bribery, extortion, fraud and money laundering.

Whistleblowing System

We emphasise professional conduct of our employees and set clear inappropriate behaviours in the Code of Conduct. If any kind of misconduct is identified, disciplinary actions will be taken such as dismissal. To whom who are concerned about the malpractices in the workplace, we have had the whistleblowing system in place and formulated policy to provide an effective reporting channel. Every case will be undertaken by the Audit Committee seriously to investigate and the entire process will be kept in high confidentiality whenever necessary.

COMMUNITY INVESTMENT

The Group always believes that it is important to positively give back to the community which the Group is part of. The Group is developing methods to contribute to the society and expand the Group's efforts in the area of charity work. The Group does not only endeavour to fulfil the Group's obligations as a corporate citizen while also motivating the Group's employees to participate in various social charitable activities, so that the Group can contribute to the community and provide more assistance to the people in need. Looking ahead, the Group will strive to exert its influence as a role model in the society, better undertake its environmental protection responsibilities and create excellent credibility through the care for humanity and social responsibilities.

OUR ENVIRONMENT

The Company is primarily engaged in the investment and trading of listed and unlisted securities and the normal business operates within the offices, which consumes relatively less energy, water and resources. Even the environmental impact is minimal, the Group understands the social responsibility to protect the environment and endeavour to take necessary measures to minimise the environmental impact from the business.

With the increasing challenges from the climate change such as extreme weather pattern, we should responsibly use our resources and develop low carbon operation. We formulate a list of green office measures to encourage our employees to consume less resource. With the following initiatives, we hope to strive for better environmental performance of our company.

Energy

- Switch off unused office equipment and appliances
- Use of energy efficient lighting
- Optimise the temperature control of the air-conditioning system

Water

- Regular maintenance to check for leak in water pipes
- Switch off unused faucets in the pantries and washrooms

Paper

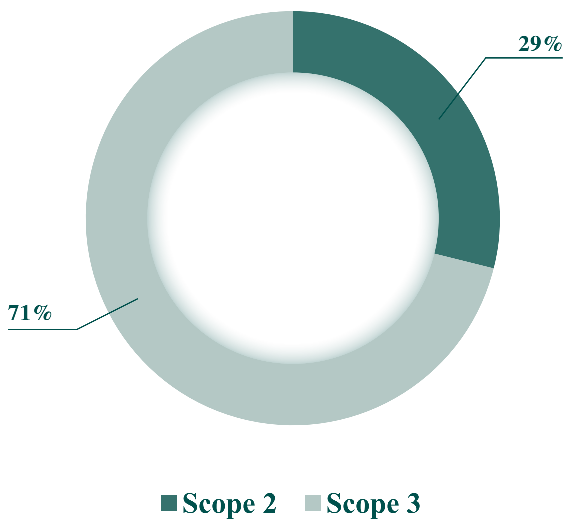
- Encourage double-sided printing
- Recycle and reuse paper

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant environmental laws and standards.

Energy Efficiency and Carbon Emission Control

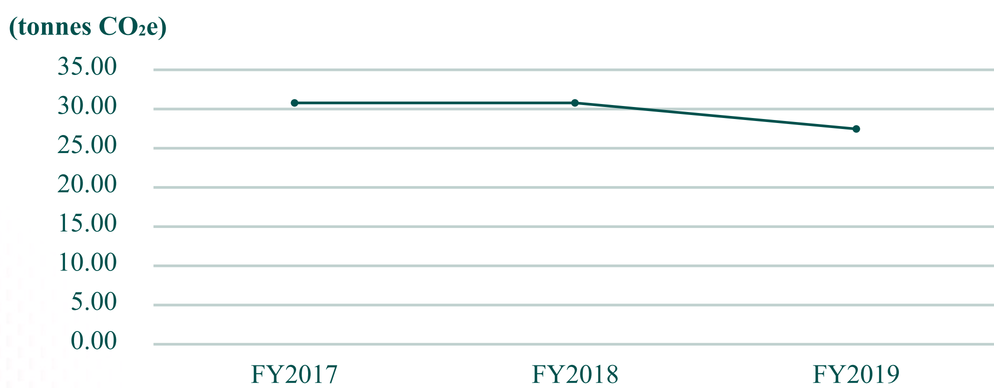
The Group endeavours to save energy during the business operation and reduce the carbon footprint. There is insignificant direct greenhouse gases ("GHG") emission from the Company. The carbon footprint of the Group includes the indirect emission from the electricity used by the office equipment. Other indirect emission under Scope 3 includes the energy associated with the freshwater consumption, paper disposal and occasional business trip, which accounts for about 71% of the total GHG emission.

GHG Emission (tonnes CO_2e)



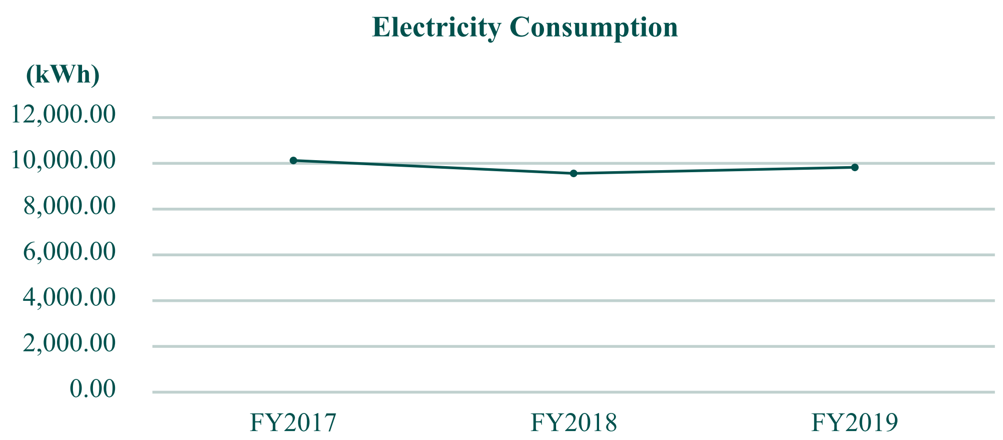
During the Reporting Period, the Group generates about 27.5 tonnes of carbon equivalent emission. Among the total GHG emission, business travel constitutes the most proportion. The Group will continue to reduce the emission and look for other means of communication to replace the need of business travel as far as practicable.

GHG Emission



Use of Resources

In the office operation, paper can inevitably be used. We try our best to preserve the scarce resources by encouraging our employees to adopt the double-sided printing, reuse the single-sided paper and recycle the paper waste by licensed collector. Water is consumed in the daily operation of the Company with the use of faucets in the pantry and washrooms. Although the consumption is small, we implement measures such as premise checking of the pipe leakage to responsibly use the water. To conserve electricity, the equipment such as lighting system, air conditioning units, computers, printers or miscellaneous equipment should be turned off and maintained in optimised state. During the Reporting Period, we monitored the use of the paper and electricity in our office, in which consumed 75kg and 9,829 kWh respectively. To drive continuous improvement, our group will keep seeking ways to reduce the consumption.



APPENDIX: PERFORMANCE DATA SUMMARY

Emission	Major Sources	Unit	FY 2017	FY 2018	FY2019
Direct emissions (Scope 1)	N/A	Tonnes CO_2e	N/A	N/A	**N/A**
Energy indirect emissions (Scope 2)	Purchased electricity	Tonnes CO_2e	8	7.55	**7.86**
Other indirect emissions (Scope 3)	Air travel	Tonnes CO_2e	22.78	23.34	**19.60**
Total GHG emissions (Scope 1, 2, 3)		Tonnes CO_2e	30.78	30.89	**27.46**
Total GHG emissions intensity[1]		Tonnes CO_2e/FTE	3.08	2.81	**2.5**
Electricity consumed		kWh	10,126	9,561	**9,829**[2]
Intensity[1]		kWh/FTE	1,012.6	869.18	**893.55**
Paper consumed		kg	1,000	2,000	**75**[3]
Intensity[1]		kg/FTE	110	180	**6.8**

1 Our intensity data presented is the sum of the recorded data, divided by the total number of the full-time employees in the core operations in FY 2019.

2 The electricity slightly increased in FY 2019 due to more consumption from our core operation. Our group will explore different solutions to drive continuous improvement.

3 The calculation methodology is updated in the Reporting Period to reflect the actual paper consumption.

HKEX ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect A: Environment		
A1 Emissions	Information on: (a) the policies; and (b) 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 waste. *Note:* Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	OUR ENVIRONMENT
KPI A1.1	The types of emissions and respective emissions data.	OUR ENVIRONMENT
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	OUR ENVIRONMENT\ Energy Efficiency and Carbon Emission Control
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	No hazardous waste is generated from the business.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Insignificant waste is generated from the office operation and hence not material to the Company.
KPI A1.5	Description of measures to mitigate emissions and results achieved.	OUR ENVIRONMENT
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	For the financial services industry, there is no generation of hazardous waste and insignificant amount of non-hazardous waste generation.

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
A2 Use of Resources	Policies on efficient use of resources including energy, water and other raw materials. *Note:* Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	OUR ENVIRONMENT\ Energy Efficiency and Carbon Emission Control
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	OUR ENVIRONMENT\ Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	OUR ENVIRONMENT\ Use of Resources
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	OUR ENVIRONMENT
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	There is no relevant issues in sourcing water in view of the nature of the business.
KPI A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	For the financial services industry, the use of packaging material is insignificant.
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	The business is mainly operated within the office which does not induce any significant impact on the environmental and natural resources.
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The business is mainly operated within the office which does not induce any significant impact on the environmental and natural resources.

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect B: Social		
B1 Employment	Information on: (a) the policies; and (b) 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.	CARE FOR OUR EMPLOYEES\ Employment Conditions
B2 Health and Safety	Information on: (a) the policies; and (b) 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.	CARE FOR OUR EMPLOYEES\ Health and Safety
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note:* Training refers to vocational training. It may include internal and external courses paid by the employer.	CARE FOR OUR EMPLOYEES\ Development and Training
B4 Labour Standards	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	CARE FOR OUR EMPLOYEES\ Employment Conditions
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	SUSTAINABLE INVESTMENT\ Supply Chain Management

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
B6 Product Responsibility	Information on: (a) the policies; and (b) 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.	SUSTAINABLE INVESTMENT\ Investment Strategy Privacy Protection
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	ETHNIC 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.	COMMUNITY INVESTMENT

Independent Auditor's Report

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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 49 to 100, which comprise the consolidated statement of financial position as at 31 December 2019, 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 2019, 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

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the Company's 2019 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 Ms. Ng Wai Kwun.

Certified Public Accountants
Hong Kong
31 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2019

	Note	**2019** **HK$**	2018 HK$
Revenue	8	**195,319**	179,615
Net change in fair value of financial assets at fair value through profit or loss	9	**174,082**	(768,538)
Administrative and other operating expenses		**(11,408,646)**	(11,001,339)
Loss from operations		**(11,039,245)**	(11,590,262)
Finance costs	10	**(142,830)**	–
Loss before tax		**(11,182,075)**	(11,590,262)
Income tax	11	**–**	–
Loss for the year attributable to owners of the Company	12	**(11,182,075)**	(11,590,262)
Other comprehensive income for the year, net of tax			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(1,069)**	(702)
Total comprehensive income for the year attributable to owners of the Company		**(11,183,144)**	(11,590,964)
Loss per share			
Basic	17	**(0.069)**	(0.083)

Consolidated Statement of Financial Position

At 31 December 2019

	Note	**2019 HK$**	2018 HK$
Non-current assets			
Property, plant and equipment	18	**118,180**	227,254
Right-of-use asset	19	**3,650,662**	–
Refundable rental deposit		**1,112,904**	–
		4,881,746	227,254
Current assets			
Financial assets at fair value through profit or loss	20	**5,918,323**	4,804,779
Prepayments, deposits and other receivables		**423,241**	509,259
Cash and cash equivalents		**23,308,357**	25,704,886
		29,649,921	31,018,924
Current liabilities			
Accruals and other payables		**464,300**	564,311
Lease liability	21	**3,283,098**	–
		3,747,398	564,311
Net current assets		**25,902,523**	30,454,613
Total assets less current liabilities		**30,784,269**	30,681,867
Non-current liabilities			
Lease liability	21	**277,602**	–
NET ASSETS		**30,506,667**	30,681,867
Equity attributable to owners of the Company			
Share capital	22	**3,340,000**	2,784,000
Reserves	24	**27,166,667**	27,897,867
TOTAL EQUITY		**30,506,667**	30,681,867
Net asset value per share	29	**0.18**	0.22

Approved by the Board of Director on 31 March 2020 and are signed on its behalf by:

SUN Bo	**WANG Daming**
Executive Director	*Executive Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Share capital HK$ (note 22)	Share premium account HK$ (note 24)	Contributed surplus account HK$ (note 24)	Foreign currency translation reserve HK$ (note 24)	Accumulated losses HK$	Total equity HK$
At 1 January 2018	2,784,000	50,339,486	28,040,011	–	(38,890,666)	42,272,831
Total comprehensive income and changes in equity for the year	–	–	–	(702)	(11,590,262)	(11,590,964)
At 31 December 2018 and 1 January 2019	2,784,000	50,339,486	28,040,011	(702)	(50,480,928)	30,681,867
Issue of shares (note 22)	556,000	10,451,944	–	–	–	11,007,944
Total comprehensive income for the year	–	–	–	(1,069)	(11,182,075)	(11,183,144)
Changes in equity for the year	556,000	10,451,944	–	(1,069)	(11,182,075)	(175,200)
At 31 December 2019	**3,340,000**	**60,791,430**	**28,040,011**	**(1,771)**	**(61,663,003)**	**30,506,667**

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 HK$	2018 HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(11,182,075)**	(11,590,262)
Adjustments for:		
Depreciation of property, plant and equipment	**117,554**	115,858
Depreciation of right-of-use asset	**3,245,033**	–
Finance costs	**142,830**	–
Net realised gains on disposals of financial assets at fair value through profit or loss	**(1,242)**	–
Net unrealised (gains)/losses on financial assets at fair value through profit or loss	**(172,840)**	768,538
Operating loss before working capital changes	**(7,850,740)**	(10,705,866)
Increase in prepayments, deposits and other receivables	**(1,165,999)**	(58,927)
(Decrease)/increase in accruals and other payables	**(100,011)**	255,811
Proceeds from disposals of financial assets at fair value through profit or loss	**263,084**	–
Purchase of financial assets at fair value through profit or loss	**(1,202,546)**	–
Cash used in operations	**(10,056,212)**	(10,508,982)
Interest on lease liability	**(142,830)**	–
Net cash used in operating activities	**(10,199,042)**	(10,508,982)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment and net cash used in investing activities	**(8,480)**	(11,897)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**11,007,944**	–
Principal elements of lease payments	**(3,195,882)**	–
Net cash generated from financing activities	**7,812,062**	–
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(2,395,460)**	(10,520,879)
Effect of foreign exchange rate changes	**(1,069)**	(702)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**25,704,886**	36,226,467
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		
Representing cash and cash equivalents	**23,308,357**	25,704,886

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 Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, 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 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 new HKFRS, HKFRS 16 *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the 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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 *Leases*, and the related interpretations, HK(IFRIC) Interpretation 4 *Determining whether an Arrangement contains a Lease*, Hong Kong (SIC) Interpretation 15 *Operating Leases – Incentives* and Hong Kong (SIC) Interpretation 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact on leases where the Group is the lessor. The lessor accounting requirements brought forward from HKAS 17 are substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

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

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

***HKFRS 16 Leases* (Continued)**

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liability for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rate applied is 2.729%.

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

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

HKFRS 16 Leases **(Continued)**

(ii) Lessee accounting and transitional impact (Continued)

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(I) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

(II) excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and

(III) relied on the assessment of whether the lease is onerous by applying HKAS 37 as an alternative to an impairment review.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use asset and the related lease liability, the Group first determines whether the tax deductions are attributable to the right-of-use asset or the lease liability.

For leasing transactions in which the tax deductions are attributable to the lease liability, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use asset and lease liability separately. Temporary differences relating to right-of-use asset and lease liability are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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

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

***HKFRS 16 Leases* (Continued)**

(ii) Lessee accounting and transitional impact (Continued)

The following table reconciles the operating lease commitments as disclosed in note 28 as at 31 December 2018 to the opening balance for lease liability recognised as at 1 January 2019:

	HK$
Operating lease commitments disclosed as at 31 December 2018	7,080,852
Less: total future interest expense	(324,270)
Present value of remaining lease payments, discounted using the incremental borrowing rate and lease liability recognised as at 1 January 2019	6,756,582
Of which are:	
Current lease liability	3,195,882
Non-current lease liability	3,560,700
	6,756,582

The right-of-use asset in relation to the lease previously classified as an operating lease has been recognised at an amount equal to the amount recognised for the remaining lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use asset.

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

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

HKFRS 16 Leases **(Continued)**

(ii) Lessee accounting and transitional impact (Continued)

The following table summaries the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16	Note	Carrying amount as at 31 December 2018 HK$	Effects of adoption of HKFRS 16 Re-classification HK$	Effects of adoption of HKFRS 16 Recognition of leases HK$	Carrying amount as at 1 January 2019 HK$
Assets					
Right-of-use asset		–	139,113	6,756,582	6,895,695
Prepayments, deposits and other receivables	(i)	509,259	(139,113)	–	370,146
Liabilities					
Lease liability		–	–	6,756,582	6,756,582

Note:

(i) Upon application of HKFRS 16, prepaid rent of HK$139,113 was classified to right-of-use asset.

(iii) Impact of the financial results and cash flows of the Group

After the initial recognition of right-of-use asset and lease liability as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This does not result in a significant impact on the reported loss from operations in the Group's consolidated statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

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

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

HKFRS 16 Leases **(Continued)**

(iii) Impact of the financial results and cash flows of the Group (Continued)

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their principal element and interest element (note 25(a)). These elements are classified as financing cash outflows and operating cash outflows respectively. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows (note 25(b)).

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial results and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				2018
	Amounts reported under HKFRS 16	**Add back: HKFRS 16 depreciation and interest expense**	**Deduct: Estimated amounts related to operating lease as if under HKAS 17 *(note I)***	**Hypothetical amounts for 2019 as if under HKAS 17**	**Compared to amounts reported for 2018 under HKAS 17**
	HK$	HK$	HK$	HK$	HK$
Financial results for the year ended 31 December 2019 impacted by the adoption of HKFRS 16:					
Loss from operations	(11,039,245)	3,245,033	(3,338,712)	(11,132,924)	(11,590,262)
Finance costs	(142,830)	142,830	–	–	–
Loss before tax	(11,182,075)	3,387,863	(3,338,712)	(11,132,924)	(11,590,262)
Loss for the year	(11,182,075)	3,387,863	(3,338,712)	(11,132,924)	(11,590,262)

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

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

HKFRS 16 Leases **(Continued)**

(iii) Impact of the financial results and cash flows of the Group (Continued)

	2019			2018
	Amounts reported under HKFRS 16 HK$	**Estimated amounts related to operating lease as if under HKAS 17** ***(notes I & II)*** HK$	**Hypothetical amounts for 2019 as if under HKAS 17** HK$	**Compared to amounts reported for 2018 under HKAS 17** HK$
Line items in the consolidated statement of cash flows for the year ended 31 December 2019 impacted by the adoption of HKFRS 16:				
Cash used in operations	(10,056,212)	(3,338,712)	(13,394,924)	(10,508,982)
Interest element of lease rentals paid	(142,830)	142,830	–	–
Net cash used in operating activities	(10,199,042)	(3,195,882)	(13,394,924)	(10,508,982)
Capital element of lease rentals paid	(3,195,882)	3,195,882	–	–
Net cash generated from financing activities	7,812,062	3,195,882	11,007,944	–

Notes:

(I) The "estimated amounts related to operating lease" is an estimate of the amounts of the cash flows in 2019 that relate to a lease which would have been classified as an operating lease, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

(II) In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash used in operating activities and net cash used in financing activities as if HKAS 17 still applied.

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 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 and HKAS 8 *Definition of Material*	1 January 2020

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 it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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 involving a higher degree of judgement or complexity, or 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currency translation (Continued)

(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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment (Continued)

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) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as a lessee

Policy applicable from 1 January 2019

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (Continued)

***The Group as a lessee* (Continued)**

Policy applicable from 1 January 2019 (Continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use asset in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use asset.

The lease liability is remeasured when there is a change in future lease payments arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use asset and lease liability separately in the consolidated statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (Continued)

***The Group as a lessee* (Continued)**

Policy prior to 1 January 2019

In the comparative period, as a lessee, the Group classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the Group. Leases which did not transfer substantially all the risks and rewards of ownership to the Group were classified as operating leases.

Where the Group had the use of assets held under operating leases, payments made under the leases were charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis was more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received were recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

(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 fair value through profit or loss ("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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Debt investments

Debt investments held by the Group are classified into amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

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 fair value through other comprehensive income ("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.

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.

(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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use asset and the related lease liability, the Group first determines whether the tax deductions are attributable to the right-of-use asset or the lease liability.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liability, the Group applies HKAS 12 requirements to right-of-use asset and lease liability separately. Temporary differences relating to right-of-use asset and lease liability are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(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.

Impairment losses for cash-generating units are allocated pro-rata amongst the assets of the cash-generating unit. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of financial assets (Continued)

Lifetime ECL represents the ECL 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of financial assets (Continued)

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

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).

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of financial assets (Continued)

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

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.

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 and does not reduce the carrying amount of the financial assets.

(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.

(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. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

Determining the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operations.

The period covered by an extension option in the office property lease has not been included in the lease liability because the underlying asset is not a specialised asset, and there are suitable alternatives, in terms of location, size and lease payments, available in the market. See note 19 for further information.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. During the current financial year, no lease term has been reassessed.

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.

Impairment of property, plant and equipment and right-of-use asset

Property, plant and equipment and right-of-use asset are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use asset), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

The carrying amount of property, plant and equipment and right-of-use asset as at 31 December 2019 were HK$118,180 (2018: HK$227,254) and HK$3,650,662 (2018: HK$Nil) respectively.

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.

(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 (2018: 10% higher/lower), loss after tax for the year ended 31 December 2019 would decrease/increase by HK$591,832 (2018: decrease/increase by HK$480,478). 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 realised losses from disposal of listed equity securities and the unrealised losses from change in fair value of listed equity securities held as at 31 December 2019 approximate to HK$566,489 and HK$897,455 respectively.

6. FINANCIAL RISK MANAGEMENT (Continued)

(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 risk 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.

(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 maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	On demand or less than 1 year HK$	**Between 1 and 2 years** HK$	**Total** HK$
At 31 December 2019			
Accruals and other payables	**464,300**	**–**	**464,300**
Lease liability	**3,338,712**	**278,226**	**3,616,938**
	3,803,012	**278,226**	**4,081,238**
At 31 December 2018			
Accruals and other payables	564,311	–	564,311

6. FINANCIAL RISK MANAGEMENT (Continued)

(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

	2019	2018
	HK$	HK$
Financial assets:		
Financial assets at FVTPL		
Mandatorily measured at FVTPL		
– Held for trading	**5,918,323**	4,804,779
Financial assets measured at amortised cost	**24,500,514**	25,893,414
Financial liabilities:		
Financial liabilities at amortised cost	**464,300**	564,311

(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.

7. FAIR VALUE MEASUREMENTS (Continued)

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

	2019 HK$	2018 HK$
Dividend income from listed equity investments	**165,337**	168,189
Bank interest income	**22,634**	8,158
Other interest income	**7,348**	3,268
Revenue	**195,319**	179,615
Proceeds from disposals of financial assets at FVTPL	**263,084**	–

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

	2019 HK$	2018 HK$
Net realised gains on disposals of financial assets at FVTPL	**1,242**	–
Net unrealised gains/(losses) on financial assets at FVTPL	**172,840**	(768,538)
	174,082	(768,538)

10. FINANCE COSTS

	2019 HK$	2018 HK$
Interest expense on lease liability (note 21)	**142,830**	–

11. INCOME TAX

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year (2018: Nil).

Tax charges 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:

	2019 **HK$**	2018 HK$
Loss before tax	**(11,182,075)**	(11,590,262)
Tax at Hong Kong Profits Tax rate of 16.5% (2018: 16.5%)	**(1,845,042)**	(1,912,393)
Tax effect of income that is not taxable	**(38,224)**	(29,098)
Tax effect of expenses that are not deductible	**8,204**	51,848
Tax effect of temporary differences not recognised	**1,943**	140,881
Tax effect of tax losses not recognised	**1,871,810**	1,746,261
Effect of different tax rates of subsidiaries	**1,309**	2,501
Income tax	**–**	–

At 31 December 2019, the Group has following unused tax losses and taxable temporary differences:

	2019 **HK$**	2018 HK$
Tax losses	**73,744,500**	62,162,754
Unrealised losses from financial assets at FVTPL	**610,884**	726,849
Accelerated depreciation allowances	**(40,488)**	(133,531)
	74,314,896	62,756,072

The resulting potential deferred tax assets amounting to HK$12,261,958 (2018: HK$10,354,751) 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.

12. 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:

	2019 **HK$**	2018 HK$
Auditor's remuneration	**232,000**	218,000
Depreciation of property, plant and equipment	**117,554**	115,858
Depreciation of right-of-use asset	**3,245,033**	–
Investment management fee (note 13)	**720,000**	720,000
Operating lease charges – land and buildings	**–**	2,966,641

13. 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 a new investment management agreement (the "New 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 (2018: 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 New Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

14. EMPLOYEE BENEFITS EXPENSE

	2019 **HK$**	2018 HK$
Employee benefits expense including directors' emoluments:		
Basic salaries, fees and allowances	**4,443,784**	4,161,000
Discretionary bonus	**910,000**	156,788
Retirement benefit scheme contributions	**75,581**	83,075
	5,429,365	4,400,863

14. EMPLOYEE BENEFITS EXPENSE (Continued)

Five highest paid individuals

Except the chief executive officer, one (2018: none) of the directors, whose emoluments are reflected in the analysis presented in note 15, are included in the five highest paid individuals of the Group during the reporting period. The emoluments of the remaining four (2018: five) individuals including the chief executive officer are set out below:

	2019 HK$	2018 HK$
Basic salaries and allowances	**2,033,129**	3,330,000
Discretionary bonus	**910,000**	147,500
Retirement benefit scheme contributions	**63,000**	77,525
	3,006,129	3,555,025

The emoluments fell within the following bands:

	Number of individuals 2019	 2018
Nil to HK$1,000,000	**3**	4
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**–**	1
	4	5

15. 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 2019 and 2018 are set out below:

	Fees HK$	Salaries HK$	Employer's contribution to a retirement benefit scheme HK$	Total HK$
Executive Directors				
Mr. SUN Bo	**1,572,000**	**–**	**6,000**	**1,578,000**
Mr. WANG Daming	**120,000**	**–**	**–**	**120,000**
Non-executive Directors				
Mr. HE Yu (i)	**93,548**	**–**	**–**	**93,548**
Mr. LIANG Qianyuan (ii)	**59,032**	**–**	**–**	**59,032**
Independent Non-executive Directors				
Mr. MOK Ho Ming	**120,000**	**–**	**–**	**120,000**
Mr. WONG Yan Wai, George	**120,000**	**–**	**–**	**120,000**
Mr. CHEN Ming	**120,000**	**–**	**–**	**120,000**
Chief Executive Officer				
Mr. ZHANG Yufei	**–**	**1,260,000**	**9,000**	**1,269,000**
Total for 2019	**2,204,580**	**1,260,000**	**15,000**	**3,479,580**
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	120,000	–	–	120,000
Mr. CHEN Ming	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

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

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

Notes:

(i) Appointed on 21 March 2019

(ii) Appointed on 4 July 2019

Neither the chief executive officer nor any of the directors waived or agreed to waive any emoluments during the year (2018: Nil).

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

No significant transactions, arrangements and 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.

16. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2019 (2018: Nil).

17. 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$11,182,075 (2018: HK$11,590,262) and the weighted average number of ordinary shares of 162,810,958 (2018: 139,200,000) in issue during the year.

No diluted loss per share information is presented as the Company did not have any dilutive potential ordinary shares during two years ended 31 December 2019 and 2018.

18. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$	Furniture & fixtures HK$	Computer equipment HK$	Total HK$
Cost				
At 1 January 2018	114,427	334,476	69,527	518,430
Additions	11,897	–	–	11,897
At 31 December 2018 and 1 January 2019	126,324	334,476	69,527	530,327
Additions	–	8,480	–	8,480
At 31 December 2019	126,324	342,956	69,527	538,807
Accumulated depreciation				
At 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 and 1 January 2019	68,048	189,536	45,489	303,073
Charge for the year	31,581	68,591	17,382	117,554
At 31 December 2019	99,629	258,127	62,871	420,627
Carrying amount				
At 31 December 2019	**26,695**	**84,829**	**6,656**	**118,180**
At 31 December 2018	58,276	144,940	24,038	227,254

19. RIGHT-OF-USE ASSET

	Leased property HK$
At 1 January 2019 (note 3)	6,895,695
Depreciation	(3,245,033)
At 31 December 2019	**3,650,662**

	2019 HK$
Depreciation expenses on right-of-use asset	3,245,033
Interest expense on lease liability (included in finance costs)	142,830

Details of total cash outflow for leases are set out in note 25(b).

For both years, the Group leases an office for its operations. The lease contract is entered into for a fixed term of 2 years but may have extension option as described below. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The lease includes an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liability. The potential exposure to these future lease payments is summarised below:

	Lease liability recognised as at 31 December 2019 (discounted) HK$	**Potential future lease payments under extension options not included in lease liability (undiscounted)** HK$
Office	3,560,700	2,782,260

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2019, there has been no such triggering event.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$	HK$
Equity securities, at fair value		
Listed in Hong Kong	**5,118,185**	3,785,220
Listed outside Hong Kong	**800,138**	1,019,559
	5,918,323	4,804,779

The carrying amounts of the above financial assets are mandatorily measured at FVTPL 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 FVTPL are as follows:

At 31 December 2019

Name of investee company	**Place of incorporation**	**Number of shares held**	**Proportion of investee's capital owned**	**Cost**	**Market value**	**Fair value gains/ (losses)**	**Dividend income received during the year**	**Dividend cover**	**Net assets attributable to the Group**
				HK$	HK$	HK$	HK$		HK$
Listed in Hong Kong:									
New Silkroad Culturaltainment Limited ("New Silkroad")	Bermuda	1,900,000	Less than 1%	1,202,546	750,500	(452,046)	–	N/A	1,012,020
China Resources Land Limited ("China Resources Land")	Cayman Islands	16,000	Less than 1%	363,200	620,800	257,600	20,096	11.97	435,217
Sunac China Holdings Limited ("Sunac China")	Cayman Islands	11,000	Less than 1%	386,650	512,050	125,400	10,362	4.58	229,379
Ping An Insurance (Group) Company of China, Ltd. ("Ping An")	People's Republic of China ("PRC")	5,000	Less than 1%	400,250	460,500	60,250	9,549	9.47	205,757

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

At 31 December 2019 (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)									
China Overseas Land & Investment Ltd. ("China Overseas Land")	Hong Kong	14,000	Less than 1%	350,000	424,900	74,900	13,300	8.84	400,690
Sun Hung Kai Properties Limited ("Sun Hung Kai")	Hong Kong	3,000	Less than 1%	381,000	357,900	(23,100)	14,850	6.56	589,855
China Pacific Insurance (Group) Co., Ltd. ("China Pacific Insurance")	PRC	10,600	Less than 1%	394,320	325,420	(68,900)	10,857	2.21	233,233
CK Asset Holdings Limited ("CK Asset")	Cayman Islands	5,500	Less than 1%	365,750	309,375	(56,375)	10,725	10.31	512,642
The Wharf (Holdings) Limited	Hong Kong	15,000	Less than 1%	380,250	297,300	(82,950)	9,750	5.77	702,837
China Taiping Insurance Holdings Company Limited	Hong Kong	14,000	Less than 1%	400,400	270,480	(129,920)	1,400	18.44	297,246
New China Life Insurance Company Ltd.	PRC	7,700	Less than 1%	399,245	257,950	(141,295)	6,075	3.67	232,944
China Life Insurance Company Limited	PRC	8,000	Less than 1%	194,000	173,200	(20,800)	1,311	2.71	127,709
HSBC Holdings Plc	England	2,400	Less than 1%	178,200	146,040	(32,160)	9,586	5.03	166,577
CK Hutchison Holdings Limited	Cayman Islands	1,500	Less than 1%	152,700	111,450	(41,250)	4,755	6.57	180,598
Tianjin Development Holdings Limited	Hong Kong	44,000	Less than 1%	180,558	100,320	(80,238)	3,538	13.01	466,033
Listed outside Hong Kong:									
Enterprise Products Partners L.P. ("EPD")	United States	2,000	Less than 1%	413,959	436,987	23,028	17,277	4.95	176,166
Energy Transfer L.P. ("ET")	United States	3,648	Less than 1%	400,624	363,151	(37,473)	21,906	4.07	230,534
				6,543,652	5,918,323	(625,329)			

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

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	Cayman Islands	16,000	Less than 1%	363,200	481,600	118,400	15,952	10.64	336,628
China Overseas Land & Investment Ltd.	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.	PRC	5,000	Less than 1%	400,250	345,750	(54,500)	9,829	13.01	173,313
Sun Hung Kai Properties Limited	Hong Kong	3,000	Less than 1%	381,000	334,800	(46,200)	13,950	9.35	565,232
CK Asset Holdings Limited	Cayman Islands	5,500	Less than 1%	365,750	315,150	(50,600)	9,625	13.69	481,767
The Wharf (Holdings) Limited	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	Hong Kong	14,000	Less than 1%	400,400	301,000	(99,400)	1,400	16.36	264,250
Sunac China Holdings Limited	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 Limited	Hong Kong	44,000	Less than 1%	180,558	134,200	(46,358)	3,436	10.90	475,124
China Life Insurance Company Limited	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.	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.)	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)			

20. 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) New Silkroad is principally engaged in provision of loan facilitation services, operation of casino business, development and operation of integrated resort, cultural tourism and real estate and production and distribution of wine and Chinese baijiu. The audited consolidated profit attributable to owners of New Silkroad for the year ended 31 December 2018 was approximately HK$64,413,000. As at 31 December 2018, the audited consolidated net asset value attributable to owners of New Silkroad was approximately HK$2,704,242,000. The unaudited consolidated losses attributable to owners of New Silkroad for the year ended 31 December 2019 was approximately HK$188,729,000. As at 31 December 2019, the unaudited consolidated net asset value attributable to owners of New Silkroad was approximately HK$1,708,499,000.

(b) 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 2019 was approximately HK$32,508,627,000 (2018: HK$28,760,662,000). As at 31 December 2019, the audited consolidated net asset value attributable to owners of China Resources Land was approximately HK$193,969,093,000 (2018: HK$157,554,694,000).

(c) 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 2019 was approximately HK$29,509,985,000 (2018: HK$19,657,850,000). As at 31 December 2019, the audited consolidated net asset value attributable to owners of Sunac China was approximately HK$92,834,355,000 (2018: HK$64,713,730,000).

(d) 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 2019 was approximately HK$169,397,657,000 (2018: HK$127,445,586,000). As at 31 December 2019, the audited consolidated net asset value attributable to owners of Ping An was approximately HK$752,257,418,000 (2018: HK$633,640,009,000).

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

(e) 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 2019 was approximately HK$47,186,843,000 (2018 (restated): HK$44,754,111,000). As at 31 December 2019, the audited consolidated net asset value attributable to owners of China Overseas Land was approximately HK$313,574,626,000 (2018 (restated): HK$282,102,330,000).

(f) 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 2019 was approximately HK$44,912,000,000 (2018: HK$49,951,000,000). As at 30 June 2019, the audited consolidated net asset value attributable to owners of Sun Hung Kai was approximately HK$566,405,000,000 (2018: HK$539,098,000,000). The unaudited consolidated profit attributable to owners of Sun Hung Kai for the six months ended 31 December 2019 was approximately HK$15,419,000,000 (2018: HK$20,469,000,000). As at 31 December 2019, the unaudited consolidated net asset value attributable to owners of Sun Hung Kai was approximately HK$569,757,000,000 (2018: HK$545,856,000,000).

(g) China Pacific Insurance is principally engaged in the property and casualty businesses, life insurance businesses, pension and annuity businesses, as well as asset management. The audited consolidated profit attributable to owners of China Pacific Insurance for the year ended 31 December 2019 was approximately HK$31,452,746,000 (2018: HK$21,381,345,000). As at 31 December 2019, the audited consolidated net asset value attributable to owners of China Pacific Insurance was approximately HK$199,392,173,000 (2018: HK$170,307,234,000).

(h) 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 2019 was approximately HK$29,134,000,000 (2018: HK$40,117,000,000). As at 31 December 2019, the audited consolidated net asset value attributable to owners of CK Asset was approximately HK$344,253,000,000 (2018: HK$323,520,000,000).

(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 2019 was approximately HK$35,976,968,000 (2018: HK$32,704,940,000). As at 31 December 2019, the audited consolidated net asset value attributable to owners of EPD was approximately HK$192,837,268,000 (2018: HK$186,868,320,000).

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

(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 2019 was approximately HK$28,115,209,000 (2018: 12,996,070,000). As at 31 December 2019, the audited consolidated net asset value attributable to owners of ET was approximately HK$169,966,849,000 (2018: HK$161,059,210,000).

21. LEASE LIABILITY

	Minimum lease payments		Present value of minimum lease payments	
	2019	2018	**2019**	2018
	HK$	HK$	**HK$**	HK$
Within one year	**3,338,712**	–	**3,283,098**	–
In the second to fifth years, inclusive	**278,226**	–	**277,602**	–
	3,616,938	–	**3,560,700**	–
Less: Future finance charges	**(56,238)**	–	**N/A**	–
Present value of lease obligations	**3,560,700**	–	**3,560,700**	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(3,283,098)**	–
Amount due for settlement after 12 months			**277,602**	–

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise a lease liability relating to a lease which was previously classified as operating lease under HKAS 17. Comparative information as at 31 December 2018 has not been restated. Further details on the impact of the transition to HKFRS 16 are set out in note 3.

22. SHARE CAPITAL

	Note	Number of shares	Amount
			HK$
Authorised:			
Ordinary shares of HK$0.02 each			
At 1 January 2018, 31 December 2018 and 31 December 2019		1,000,000,000	20,000,000
Issued and fully paid:			
Ordinary shares of HK$0.02 each			
At 1 January 2018, 31 December 2018 and 1 January 2019		139,200,000	2,784,000
Issue of shares	(a)	27,800,000	556,000
At 31 December 2019		167,000,000	3,340,000

Note:

(a) On 25 January 2019, the Company and Bonus Eventus Securities Limited entered into a placing agreement in respect of the placement of 27,800,000 ordinary shares of HK$0.02 each (the "Placing Shares") to independent investors at a price of HK$0.4 each. The placement was completed on 25 February 2019 and the Placing Shares were issued and allotted to a placee, namely Sun Oxford Co., Limited, at the placing price of HK$0.4 each. 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 as at the date of completion. The premium on issue of shares amounting to HK$10,451,944 (net of share issue expenses of HK$112,056) 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 2019 and 2018.

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.

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

(a) Statement of financial position of the Company

	Note	At 31 December 2019 HK$	2018 HK$
Non-current assets			
Investments in subsidiaries		**1,660**	1,560
Property, plant and equipment		**118,180**	227,254
Right-of-use asset		**3,650,662**	–
Refundable rental deposit		**1,112,904**	–
		4,883,406	228,814
Current assets			
Financial assets at fair value through profit or loss		**5,918,323**	4,804,779
Due from subsidiaries		**198,518**	45,419
Prepayments, deposits and other receivables		**347,122**	503,025
Cash and cash equivalents		**23,299,409**	25,699,701
		29,763,372	31,052,924
Current liabilities			
Due to a subsidiary		**–**	780
Accruals and other payables		**451,400**	523,603
Lease liability		**3,283,098**	–
		3,734,498	524,383
Net current assets		**26,028,874**	30,528,541
Total assets less current liabilities		**30,912,280**	30,757,355
Non-current liability			
Lease liability		**277,602**	–
NET ASSETS		**30,634,678**	30,757,355
Equity attributable to owners of the Company			
Share capital		**3,340,000**	2,784,000
Reserves	23(b)	**27,294,678**	27,973,355
TOTAL EQUITY		**30,634,678**	30,757,355

Approved by the Board of Directors on 31 March 2020 and is signed on its behalf by:

SUN Bo	**WANG Daming**
Executive Director	*Executive Director*

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

(b) Reserve movement of the Company

	Share premium account HK$	Contributed surplus account HK$	Accumulated losses HK$	Total HK$
At 1 January 2018	50,339,486	28,040,011	(38,890,666)	39,488,831
Loss for the year	–	–	(11,515,476)	(11,515,476)
At 31 December 2018 and 1 January 2019	50,339,486	28,040,011	(50,406,142)	27,973,355
Issue of shares (note 22)	10,451,944	–	–	10,451,944
Loss for the year	–	–	(11,130,621)	(11,130,621)
At 31 December 2019	**60,791,430**	**28,040,011**	**(61,536,763)**	**27,294,678**

24. 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 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.

24. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(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.

25. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2019 HK$	Impact on initial application of HKFRS 16 (note 3) HK$	Restated balance at 1 January 2019 HK$	Cash flows HK$	Interest expense HK$	31 December 2019 HK$
Lease liability (note 21)	–	6,756,582	6,756,582	(3,338,712)	142,830	3,560,700

25. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2019 **HK$**	2018 HK$
Within operating cash flows	**142,830**	2,896,226
Within financing cash flows	**3,195,882**	–
	3,338,712	2,896,226

These amounts relate to the following:

	2019 **HK$**	2018 HK$
Lease rental paid	**3,338,712**	2,896,226

26. SHARE OPTIONS

During the years ended 31 December 2019 and 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 31 December 2019 and 2018.

27. CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any significant contingent liabilities (2018: Nil).

28. LEASE COMMITMENTS

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

	HK$
Within one year	3,338,712
In the second to fifth years inclusive	3,742,140
	7,080,852

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

29. 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 2019 of HK$30,506,667 (2018: HK$30,681,867) and the number of ordinary shares of 167,000,000 (2018: 139,200,000) in issue as at that date.

30. 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 15.

31. EVENTS AFTER THE REPORTING PERIOD

After the coronavirus outbreak in early 2020, a series of precautionary and control measures has been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the effect to business and economic activities caused by, the coronavirus outbreak and evaluating its impact on the financial position, cash flows and operating results of the Group. Given the uncertainties brought by the coronavirus outbreak, it is not practicable to provide a reasonable estimate of its financial effect on the Group's financial position, cash flows and operating results at the date of approval of this annual report.

32. INVESTMENTS IN SUBSIDIARIES OF THE COMPANY

Particulars of the subsidiaries as at 31 December 2019 are as follows:

Name	Place of incorporation/ registration	Particular of paid up capital	Percentage of ownership interest/voting power/profit sharing Direct	Indirect	Principal activities
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
CEIG Management Limited	Hong Kong	100 ordinary shares of HK$100	100%	–	Dormant
Hong Kong CEIG One Limited	Hong Kong	100 ordinary shares of HK$100	–	100%	Dormant
深圳核經一咨詢有限公司 (i)	PRC	Registered capital of RMB Nil	–	100%	Dormant

Note:

(i) The subsidiary is a wholly foreign owned enterprise established under the laws of the PRC.

33. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2020.