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## **CHINA NEW ECONOMY FUND LIMITED**

### **中國新經濟投資有限公司**

*(an exempted company incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 80)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

### **UNAUDITED INTERIM RESULTS**

The board of directors (the “Board” or the “Directors”) of China New Economy Fund Limited (the “Company”) is pleased to announce the unaudited interim results of the Company for the six months ended 30 June 2023 (the “Period”), together with the unaudited figures for the six months ended 30 June 2022.

### **INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2023*

	<i>Notes</i>	<b>For the six months ended 30 June 2023 (Unaudited) HK\$</b>	<b>For the six months ended 30 June 2022 (Unaudited) HK\$</b>
<b>REVENUE</b>	4	<b>1,540</b>	1,542,376
Net change in fair value of financial assets at fair value through profit or loss	5	<b>18,162,199</b>	(3,389,428)
Other operating expenses		<b>(9,180,611)</b>	(8,866,080)
<b>OPERATING PROFIT/(LOSS)</b>		<b>8,983,128</b>	(10,713,132)
Finance costs	6(a)	<b>(64,192)</b>	(22,021)
<b>PROFIT/(LOSS) BEFORE TAX</b>	6(b)	<b>8,918,936</b>	(10,735,153)
Income tax expense	9	<b>–</b>	–

	<b>For the six months ended 30 June 2023 (Unaudited)</b>	<b>For the six months ended 30 June 2022 (Unaudited)</b>
<i>Note</i>	<i>HK\$</i>	<i>HK\$</i>
<b>PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	<b><u>8,918,936</u></b>	<b><u>(10,735,153)</u></b>
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>		
	10	
Basic	<b><u>0.01</u></b>	<b><u>(0.01)</u></b>
Diluted	<b><u>0.01</u></b>	<b><u>(0.01)</u></b>

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION***As at 30 June 2023*

		<b>30 June 2023 (Unaudited) HK\$</b>	31 December 2022 (Audited) HK\$
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Right-of-use assets		<b>2,228,593</b>	518,327
Deposit		<b>126,740</b>	126,740
Total non-current assets		<b>2,355,333</b>	645,067
<b>CURRENT ASSETS</b>			
Prepayments and other receivables		<b>1,856,568</b>	4,483,150
Amount due from brokers		<b>320,068</b>	10,003
Financial assets at fair value through profit or loss	11	<b>122,968,261</b>	116,438,778
Cash and cash equivalents		<b>27,483,089</b>	27,830,332
Total current assets		<b>152,627,986</b>	148,762,263
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		<b>1,235,135</b>	6,595,551
Lease liabilities		<b>1,768,714</b>	406,525
Total current liabilities		<b>3,003,849</b>	7,002,076
<b>NET CURRENT ASSETS</b>		<b>149,624,137</b>	141,760,187
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>151,979,470</b>	142,405,254
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>785,738</b>	130,458
Total non-current liabilities		<b>785,738</b>	130,458
<b>NET ASSETS</b>		<b>151,193,732</b>	142,274,796
<b>EQUITY</b>			
Issued capital	12	<b>52,788,011</b>	52,788,011
Reserves		<b>98,405,721</b>	89,486,785
Total equity		<b>151,193,732</b>	142,274,796
<b>NET ASSET VALUE PER SHARE</b>		<b>0.11</b>	0.11

## **NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

*30 June 2023*

### **1. CORPORATION INFORMATION**

The Company was incorporated in the Cayman Islands on 1 February 2010 under the Companies Law of the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company was established for the purpose of acting as a closed-ended investment company.

The Company’s registered office is at P.O. Box 3009, Uglund House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands. The principal place of business of the Company is at 22/F., CS Tower, 50 Wing Lok Street, Sheung Wan, Hong Kong.

The principal investment objective of the Company is to achieve long-term capital appreciation through investing globally in both private and public enterprises that have demonstrated the ability to manufacture a product or deliver a service that is supported by the economies of Mainland China, Hong Kong, Macau, and Taiwan.

During the Period, the Company’s investment activities are managed by Evergrande Securities (Hong Kong) Limited (the “Investment Manager”).

### **2.1 BASIS OF PREPARATION**

The unaudited interim condensed financial statements for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) issued by the International Accounting Standards Board (“IASB”) and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange (the “Listing Rules”) of Hong Kong Limited (the “Stock Exchange”). They have been prepared under the historical cost convention, except for the financial assets at fair value through profit or loss which have been measured at fair values. The interim condensed financial statements are presented in Hong Kong dollars (“HK\$”) except when otherwise indicated.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2022. The accounting policies and methods of computation used in the preparation of the interim condensed financial statements included in this announcement are consistent with those used in the annual financial statements for the year ended 31 December 2022.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The interim condensed financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at revalued amounts or fair values.

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IFRS 3, IAS 16 and IAS 37	Narrow-scope Amendments
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Costs of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020

The application of the amendments to IFRSs in the current year has had no material impact on the Company's financial positions and performance for the current and prior years and/or on the disclosures set out in these condensed financial statements.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Company is organised into business units based on the categories of investments. During the six months ended 30 June 2023 and 2022, the Company has two reportable operating segments as follows:

- Listed securities – Investments in equity securities listed on relevant stock exchange.
- Unlisted securities – Investments in open-ended fund, limited partnership fund, private equity securities, unlisted bond and promissory notes.

Further details of the Company's investments are included in note 11.

	<b>Listed securities</b>	<b>Unlisted securities</b>	<b>Unallocated</b>	<b>Total</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
For the six months ended 30 June 2023 (unaudited)				
Segment revenue	<u>–</u>	<u>–</u>	<u>1,540</u>	<u>1,540</u>
Segment results	<u>(3,803,547)</u>	<u>21,965,746</u>	<u>–</u>	<u>18,162,199</u>
Bank interest income				1,540
Unallocated expenses				<u>(9,244,803)</u>
Profit before tax				<u>8,918,936</u>

	Listed securities <i>HK\$</i>	Unlisted securities <i>HK\$</i>	Unallocated <i>HK\$</i>	Total <i>HK\$</i>
For the six months ended 30 June 2022 (unaudited)				
Segment revenue	–	1,488,521	53,855	1,542,376
Segment results	(3,624,185)	234,757	1,188,521	(2,200,907)
Bank interest income				1,855
Government grants				52,000
Unallocated expenses				(8,588,101)
Loss before tax				(10,735,153)

For the six months ended 30 June 2023 and 2022, the operating segments derived revenue from dividend income, interest income and income from profit guarantee earned from the investments held by the segments. Segment results represented the net gains or losses on changes in fair values of listed equity securities, private equity securities, unlisted bond, open-ended fund, limited partnership fund and promissory notes classified as financial assets at fair value through profit or loss and the corresponding interest income, dividend income as well as income from profit guarantee earned by each segment without the allocation of administrative expenses, finance costs, interest income from bank deposits, government grants and Investment Manager's fees.

As management considers the Company's nature of business to be investment trading and there are no major customers, accordingly no information regarding revenue derived from major customers is presented.

	Listed securities <i>HK\$</i>	Unlisted securities <i>HK\$</i>	Total <i>HK\$</i>
As at 30 June 2023 (unaudited)			
Segment assets:			
Financial assets at fair value through profit or loss	5,258,900	117,709,361	122,968,261
Unallocated assets			32,015,058
Total assets			154,983,319
Liabilities:			
Unallocated liabilities			3,789,587
Total liabilities			3,789,587

	Listed securities <i>HK\$</i>	Unlisted securities <i>HK\$</i>	Total <i>HK\$</i>
As at 31 December 2022 (audited)			
Segment assets:			
Financial assets at fair value through profit or loss	12,261,190	104,177,588	116,438,778
Unallocated assets			32,968,552
Total assets			149,407,330
Liabilities:			
Unallocated liabilities			7,132,534
Total liabilities			7,132,534

For the purpose of monitoring segment performance and allocating resources between segments, all financial assets at fair value through profit or loss are allocated to reportable segments. All other assets of the Company, including right-of-use assets, deposits, prepayments and other receivables, amount due from brokers and cash and cash equivalents, and all liabilities are not allocated to the operating segments.

#### 4. REVENUE

An analysis of revenue is as follows:

	<b>For the six months ended 30 June 2023 (Unaudited) <i>HK\$</i></b>	For the six months ended 30 June 2022 (Unaudited) <i>HK\$</i>
Interest income from promissory note	–	528,110
Interest income from bonds	–	660,411
Bank interest income	1,540	1,855
Income from profit guarantee	–	300,000
Government grants	–	52,000
	<b>1,540</b>	1,542,376

*Notes:*

- (i) Income from profit guarantee relates to amounts received and receivable in respect of a private equity investment in Hong Kong under the profit guarantee terms set out in the relevant agreement.
- (ii) Government grants from Hong Kong Special Administrative Region (“HKSAR”) Government Employment Support Scheme (“ESS”) have been received for retaining employees who may otherwise be made redundant. The related salary expenditure for which government grant intended to compensate has been fully undertaken and recognised as revenue. There are no unfulfilled conditions or contingencies relating to these grants.

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

	<b>Listed securities HK\$</b>	<b>Unlisted securities HK\$</b>	<b>Total HK\$</b>
For the six months ended 30 June 2023 (unaudited)			
Net realised loss on financial assets at fair value through profit or loss	(12,813,547)	(2,566,027)	(15,379,574)
Net unrealised gain on financial assets at fair value through profit or loss	<u>9,010,000</u>	<u>24,531,773</u>	<u>33,541,773</u>
Total of net realised and unrealised (loss)/gain included in profit or loss	<u><u>(3,803,547)</u></u>	<u><u>21,965,746</u></u>	<u><u>18,162,199</u></u>
	<b>Listed securities HK\$</b>	<b>Unlisted securities HK\$</b>	<b>Total HK\$</b>
For the six months ended 30 June 2022 (unaudited)			
Net realised loss on financial assets at fair value through profit or loss	(17,869,619)	–	(17,869,619)
Net unrealised gain on financial assets at fair value through profit or loss	<u>14,245,434</u>	<u>234,757</u>	<u>14,480,191</u>
Total of net realised and unrealised (loss)/gain included in profit or loss	<u><u>(3,624,185)</u></u>	<u><u>234,757</u></u>	<u><u>(3,389,428)</u></u>



## 6. PROFIT/(LOSS) BEFORE TAX

The Company's profit/(loss) before tax is arrived at after charging:

	<b>For the six months ended 30 June 2023 (Unaudited)</b>	For the six months ended 30 June 2022 (Unaudited)
(a) Finance costs		
Interest on other borrowings	–	1,868
Interest on lease liabilities	<u>64,192</u>	<u>20,153</u>
	<b><u>64,192</u></b>	<b><u>22,021</u></b>
(b) Other operating expenses		
Directors' remuneration		
– Fees	963,112	881,020
– Other emoluments	<u>–</u>	<u>–</u>
	<b><u>963,112</u></b>	<b><u>881,020</u></b>
Staff cost (excluding directors' remuneration)	2,027,170	2,080,766
Investment management fee	300,000	300,000
Foreign exchange loss, net	–	300,517
Auditors' remuneration	275,000	275,000
Short-term lease in respect of properties	41,604	37,800
Consultancy fees	100,000	600,000
Legal and professional fees	1,717,840	2,163,484
Depreciation of right-of-use assets	<u>754,691</u>	<u>185,854</u>

## 7. INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend in respect of the current reporting period (30 June 2022: Nil).

## 8. FEES

### Administration fee

Amicorp Fund Services Asia Limited (the "Administrator") is entitled to receive an administration fee which is calculated based on the net asset value of the Company at valuation day equal to the rate of 0.11% per annum.

The administration fee is subject to a monthly minimum fee of USD4,000 plus 7% disbursement charge for the period from 1 January 2023 to 31 January 2023 and USD4,100 plus 7.5% disbursement charge from 1 February 2023 (30 June 2022: USD4,000 plus 7% disbursement charge) and is payable monthly in arrears.

The administration fee for the Period is HK\$206,397 (30 June 2022: HK\$201,018). As at 30 June 2023, an administration fee of HK\$69,049 (31 December 2022: HK\$66,817) was payable to the Administrator.

### **Custodian fee**

Bank of Communications Trustee Limited (the “Custodian”) is entitled to a custodian fee which is calculated based on the net asset value of the Company at valuation day equal to the rate of 0.04% per annum. The custodian fee is subject to a monthly minimum fee of HK\$12,500 (30 June 2022: HK\$12,500 and is payable monthly in arrears.

The custodian fee for the Period is HK\$75,000 (30 June 2022: HK\$75,108). As at 30 June 2023, a custodian fee of HK\$12,500 (31 December 2022: HK\$25,000) was payable to the Custodian.

### **Management fee**

The Investment Manager is entitled to a monthly management fee of HK\$50,000 (30 June 2022: HK\$50,000) and payable monthly in advance.

The management fee for the Period is HK\$300,000 (30 June 2022: HK\$300,000). As at 30 June 2023, a management fee of HK\$50,000 (31 December 2022: HK\$50,000) was payable to the Investment Manager.

## **9. TAXATION**

The Company calculates the period income tax expenses using the tax rate that would be applicable to the expected total annual earnings.

### **Cayman Islands**

Under the current Cayman Islands law, there are no income tax, corporation tax, capital gains tax or any other kinds of tax on profits or gains or tax in the nature of estate duty or inheritance tax currently in effect.

Effective from the date of incorporation of the Company, and for a period of twenty years, no law that is hereafter enacted in the Cayman Islands imposing any tax on income will be levied on the Company.

### **Hong Kong**

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the Company will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company did not generate any assessable profit for both six months ended 30 June 2023 and 2022.

No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

## 10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic and diluted earnings/(loss) per share amount is based on the Company's earnings of HK\$8,918,936 (30 June 2022: loss of HK\$10,735,153) for the Period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the Period of 1,319,700,274 (30 June 2022: 1,179,882,042 ordinary shares as adjusted to reflect the impact of right issue completed on 25 February 2022).

No diluted earnings per share for both six months ended 30 June 2023 and 2022 were presented as there were no potential ordinary shares in issue for both periods.

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2023 (Unaudited) HK\$</b>	31 December 2022 (Audited) HK\$
Listed equity securities – Hong Kong	<b>5,258,900</b>	12,261,190
Investment in private equity – British Virgin Islands	<b>15,968,000</b>	15,968,000
Investments in private equities – Hong Kong	<b>41,448,000</b>	41,448,000
Investments in funds – Hong Kong	<b>60,293,361</b>	35,761,588
Investment in unlisted bond	–	11,000,000
	<b><u>122,968,261</u></b>	<b><u>116,438,778</u></b>

The fair values of the private equities are determined based on valuation techniques for which inputs that have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

The fair values of the funds are determined based on valuation techniques (i.e. net asset value) for which the lowest level input that have a significant effect on the recorded fair value is directly or indirectly observable.

On 28 September 2022, the Company entered a disposal agreement (the “Disposal Agreement”) to dispose the unlisted bond with principal amount of approximately HK\$10,500,000 at the consideration of HK\$11,000,000, the consideration was satisfied by cash. Pursuant to the Disposal Agreement, the disposal would be completed until all consideration is received by the Company. As at 31 December 2022, a consideration of HK\$11,000,000, of which HK\$5,000,000 was received in advance and recognised as other payable. During the Period, the remaining approximately HK\$6,000,000 of the consideration was received and the disposal was completed.

Net unrealised gain on financial assets at fair value through profit or loss of HK\$33,541,773 has been recognised in profit or loss in the interim condensed statement of profit or loss and other comprehensive income (30 June 2022: net gain of HK\$14,480,191).

## 12. ISSUED CAPITAL

	Number of shares	Nominal amount <i>HK\$</i>
Issued and fully paid		
Ordinary shares of nominal amount HK\$0.04 each at 30 June 2023	<b><u>1,319,700,274</u></b>	<b><u>52,788,011</u></b>
Ordinary shares of nominal amount HK\$0.04 each at 31 December 2022	<u>1,319,700,274</u>	<u>52,788,011</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Issued capital <i>HK\$</i>	Share premium account <i>HK\$</i>	Total <i>HK\$</i>
At 1 January 2022	864,214,887	34,568,595	192,058,831	226,627,426
Rights issue ( <i>note</i> )	432,107,443	17,284,298	60,495,042	77,779,340
Share issue expenses	–	–	(514,131)	(514,131)
Share option exercised	<u>23,377,944</u>	<u>935,118</u>	<u>4,758,301</u>	<u>5,693,419</u>
At 31 December 2022, 1 January 2023 and 30 June 2023	<b><u>1,319,700,274</u></b>	<b><u>52,788,011</u></b>	<b><u>256,798,043</u></b>	<b><u>309,586,054</u></b>

*Note:* On 25 February 2022, the Company raised approximately HK\$77,265,209, net of related issue expenses of HK\$514,131 by way of the rights issue of 432,107,443 rights shares on the basis of one rights share for every two shares at the subscription price of HK\$0.18 per share. The net proceeds of the Placing Shares, after deduction of the costs of the Company, were subsequently applied for the investment in line with its ordinary course of business and pursuant to the investment objectives of the Company and for the general working capital of the Company to meet the running expenses of the Company such as rental and staff costs.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Board of the Company is pleased to present the Company's interim results for the six months ended 30 June 2023.

The Company is a closed-ended investment company established on 1 February 2010. By investing in both private and public enterprises supported by the new economies of Greater China, the Company is devoted to achieving long term capital appreciation for professional investors.

## **FINANCIAL HIGHLIGHTS**

During the Period, the Company maintained a long-term investment strategy in both public and private equities. The Company held three investments in Hong Kong-listed companies, five private equity securities investments, one limited partnership fund and one open-ended fund as of 30 June 2023. One of our major investments is in the limited partnership fund focusing on equity investments. The Company reported net gain attributable to shareholders of HK\$8,918,936 during the Period which consisted of the net change in fair value gain of HK\$18,162,199 taken on the investment positions in the portfolio.

The investment performance of the Company during the Period is affected by the slowdown in the Chinese economy and the rising volatility of the global stock market in the post pandemic era. As at 30 June 2023, the Company reported an unaudited net asset value of approximately HK\$0.11 per share. The net gain is mainly attributable to both net unrealised gain of HK\$33,541,773 offsetted by net realised loss of HK\$15,379,574 on financial assets at fair value through profit or loss mainly as a result of recent Hong Kong stock market volatility. The Company will continue to monitor investments cautiously due to recent uncertain market conditions.

## **BUSINESS REVIEW AND PROSPECT**

During the first half of 2023 (the "2023-1H"), the "Post" coronavirus disease (the "COVID-19") period, including China, most countries began to treat it as an endemic disease and no longer isolated COVID-19 patients. The key theme of 2023-1H for the entire world is to restore business activities in various industries. Although the market believes the pandemic is coming to an end and the economy is rebounding, several serious issues still harass the investment market, such as the U.S. hike interest rates. The projection of economic rebound has disappointed most investors.

China adjusted key parts of its anti-epidemic strategy in January 2023. China's national economy is growing rapidly in the 2023-1H. According to the data from the National Bureau of Statistics of China, the gross domestic product ("GDP") of China in the 2023-1H increased to RMB 59,303.4 billion over the corresponding period, representing an increase of 5.5% compared to the first half of 2022. The GDP of the second quarter of 2023 went up by 6.3% on a year-to-year basis. Since the pandemic is coming to an end, the Company believes China's national economy will continue to rebound.

Hang Seng Index dropped 4.4% in the 2023-1H, while Hang Seng Chinese Enterprises Index dropped 4.2% during the same time. On the other hand, the United States Federal Reserve Board (the "U.S. Federal Reserve") restarted the interest rate hike cycle since May of 2022. The U.S. Federal Reserve raised interest rates by 25 percentage points in February, March, and May of 2023, respectively. After U.S. inflation reached an over 40-year high in July of 2022, the inflation growth rate slowed down during 2023-1H. With the interest rates rising to 5% to 5.25%, we expect that the U.S. Federal Reserve does not have too much room to hike interest rates in a short period. The U.S. interest rates may rise from 5.5% to 5.75% by the end of 2023, leaving about 50 percentage point increase for interest rate hikes.

The focus of the Company is to invest in listed securities in the short to medium term and will continue to seek opportunities to invest in listed companies with high potential. During the Period, we newly invested in Kingland Group Holdings Limited, which is mainly engaged in the provision of concrete demolition services in Hong Kong and Macau. The Company will continue to look for further investment opportunities or even unlisted investments to benefit our investors and shareholders.

Another focus of the Company is to invest in private equity securities and other unlisted investments in the long term. During the Period, the Company has invested two funds and five private equities. The Company believes that funds and private equity shall diversify the risk of investments and will potentially bring greater returns in the long term alongside listed investments in the portfolio.

The Company will continue to implement an investment strategy with a strong focus on Greater China and other major global markets. Leveraging the expertise of our professional investment and risk management team, we hold a high level of confidence in our ability to identify and seize valuable investment opportunities, ultimately maximizing profits for our esteemed shareholders.

## INVESTMENT REVIEW

Pursuant to the requirements stipulated in Rule 21.12 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”), the Company discloses its ten largest investments and all individual investments with value exceeding 5% of the Company’s gross assets with brief description of the investee companies as follows:

### At 30 June 2023

#### Listed Equity Securities – Hong Kong

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee’s capital owned	Cost	Market value	Unrealised gain/(loss) recognised (Note 1)	Net asset attributable to the Company (Note 2)	Dividend received/receivable during the Period	% of gross assets of the Company
				HK\$’000	HK\$’000	HK\$’000		HK\$’000	
(a) Kingland Group Holdings Limited	The Cayman Islands	6,030,000 ordinary shares of HK\$0.05 each	2.49%	3,913	4,100	187	HK\$0.68 million	–	2.65
(b) Jiading International Group Holdings Limited	Bermuda	5,300,000 ordinary shares of HK\$0.004 each	0.35%	559	636	77	HK\$0.28 million	–	0.41
(c) CBK Holdings Limited	The Cayman Islands	1,100,000 ordinary shares of HK\$0.01 each	1.18%	467	523	56	HK\$0.04 million	–	0.34

#### Private Equity – British Virgin Islands

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee’s capital owned	Cost	Market value	Unrealised gain/(loss) recognised (Note 1)	Net liability attributable to the Company (Note 3)	Dividend received/receivable during the Period	% of gross assets of the Company
				HK\$’000	HK\$’000	HK\$’000		HK\$’000	
(d) Gransing Financial Group Limited	British Virgin Islands	64 shares of USD1 each	18.08%	46,377	15,968	(30,409)	HK\$26.09 million	–	10.30

### ***Private Equity Securities – Hong Kong***

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net asset/(liability) attributable to the Company	Dividend received/receivable during the Period	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000	Company (Note 3)	HK\$'000	
(e) iPro Financial Press Limited	Hong Kong	17,493 shares	19.97%	34,999	26,793	(8,206)	HK\$24.12 million	–	17.29
(f) Gransing Finance Limited	Hong Kong	2,779,570 shares	19.90%	16,876	14,655	(2,221)	HK\$11.99 million	–	9.46
(g) Help U Credit Finance Limited	Hong Kong	37,000 shares	19.95%	19,000	–	(19,000)	HK\$12.64 million	–	–
(h) Sense Key Design Limited	Hong Kong	199 shares	19.90%	25,000	–	(25,000)	HK\$(2.09) million	–	–

### ***Funds – Hong Kong***

Name of investee	Place of incorporation	Proportion of investee's capital owned	Cost	Market Value	Unrealised gain/(loss) recognised	Net asset/(liability) attributable to the Company	Dividend received/receivable during the Period	% of gross assets of the Company
			HK\$'000	HK\$'000	HK\$'000	Company (Note 3)	HK\$'000	
(i) Goldstone 1 LPF	Hong Kong	81.28%	23,748	47,218	23,470	HK\$47.22 million	–	30.47
(j) SWK Dynamic OFC	Hong Kong	7.58%	13,300	13,076	(224)	HK\$13.08 million	–	8.44



## At 31 December 2022

### Listed Equity Securities – Hong Kong

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net asset attributable to the Company	Dividend received/receivable during the year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000	(Note 2)	HK\$'000	
Hanvey Group Holdings Limited	The Cayman Islands	32,100,000 Ordinary shares of HK\$0.1 each	19.45%	19,113	10,272	(8,841)	HK\$7.66 million	–	6.88
Orient Securities International Holdings Limited	The Cayman Islands	6,210,000 Ordinary shares of HK\$0.05 each	4.99%	1,456	1,646	190	HK\$18.98 million	–	1.10
Jiading International Group Holding Limited (Formerly known as Farnova Group Holdings Limited)	Bermuda	1,780,000 Ordinary shares of HK\$0.004 each	0.17%	381	344	(37)	HK\$0.10 million	–	0.23

### Private Equity Security – British Virgin Islands

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net liability attributable to the Company	Dividend received/receivable during the year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000	(Note 3)	HK\$'000	
Gransing Financial Group Limited	British Virgin Islands	64 shares of USD1 each	18.08%	46,377	15,968	(30,409)	HK\$26.09 million	–	10.69

### ***Private Equity Securities – Hong Kong***

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net asset attributable to the Company	Dividend received/receivable during the year	% of gross assets of the Company
				HK\$'000	HK\$'000	(Note 4) HK\$'000	(Note 3)	HK\$'000	
iPro Financial Press Limited	Hong Kong	17,493 shares	19.97%	34,999	26,793	(8,206)	HK\$24.12 million	–	17.93
Gransing Finance Limited	Hong Kong	2,779,570 shares	19.90%	16,876	14,655	(2,221)	HK\$18.58 million	–	9.81
Help U Credit Finance Limited	Hong Kong	37,000 shares	19.95%	19,000	–	(19,000)	HK\$12.64 million	–	–

### ***Unlisted Bond – The Cayman Islands***

Name of issuer	Place of incorporation	Cost	Market value	Unrealised gain/(loss) recognised	Yield per annum	Maturity date	Interest received/accrued during the Year	% of gross assets of the Company
				(Note 4) HK\$'000	%	HK\$'000		
Orient Payment Group Holdings Limited	The Cayman Islands	10,500	11,000	500	10	31 July 2022	1,658	7.36

### ***Funds – Hong Kong***

Name of investee	Place of incorporation	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net asset attributable to the Company	Dividend received/receivable during the Year	% of gross assets of the Company
			HK\$'000	HK\$'000	(Note 4) HK\$'000	(Note 3)	HK\$'000	
Goldstone 1 LPF (Formerly known as Gransing 1 LPF)	Hong Kong	81.28%	23,748	22,151	(1,597)	HK\$22.15 million	–	14.83
SWK Dynamic OFC	Hong Kong	7.58%	13,300	13,610	310	HK\$13.61 million	–	9.11

*Notes:*

- (1) The unrealised gain/(loss) represented the accumulated changes in fair value of the respective investments recognised as at 30 June 2023.
- (2) The calculation of net assets/(liability) attributable to the Company is based on the latest published interim/annual report of the respective investments as at the latest practicable date at the end of each reporting period.
- (3) The calculation of net assets/(liability) attributable to the Company is based on the latest financial information/statements of the respective investments as at the latest practicable date at the end of each reporting period.
- (4) The unrealised gain/(loss) represented the accumulated changes in fair value of the respective investments recognised as at 31 December 2022.

A brief description of the business and financial information of the investments is as follows:

- (a) Kingland Group Holdings Limited (“Kingland”) is an investment holding company mainly engaged in the provision of concrete demolition service in Hong Kong and Macau. The unaudited profit attributable to shareholders of Kingland for the financial year ended 30 June 2023 was approximately HK\$5,056,000 and the unaudited net assets attributable to shareholders of Kingland as at 30 June 2023 was approximately HK\$27,123,000. Kingland will maintain cost control measures and resource management to cope with economic volatility and potential challenges. The fair value of the investment in Kingland is based on quoted market bid prices.
- (b) Jiading International Group Holdings Limited (“Jiading”) is an investment holding company mainly engaged in advertising business. The audited loss attributable to shareholders of Jiading for the financial year ended 31 March 2023 was approximately HK\$67,214,000 and the audited net assets attributable to shareholders of Jiading as at 31 March 2023 was approximately HK\$78,857,000. Jiading will remain committed to driving sustainable growth in this segment and creating long-term value for their shareholders. The fair value of the investment in Jiading is based on quoted market bid prices.
- (c) CBK Holdings Limited (“CBK”) is an investment holding company mainly engaged in the provision of catering services. The audited loss attributable to shareholders of CBK for the financial year ended 31 March 2023 was approximately HK\$22,227,000 and the audited net assets attributable to shareholders of CBK as at 31 March 2023 was approximately HK\$3,596,000. CBK will take proactive approach to consider any potential opportunities to rejuvenate the respective business of their restaurants. The fair value of the investment in CBK is based on quoted market bid prices.

- (d) Gransing Financial Group Limited (“Gransing Financial”) is principally engaged in provision of quality brokerage, corporate finance, asset management, money lending and financial adviser services to institutional and individual investors in Hong Kong and Mainland China through its subsidiaries. With the enhancement of artificial intelligence (“A.I.”) technology, Gransing Financial launched several new services included the online account opening services for new customers in Hong Kong and China. Moreover, by the help of advanced intelligent technology, Gransing Financial’s A.I. analyst would serve their clients with stock monitoring, investment strategies and stock scoring services. All the above would improve Gransing Financial’s operation efficiency and earn more new potential clients. The fair value of the investment in Gransing Financial is based on valuation by independent valuer.
- (e) iPro Financial Press Limited (“iPro”) is principally engaged in financial printing services, production of announcements such as IPO prospectus and financial reports, and provision of venues for financial related forums. The fair value of the investment in iPro is based on valuation by independent valuer.
- (f) Gransing Finance Limited (“Gransing Finance”) is engaged in the provision of money lending. The fair value of the investment in Gransing Finance is based on valuation by independent valuer.
- (g) Help U Credit Finance Limited (“Help U”) is principally engaged in money lending business in Hong Kong. Help U is a money lender and provides secured and unsecured loans to both individuals and corporations. The fair value of the investment in Help U is based on valuation by independent valuer.
- (h) Sense Key Design Holdings Limited (“Sense Key”) is principally engaged in provision of custom interior design services for residential and commercial projects in a broad range of styles and sensibilities. The fair value of the investment in Sense Key is based on valuation by independent valuer.
- (i) Goldstone 1 LPF (“Goldstone 1”), is a limited partnership fund. Goldstone 1 seeks to achieve maximum capital appreciation over the life of the Limited Partnership Fund through equity investments, specifically, investments in IPOs on securities to be listed on the Stock Exchange and in private placements by companies listed on the Stock Exchange. The fair value of the investment in Goldstone 1 is based on net asset value.
- (j) SWK Dynamic OFC (“SWK”) is private open-ended fund company with variable capital. The strategy of SWK is Long-biased focusing on Hong Kong and China equity market. The fair value of the investment in SWK is based on net asset value.

## Top realised gain for the Period

Name of investment	Realised gain <i>HK\$'000</i>
Jiading International Group Holdings Limited – Rights	27

## Top three realised loss for the Period

Name of investment	Realised loss <i>HK\$'000</i>
Hanvey Group Holdings Limited	11,890
Kingland Group Holdings Limited	684
Orient Securities International Holdings Limited	143

## LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Company has maintained a sufficient cash position which will allow it to capture opportunities with promising returns in both listed and private equities.

As at 30 June 2023, the gearing ratio, defined as total borrowings divided by shareholders' equities, was nil (31 December 2022: Nil). As at 30 June 2023, the Company has no margin payables to brokers (31 December 2022: Nil).

## INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend during the Period (30 June 2022: Nil).

## CHARGES ON COMPANY'S ASSET AND CONTINGENT LIABILITIES

As at 30 June 2023, the Company had no pledged Hong Kong listed securities to secure the margin payables to the brokers (31 December 2022: Nil).

There were no significant contingent liabilities as at 30 June 2023 (31 December 2022: Nil).

## CAPITAL STRUCTURE

On 6 January 2011 (the "Listing Date"), the Company completed a share placement and a total of 303,000,000 ordinary shares of HK\$0.1 each were placed at a price of HK\$1.03 per share for a total cash consideration, excluding the related issue expenses, for approximately HK\$312.1 million. Subsequent to the listing, the Company had acquired additional capital by completion of rights issue and placing of new shares under general mandate. As at 30 June 2023, the capital of the Company comprises of 1,319,700,274 ordinary shares of HK\$0.04 each.

## SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “Share Option Scheme”) on 1 June 2015, pursuant to an ordinary resolution passed at the extraordinary general meeting held on 28 May 2015.

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 share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company in issue from time to time.

The Company operates the share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company’s operations. The eligible participants of the Share Option Scheme are full time or part time employees of the Company (including any directors, whether executive or non-executive and whether independent or not, of the Company); and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sublicensee) or distributors, landlords or tenants (including any subtenants) of the Company or any person who, in the sole discretion of the Board, has contributed or may contribute to the Company.

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 share option schemes of the Company must not in aggregate exceed 10% of shares in issue on 28 May 2021 as the Company has sought the approval of the shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme. The Share Option Scheme will remain in force for a period of 10 years commencing from 28 May 2015.

As disclosed in the circular of the Company dated 12 May 2015, the total number of shares issued and to be issued upon exercise of the options granted to each participant or grantee (including exercised and outstanding options) in any twelve month period up to the date of grant shall not exceed 1% of the shares in issue. Where it is proposed that any offer is to be made to a participant (or where approximate, and existing grantee) which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the twelve month period up to the including the relevant date of grant to exceed such limit, such offer and any acceptance thereof must be conditional upon shareholders’ approval in general meeting with such participant (or where appropriate, and existing grantee) and his, her or its associated abstaining from voting.

The subscription price for shares under the Share Option Scheme shall be a price determined by the Board, but shall not be lower than the highest of (i) the closing price of shares as stated in the daily quotation sheet of the Stock Exchange on the date on which the Board approves the making of the offer for the grant of options (the “Date of Grant”), which must be a trading day; (ii) the average closing price of shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the Date of Grant; and (iii) the nominal value of a share. The time of acceptance of an offer for the grant of options shall not be later than 21 days from the Date of Grant. A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of an option.

## **CAPITAL EXPENDITURE AND COMMITMENT**

As at 30 June 2023, the Company made no capital expenditure or any other commitments (31 December 2022: Nil).

## **MATERIAL ACQUISITION AND DISPOSAL**

During the Period, the Company did not acquire or dispose of any subsidiaries or associated companies (31 December 2022: Nil).

## **USE OF PROCEEDS**

The Company has ten investments as of 30 June 2023, comprising of equity securities listed in Hong Kong, private equities, limited partnership fund and open-ended fund. The largest one held by the Company is the limited partnership fund.

The rest of the net proceeds gained will be applied by the Board and the Investment Manager in making investments according to the investment objective, policies and restrictions of the Company and the requirements of the Articles of Association of the Company, the Listing Rules and the investment management agreement. Any proceeds not deployed are placed in bank deposits or invested in money market instruments or money market funds.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2023, the Company had eight full-time employees (31 December 2022: six). All of the Company’s employees were based in Hong Kong.

The Company establishes its remuneration policy by making reference to the prevailing market conditions and a performance-based reward system and the policy is periodically reviewed. Apart from mandatory provident fund, salaries increment, share options and discretionary bonuses may be awarded to employees according to the assessment of individual performance.

The total remuneration cost incurred by the Company for the Period was approximately HK\$2,027,170 (30 June 2022: HK\$2,080,766).

## **FOREIGN CURRENCY FLUCTUATION**

The Board believes that foreign exchange risks are minimal as the Company mainly uses the Hong Kong dollars to carry out its business transactions.

## **EVENTS AFTER REPORTING PERIOD**

There is no significant event after the reporting period.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES OF THE COMPANY**

The Company has not purchased, sold or redeemed any of the Company's shares during the Period.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has applied the principles set out in Part 2 of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules. The Board is of the view that throughout the Period, the Company was in compliance with the code provisions as set out in the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry to all the Directors of the Company, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the Period.

## **AUDIT COMMITTEE**

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Sze Tak Chi (being the chairman with professional qualifications in accountancy), Mr. Tong Yun Lung and Mr. Sui Fuxiang.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, risk management systems, internal control or other matters of the Company.



The unaudited interim financial information and the interim report of the Company for the Period have been reviewed by the Audit Committee.

## **PUBLICATION OF INTERIM REPORT**

The interim report of the Company for the Period containing all the applicable information required by the Listing Rules will be dispatched to the shareholders of the Company and made available for review on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinaneweconomyfund.com](http://www.chinaneweconomyfund.com)) in due course.

By Order of the Board  
**China New Economy Fund Limited**  
**Chan Cheong Yee**  
*Executive Director*

Hong Kong, 29 August 2023

*As at the date of this announcement, the Board comprises Mr. CHAN Cheong Yee as executive Director; Mr. HUANG Bin (Co-Chairman), Mr. CHOI Chit Sze Jackson (Co-Chairman), Mr. WANG Dingben, Mr. CHOI Koon Ming and Ms. XIAO Ruimei as non-executive Directors; Mr. SZE Tak Chi, Mr. SUI Fuxiang and Mr. TONG Yun Lung as independent non-executive Directors.*