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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 RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

RESULTS

The board of Directors (the “**Board**” or the “**Directors**”) of China New Economy Fund Limited (the “**Company**”) is pleased to announce the results of the Company for the year ended 31 December 2023 (the “**Year**”), together with the comparative figures for the year ended 31 December 2022, as follows:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 HK\$	2022 HK\$
REVENUE	4	126,339	3,116,109
Net loss on financial assets at fair value through profit or loss	5	(35,365,185)	(39,041,595)
Other operating expenses		(17,015,757)	(16,725,072)
OPERATING LOSS		(52,254,603)	(52,650,558)
Finance costs	6(a)	(182,240)	(94,517)
LOSS BEFORE TAX	6(b)	(52,436,843)	(52,745,075)
Income tax expense	8	–	–
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		(52,436,843)	(52,745,075)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
– Basic		(0.04)	(0.04)
– Diluted		(0.04)	(0.04)

STATEMENT OF FINANCIAL POSITION*At 31 December 2023*

	<i>Notes</i>	2023 HK\$	2022 HK\$
NON-CURRENT ASSETS			
Right-of-use asset		1,419,547	518,327
Deposits		200,000	126,740
Total non-current assets		1,619,547	645,067
CURRENT ASSETS			
Prepayments and other receivables		1,623,057	4,483,150
Amount due from brokers		8,350,713	10,003
Financial assets at fair value through profit or loss	10	66,340,464	116,438,778
Cash and cash equivalents		17,309,428	27,830,332
Total current assets		93,623,662	148,762,263
CURRENT LIABILITIES			
Other payables and accruals		2,847,326	6,595,551
Amount due to a related party		1,100,000	–
Lease liabilities		1,260,032	406,525
Total current liabilities		5,207,358	7,002,076
NET CURRENT ASSETS		88,416,304	141,760,187
TOTAL ASSETS LESS CURRENT LIABILITIES		90,035,851	142,405,254
NON-CURRENT LIABILITIES			
Lease liabilities		197,898	130,458
Total non-current liabilities		197,898	130,458
Net assets		89,837,953	142,274,796
EQUITY			
Issued capital	11	52,788,011	52,788,011
Reserves		37,049,942	89,486,785
Total equity		89,837,953	142,274,796
NET ASSET VALUE PER SHARE		0.07	0.11

NOTES

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 Company was established for the purpose of acting as a closed-ended investment company.

The Company's registered office is at P.O. Box 309, Uglan 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 year ended 31 December 2023 (the "Year"), the Company's investment activities are managed by Evergrande Securities (Hong Kong) Limited (the "Investment Manager").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of Appendix D2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair values. The financial statements are presented in Hong Kong dollar ("HK\$") except when otherwise indicated.

2.2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied the following new and amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the Company's annual period beginning on 1 January 2023 for the preparation of the financial statements:

IFRS 17 Including the June 2020 and December 2022 Amendments to (IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

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

2.3 AMENDMENTS TO IFRSS IN ISSUE BUT NOT YET EFFECTIVE

The Company has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IAS 28 and IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to IAS 1 Presentation of Financial Statements	Classification of Liabilities as Current or Non-current ¹
Amendments to IAS 1	Non-current Liabilities with Covenants ¹
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ¹
Amendments to IAS 21	Lack of Exchangeability ²

¹ effective for annual periods beginning on or after 1 January 2024

² effective for annual periods beginning on or after 1 January 2025

³ to be determined

The directors of the Company anticipate that the application of all amendments to IFRSs will have no material impact on the financial statements in the foreseeable future.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Company is organised into business units based on the categories of investments. During the years ended 31 December 2023 and 2022, the Company has two reportable and 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.

The geographical analysis of Company's turnover and segment results by geographical areas for the years ended 31 December 2023 and 2022 is not presented as significant transactions of the Company are mainly based in Hong Kong.

Further details of the Company's investments are included in note 5 and note 10.

The following is an analysis of the Company's results by operating segments:

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
For the year ended 31 December 2023			
Segment revenue	–	100,000	100,000
Segment results	(3,193,837)	(31,934,209)	(35,128,046)
Bank interest income			26,339
Unallocated expenses			(17,335,136)
Loss before tax			(52,436,843)
	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
For the year ended 31 December 2022			
Segment revenue	–	3,113,598	3,113,598
Segment results	(19,673,013)	(17,912,793)	(37,585,806)
Bank interest income			2,511
Government grants			156,000
Unallocated expenses			(15,317,780)
Loss before tax			(52,745,075)

For the years ended 31 December 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 the 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 HK\$	Unlisted securities HK\$	Total HK\$
As at 31 December 2023			
Segment assets:			
Financial assets at fair value through profit or loss	<u>3,768,200</u>	<u>62,572,264</u>	66,340,464
Unallocated assets			<u>28,902,745</u>
Total assets			<u>95,243,209</u>
Liabilities:			
Unallocated liabilities			<u>5,405,256</u>
Total liabilities			<u>5,405,256</u>
	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
As at 31 December 2022			
Segment assets:			
Financial assets at fair value through profit or loss	<u>12,261,190</u>	<u>104,177,588</u>	116,438,778
Unallocated assets			<u>32,968,552</u>
Total assets			<u>149,407,330</u>
Liabilities:			
Unallocated liabilities			<u>7,132,534</u>
Total liabilities			<u>7,132,534</u>

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 asset, deposits, prepayments and other receivables, amounts 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:

	2023	2022
	HK\$	HK\$
Dividend income from unlisted equity securities	–	471,680
Interest income from promissory notes	–	528,110
Interest earned – bonds	–	1,657,808
Bank interest income	26,339	2,511
Income from profit guarantee	100,000	300,000
Government grants	–	156,000
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	126,339	3,116,109
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Note:

- (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. There are no unfulfilled conditions or contingencies relating to these grants.

5. NET LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The listed shares and unlisted investments are all classified as financial assets at fair value through profit or loss.

Realised loss on disposals of financial assets at fair value through profit or loss amounted to HK\$59,123,751 (2022: realised loss of HK\$11,246,814), representing the difference between the financial assets’ initial carrying amount upon initial recognition (usually their costs) and disposal consideration amount. Unrealised gain amounted to HK\$23,758,566 (2022: unrealised loss of HK\$27,794,781), comprising change in fair value of financial assets at fair value through profit or loss for the Year and from reversal of the prior years’ unrealised gains and losses for financial instruments which were realised in the reporting period.

6. LOSS BEFORE TAX

The Company's loss before tax is arrived at after charging:

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
(a) Finance costs		
Interest on other borrowings	1,944	58,735
Interest on lease liability	180,296	35,782
	<u>182,240</u>	<u>94,517</u>
(b) Other operating expenses		
Staff cost (excluding directors' remuneration)	4,132,184	3,885,403
Investment management fee (<i>Note 7</i>)	600,000	600,000
Foreign exchange loss, net	–	527,028
Auditor's remuneration	570,000	550,000
Minimum operating lease payments in respect of properties	80,916	75,600
Consultancy fees	100,000	1,200,000
Legal and professional fees	2,813,134	3,350,212
Commission and other charges	97,467	260,425
Depreciation of right-of-use asset	1,462,791	371,709

7. 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 Year is HK\$413,182 (2022: HK\$402,222). As at 31 December 2023, an administration fee of HK\$137,851 (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 and is payable monthly in arrears.

The custodian fee for the Year is HK\$150,000 (2022: HK\$150,138). As at 31 December 2023, a custodian fee of HK\$50,000 (2022: HK\$25,000) was payable to the Custodian.

Investment management fee

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

The investment management fee for the Year is HK\$600,000 (2022: HK\$600,000). As at 31 December 2023, the management fee of HK\$200,000 (2022: HK\$50,000) was payable to the Investment Manager.

8. TAXATION

The major components of income tax charge for the years ended 31 December 2023 and 2022 are:

	2023	2022
	HK\$	HK\$
Current tax:		
Hong Kong Profits tax	–	–
Deferred tax	–	–
	<hr/>	<hr/>
Tax charge for the year	–	–
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9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic per share amount is based on the Company's loss of HK\$52,436,843 (2022: loss of HK\$52,745,075) for the Year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the Year of 1,319,700,274 (2022: 1,254,220,419 ordinary shares).

No diluted earnings per share for both 2023 and 2022 were presented as there were no potential ordinary shares in issue for both 2023 and 2022.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	HK\$	HK\$
Listed equity securities – Hong Kong	3,768,200	12,261,190
Investments in private equity – British Virgin Islands	9,724,000	15,968,000
Investments in private equity – Hong Kong	25,705,000	41,448,000
Investments in bond	–	11,000,000
Investments in fund – Hong Kong	27,143,264	35,761,588
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	66,340,464	116,438,778
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11. ISSUED CAPITAL

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

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	432,107,443	17,284,298	60,495,042	77,779,340
Share issue expenses	–	–	(514,131)	(514,131)
Share option exercised	23,377,944	935,118	4,758,301	5,693,419
At 31 December 2022, 1 January 2023 and 31 December 2023	1,319,700,274	52,788,011	256,798,043	309,586,054

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.

12. EVENTS AFTER REPORTING PERIOD

There is no significant event after the reporting period.

FINANCIAL HIGHLIGHTS

During the Year, the Company maintained a medium to long-term investment strategy in both public and private equities. The Company held four investments in Hong Kong-listed companies, three private equity securities investments, one limited partnership fund and one open-ended fund as of 31 December 2023. One of our major investments is in the financial printing sector focusing on the Hong Kong IPO market. The Company reported net loss attributable to shareholders of HK\$52,436,843 during the Year, which consisted of the net change in fair value loss of HK\$35,365,185 taken on the investment positions in the portfolio.

The investment performance of the Company during the Year is affected by the slow recovery of the Chinese economy after the global pandemic and the rising volatility of the Greater China stock market. As at 31 December 2023, the Company reported an audited net asset value of approximately HK\$0.07 per share. The net loss is mainly attributable to net realised loss of HK\$59,123,751 offset by net unrealised gain of HK\$23,758,566 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 its investments cautiously in view of the recent uncertain market conditions.

BUSINESS REVIEW AND PROSPECT

For the entire Year, the prevailing theme in the investment market is “Hong Kong’s return to normalcy after the epidemic and economic recovery.” However, persistent challenges continue to plague the investment market, including the United States (the “U.S.”) interest rate hike and potential geopolitical escalations. These issues have led to a disappointing projection of economic rebound for most investors.

China faced numerous economic challenges in 2023, even after abandoning key parts of its zero-Covid strategy in January 2023, which had been in place since 2020. However, the journey toward economic recovery is expected to be lengthy. According to data from the National Bureau of Statistics of China, China’s gross domestic product (GDP) in 2023 increased to RMB126,058 billion compared to the corresponding period last year, representing a 5.2% growth compared to 2022. The GDP for the first quarter of 2023 increased by 4.5%, accelerating to 6.3%, 4.9%, and 5.2% in the remaining quarters of 2023, respectively, on a year-to-year basis.

In 2023, the Hang Seng Index decreased by 13.8%. Concurrently, the Hang Seng Chinese Enterprises Index, which experienced a 14.0% drop, performed worse than the Hang Seng Index. In July 2022, the U.S. inflation reached a level not seen in over 40 years, prompting the United States Federal Reserve Board (the “**U.S. Federal Reserve**”) to restart the interest rate hike cycle in May 2022. They raised interest rates by 25 basis points in February, March, May, and July of 2023, respectively. Although the inflation growth rate slowed down throughout 2023, with interest rates now being in the range of at 5.25% to 5.5%, it is anticipated that the U.S. Federal Reserve may have limited room for significant rate hikes in the near term. Given the slowdown in inflation, there is a possibility of a 1 to 2-time interest rate cut by the end of 2024.

The Company’s focus is to invest in listed securities in short to medium-terms, actively seek investment opportunities in high-potential listed companies. During the Year, the Company initiated a new investment in Tasty Concepts Holding Limited, which is primarily involved in operating Japanese ramen restaurants. The Company remains committed to identifying additional investment opportunities, including potential unlisted investments, to benefit our investors and shareholders.

Another focal point for the Company is long-term investments in private equity securities and other unlisted assets. As at 31 December 2023, the Company invested in two funds and three private equities. The Company firmly believes that incorporating funds and private equity into its portfolio will diversify investment risks and potentially yield greater returns in the long term, complementing the listed investments.

The Company will persist in implementing an investment strategy that strongly emphasizes Greater China and other major global markets. Leveraging the expertise of our professional investment and risk management team, we maintain a high level of confidence in our ability to identify and capitalize on valuable investment opportunities, ultimately maximizing profits for our esteemed shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENT REVIEW

The Company held nine investments as of 31 December 2023, comprising four investments in Hong Kong-listed companies, three private equity securities investments, one limited partnership fund and one open-ended fund.

Pursuant to the requirements stipulated in Rule 21.12 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), 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 31 December 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/(liability) attributable to the Company (Note 2)	Dividend received/receivable during the Year	% of gross assets of the Company
				HK\$’000	HK\$’000	HK\$’000		HK\$’000	
(a) Tasty Concepts Holding Limited	The Cayman Islands	6,600,000 ordinary shares of HK\$0.1 each	3.43%	1,320	1,848	528	HK\$(0.66) million	–	1.94
(b) Hanvey Group Holdings Limited	The Cayman Islands	2,310,000 ordinary shares of HK\$0.1 each	1.40%	627	739	112	HK\$0.52 million	–	0.78
(c) Lerado Financial Group Company Limited	Bermuda	3,100,000 ordinary shares of HK\$0.01 each	1.35%	779	657	(122)	HK\$8.98 million	–	0.69
(d) China New Consumption Group Limited	The Cayman Islands	2,700,000 ordinary shares of HK\$0.01 each	0.67%	505	524	19	HK\$0.70 million	–	0.55

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 (Note 1)	Net asset attributable to the Company (Note 2)	Dividend received/receivable during the Year	% of gross assets of the Company
				HK\$’000	HK\$’000	HK\$’000		HK\$’000	
(e) Gransing Financial Group Limited	British Virgin Islands	64 shares of USD1 each	18.08%	46,377	9,724	(36,653)	HK\$20.90 million	–	10.21

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 1) HK\$'000	(Note 2)	HK\$'000	
(f) iPro Financial Press Limited	Hong Kong	17,493 shares	19.97%	34,999	17,602	(17,397)	HK\$25.60 million	-	18.48
(g) Gransing Finance Limited	Hong Kong	2,779,570 shares	19.90%	16,876	8,103	(8,773)	HK\$12.90 million	-	8.51

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 1) HK\$'000	(Note 2)	HK\$'000	
(h) Goldstone 1 LPF	Hong Kong	59.32%	23,748	16,858	(6,890)	HK\$16.86 million	-	17.70
(i) SWK Dynamic OFC	Hong Kong	12.21%	12,163	10,285	(1,878)	HK\$10.28 million	-	10.80

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	HK\$'000	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 Fornova 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 asset attributable to the Company	Dividend received/receivable during the year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 (Note 4)	Net asset attributable to the Company (Note 3)	Dividend received/receivable during the year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		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	0	(19,000)	HK\$12.64 million	-	0

Unlisted Bond – The Cayman Islands

Name of investee	Place of incorporation	Cost	Market value	Unrealised gain/(loss) recognised (Note 4)	Yield per annum	Maturity date	Interest received/accrued during the year	% of gross assets of the Company
		HK\$'000	HK\$'000	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	HK\$'000	(Note 4)	(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) recognised represented the changes in fair value of the respective investments during the Year.
- (2) The calculation of net assets/(liability) attributable to the Company is based on the latest published interim/annual reports of the respective investments at the end of each reporting period.
- (3) The calculation of net assets attributable to the Company is based on the latest financial information/statements of the respective investments at the end of each reporting period.
- (4) The unrealised gain/(loss) recognised represented the changes in fair value of the respective investments during the year ended 31 December 2023.

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

- (a) Tasty Concepts Holding Limited (“**Tasty Concepts**”) is an investment holding company mainly engaged in the operation of Japanese ramen restaurants. The unaudited loss attributable to shareholders of Tasty Concepts for the six months ended 30 September 2023 was approximately HK\$3,754,000 and the unaudited net liabilities attributable to shareholders of Tasty Concepts as at 30 September 2023 was approximately HK\$1,916,000. Tasty Concepts will keep on monitoring the market development and endeavoring to enhance the quality of the food and providing excellent services to their customers. The fair value of the investment in Tasty Concepts is based on quoted market bid prices.
- (b) Hanvey Group Holdings Limited (“**Hanvey**”) is an investment holding company principally engaged in the design and development, manufacturing and distribution of watch products. The unaudited profit attributable to shareholders of Hanvey for the six months ended 30 June 2023 was approximately HK\$1,318,000 and the unaudited net assets attributable to shareholders of Hanvey as at 30 June 2023 was approximately HK\$37,108,000. Hanvey will continue to focus on the core business and to in strengthen

their product design and development capability in order to maximise the long term returns of the shareholders of Hanvey. The fair value of the investment in Hanvey is based on quoted market bid prices.

- (c) Lerado Financial Group Company Limited (“**Lerado**”) is an investment holding company principally engaged in the manufacture and sales of medical products and plastic toys business. The unaudited loss attributable to shareholders of Lerado for the six months ended 30 June 2023 was approximately HK\$20,338,000 and the unaudited net assets attributable to shareholders of Lerado as at 30 June 2023 was approximately HK\$665,152,000. Lerado will keep focusing on the existing business and look for potential investment opportunities to diversify its business scope and leverage Lerado’s business. The fair value of the investment in Lerado is based on quoted market bid prices.
- (d) China New Consumption Group Limited (“**China New Consumption**”) is a foundation contractor primarily engaged in subcontracted bored piling works as well as other foundation works. The unaudited loss attributable to shareholders of China New Consumption for the six months ended 30 September 2023 was approximately HK\$1,312,000 and the unaudited net assets attributable to shareholders of China New Consumption as at 30 September 2023 was approximately HK\$104,835,000. China New Consumption will adhere to prudent financial management in project selection, cost control and will continue to strive to improve its operational efficiency and profitability of its business. The fair value of the investment in China New Consumption is based on quoted market bid prices.
- (e) 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 operational efficiency and earn more new potential clients. The fair value of the investment in Gransing Financial is based on valuation by independent valuer.
- (f) 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.

- (g) Gransing Finance Limited (“**Gransing Finance**”) is engaged in the provision of money lending. Gransing Finance is held by Gransing Financial which is the largest shareholder of Gransing Finance. The fair value of the investment in Gransing Finance is based on valuation by independent valuer.
- (h) 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.
- (i) 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.

The top investments with realised gain and loss for the Year are summarised as below:

Top two realised gain for the Year

Name of investment	Realised gain <i>HK\$'000</i>
CBK Holdings Limited	807
Jiading International Group Holdings Limited – Rights	27

Top three realised loss for the Year

Name of investment	Realised loss <i>HK\$'000</i>
Sense Key Design Holdings Limited	25,000
Help U Credit Finance Limited	19,000
Hanvey Group Holdings Limited	11,890

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

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the Year (2022: Nil).

CHARGES ON COMPANY'S ASSET AND CONTINGENT LIABILITIES

As at 31 December 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 31 December 2023 (31 December 2022: Nil).

CAPITAL STRUCTURE

On the listing date on 6 January 2011, 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 31 December 2023, the capital of the Company comprises of 1,319,700,274 ordinary shares of HK\$0.04 each.

EQUITY FUND RAISING

There was no equity fund raising activity by the Company for the Year, nor was there any unutilized proceeds brought forward from any issue of equity securities made in previous financial years.

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

The Company did not purchase, redeem or sell any of the Company's listed shares during the Year.

CAPITAL EXPENDITURE AND COMMITMENT

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

MATERIAL ACQUISITION AND DISPOSAL

During the Year, the Company did not acquire or dispose of any subsidiaries, associates or joint ventures (2022: Nil).

USE OF PROCEEDS

The Company has nine investments as of 31 December 2023, comprising of equity securities listed in Hong Kong, private equities, limited partnership fund and open-ended fund. The largest investment held by the Company is in the financial printing sector focusing on the Hong Kong IPO market.

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 31 December 2023, the Company had eight full-time employees (31 December 2022: six full-time employees). 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. The policy is periodically reviewed. Apart from mandatory provident fund, salaries increment, discretionary bonuses and share options may be awarded to employees according to the assessment of individual performance.

The total remuneration cost incurred by the Company for the Year was approximately HK\$4,132,184 (31 December 2022: HK\$3,885,403).

FOREIGN CURRENCY FLUCTUATION

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

CORPORATE GOVERNANCE PRACTICES

The Company has applied most of the principles set out in the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Listing Rules. The Board is of the view that throughout the year ended 31 December 2023, 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 Issuer (the “**Model Code**”) as set out in Appendix C3 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 year ended 31 December 2023.

AUDIT COMMITTEE

The Company has an audit committee (the “**Audit Committee**”) established in compliance with Rule 3.21 of the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Sze Tak Chi (being the chairman with professional qualifications in accountancy), Mr. Sui Fuxiang and Mr. Tong Yun Lung.

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 system, internal control or other matters of the Company. The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code.

The Audit Committee held two meetings during the year ended 31 December 2023 to review interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of risk management and internal control systems, scope of work and appointment of external auditors, and arrangements for employees to raise concerns about possible improprieties. The Audit Committee has reviewed the accounting principles and policies adopted by the Company and the annual results and audited financial statement for the Year.

The Audit Committee also met the external auditors twice without the presence of the executive Directors during the Year.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Company’s results for the year ended 31 December 2023 have been agreed by the Company’s auditors, Elite Partners CPA Limited, to the amounts set out in the Company’s financial statements for the Year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standard on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standard on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners CPA Limited on the preliminary announcement.

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

Hong Kong, 27 March 2024

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. 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.