

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2019

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 2019 (the “Period”), together with the unaudited figures for the six months ended 30 June 2018.

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	<i>Notes</i>	For the six months ended 30 June 2019 (Unaudited) HK\$	For the six months ended 30 June 2018 (Unaudited) HK\$
REVENUE	4	2,702,633	2,600,343
Net changes in fair value of financial assets at fair value through profit or loss	5	(8,063,123)	(16,716,301)
Other operating expenses		(6,812,254)	(12,414,547)
OPERATING EXPENSE		(12,172,744)	(26,530,505)
Finance costs	6(a)	(616,812)	(1,926,440)
LOSS BEFORE TAX	6(b)	(12,789,556)	(28,456,945)
Income tax	9	—	—

		For the six months ended 30 June 2019 (Unaudited) <i>HK\$</i>	For the six months ended 30 June 2018 (Unaudited) <i>HK\$</i>
	<i>Notes</i>		
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		<u>(12,789,556)</u>	<u>(28,456,945)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
– Basic		<u>(0.01)</u>	<u>(0.03)</u>
– Diluted		<u>(0.01)</u>	<u>(0.03)</u>

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	<i>Notes</i>	30 June 2019 (Unaudited) HK\$	31 December 2018 (Audited) HK\$
NON-CURRENT ASSETS			
Deposits		289,980	216,175
Right-of-use asset		298,139	–
		<hr/>	<hr/>
Total non-current assets		588,119	216,175
CURRENT ASSETS			
Prepayments		567,799	564,493
Amount due from brokers		150,786	2,271,370
Financial assets at fair value through profit or loss	11	94,737,296	85,856,636
Cash and cash equivalents		1,055,267	2,787,626
		<hr/>	<hr/>
Total current assets		96,511,148	91,480,125
CURRENT LIABILITIES			
Other payables and accruals		1,989,119	1,293,827
Amount due to brokers		13,030,022	17,155,439
Amount due to a related company		160,000	80,000
Lease liabilities		153,649	–
		<hr/>	<hr/>
Total current liabilities		15,332,790	18,529,266
NET CURRENT ASSETS		81,178,358	72,950,859
TOTAL ASSETS LESS CURRENT LIABILITIES		81,766,477	73,167,034
NON-CURRENT LIABILITIES			
Lease liabilities		160,693	–
		<hr/>	<hr/>
NET ASSETS		81,605,784	73,167,034
EQUITY			
Issued capital	13	13,882,468	11,682,468
Reserves		67,723,316	61,484,566
		<hr/>	<hr/>
Total equity		81,605,784	73,167,034
		<hr/>	<hr/>
NET ASSET VALUE PER SHARE		0.06	0.06
		<hr/>	<hr/>

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

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. 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 Unit 702, 7/F., 135 Bonham Strand Trade Centre, 135 Bonham Strand, Sheung Wan, Hong Kong.

The principal investment objective of the Company is to achieve long-term capital appreciation through globally investing 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 China Everbright Securities (HK) Limited (the "Investment Manager").

2.1 BASIS OF PREPARATION

The unaudited interim condensed financial statements for the six months ended 30 June 2019 have been prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting and the applicable disclosure requirements of Appendix 16 of the Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). 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 2018.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2018, except for the adoption of new and revised International Financial Reporting Standards ("IFRSs") as noted below. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company has adopted the following new and revised IFRSs for the first time for the current period's unaudited condensed financial statements:

Amendments to IFRS 9	Prepayment Features with Negative Compensation
IFRS 16	Leases
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term interests in Associates and Joint Ventures
IFRIC 23	Uncertainty over Income Tax Treatments
Annual Improvements 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Other than as explained below regarding the impact of IFRS 16 *Leases*, the new and revised standards are not relevant to the preparation of the Company's unaudited interim condensed financial statements. The nature and impact of the new and revised IFRSs are described below:

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a 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 obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Company has lease contract for office premises. As a lessee, the Company previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Company. Under IFRS 16, the Company applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Company has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Company recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in lease liabilities.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Company elected to present the right-of-use assets separately in the statement of financial position.

In adoption of IFRS 16, the Company did not recognise lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of IAS 17 *Leases* due to all these operating leases are short-term lease contract.

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	(Unaudited) HK\$
Operating lease commitments as at 31 December 2018	176,422
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	<u>176,422</u>
Lease liabilities as at 1 January 2019	<u><u>–</u></u>

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of office premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases is recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Amounts recognised in the interim condensed statement of financial position and profit or loss and other comprehensive income

The carrying amounts of the Company's right-of-use assets and lease liabilities and the movement during the period are as follow:

	<u>Right-of-use assets</u> Office premises HK\$	<u>Lease liabilities</u> HK\$
As at 1 January 2019 (Unaudited)	–	–
Addition	311,101	311,101
Depreciation expense	(12,962)	–
Interest expense	–	3,241
Payments	–	–
	<hr/>	<hr/>
As at 30 June 2019	<u>298,139</u>	<u>314,342</u>

The Company recognised rental expenses from short-term leases of HK\$176,422 for the six months ended 30 June 2019.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has not early applied the following new or amended IFRSs that have been issued but are not yet effective.

IFRS 17	Insurance Contracts ²
Amendments to IFRS 3	Definition of a Business ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 1 and IAS 8	Definition of Material ¹

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ No mandatory effective date yet determined but available for adoption

The Company is in the process of making an assessment of the impact of adopting the above new, revised or amended standards to the Company but is not yet in a position to state whether those amendments to standards would have a significant impact on the Company's accounting policies and presentation of the financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Company is organised into business units based on the categories of investments. During the periods ended 30 June 2019 and 2018, the Company has two reportable operating segments as follows:

- Listed securities – Investments in equity securities listed on relevant stock exchange
- Unlisted securities – Investments in private equity funds and private equities

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

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

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
For the six months ended 30 June 2019 (unaudited)			
Segment results	<u>(8,063,123)</u>	<u>–</u>	(8,063,123)
Bank interest income			15,645
Unallocated expenses			<u>(4,742,078)</u>
Loss before tax			<u>(12,789,556)</u>
	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
For the six months ended 30 June 2018 (unaudited)			
Segment results	<u>(30,467,789)</u>	<u>15,351,486</u>	(15,116,303)
Bank interest income			345
Unallocated expenses			<u>(13,340,987)</u>
Loss before tax			<u>(28,456,945)</u>

For the six months ended 30 June 2019 and 2018, segment results represented the net loss on fair values of listed equity securities, unlisted private equity funds and private equities classified as financial assets at fair value through profit or loss and the corresponding interest income as well as dividend income earned by each segment without the allocation of administrative expenses, finance costs, interest income from bank deposits and investment manager's fees.

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

The following is an analysis of the Company's assets and liabilities by operating segment:

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
As at 30 June 2019 (unaudited)			
Segment assets:			
Financial assets at fair value through profit or loss	61,684,296	33,053,000	94,737,296
Unallocated assets			2,361,971
Total assets			97,099,267
Liabilities:			
Unallocated liabilities			15,493,483
Total liabilities			15,493,483
	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
As at 31 December 2018 (audited)			
Segment assets:			
Financial assets at fair value through profit or loss	52,803,636	33,053,000	85,856,636
Unallocated assets			5,839,664
Total assets			91,696,300
Liabilities:			
Unallocated liabilities			18,529,266
Total liabilities			18,529,266

For the purpose of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than deposits, right-of-use asset, prepayments, amount due from brokers and cash and cash equivalents.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June 2019 (Unaudited) HK\$	For the six months ended 30 June 2018 (Unaudited) HK\$
Dividend income from private equity	–	1,599,998
Bank interest income	15,645	345
Income from profit guarantee	2,686,988	1,000,000
	2,702,633	2,600,343

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

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
For the six months ended 30 June 2019 (unaudited)			
Net realised loss on financial assets at fair value through profit or loss	(3,578,207)	(37,500,000)	(41,078,207)
Net unrealised (loss)/gain on financial assets at fair value through profit or loss	(4,484,916)	37,500,000	33,015,084
Total net realised and unrealised loss included in profit or loss	(8,063,123)	–	(8,063,123)
	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
For the six months ended 30 June 2018 (unaudited)			
Net realised (loss)/gain on financial assets at fair value through profit or loss	(23,703,828)	14,541,479	(9,162,349)
Net unrealised loss on financial assets at fair value through profit or loss	(6,763,961)	(789,991)	(7,553,952)
Total net realised and unrealised (loss)/gain included in profit or loss	(30,467,789)	13,751,488	(16,716,301)

6. LOSS BEFORE TAX

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

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
(a) Finance costs		
Interest on other borrowings	613,571	822,309
Interest on notes and borrowings	–	1,104,131
Interest on lease liability	3,241	–
	616,812	1,926,440
(b) Other items		
Directors' remuneration		
– Fees	669,550	678,000
– Other emoluments	–	–
	669,550	678,000
Staff cost (excluding directors' remuneration)	1,788,419	1,241,218
Investment management fee (<i>Note 8</i>)	480,000	480,000
Foreign exchange loss, net	77,150	–
Auditors' remuneration	365,000	425,000
Minimum operating lease payments in respect of properties	204,568	357,544
Consultancy fee	63,000	378,000
Legal and professional fees	824,158	1,794,018
Depreciation of right-of-use asset	12,962	–

7. INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend in respect of the current reporting period (30 June 2018: Nil).

8. FEES

Administration fee

Amicorp Hong Kong 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 USD8,000 plus 7% disbursement charge for the period from 1 January 2019 to 31 May 2019 and USD4,000 plus 7% disbursement charge from 1 June 2019 (30 June 2018: USD8,000 plus 7% disbursement charge) and is payable monthly in arrears.

The administration fee for the Period is HK\$369,286 (30 June 2018: HK\$415,210). As at 30 June 2019, an administration fee of HK\$100,579 (31 December 2018: HK\$67,041) was payable to the Administrator.

Custodian fee

Deutsche Bank AG, Hong Kong Branch (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 0.02% per annum.

The custodian fee is subject to a monthly minimum fee of USD3,750 (30 June 2018: USD2,500) and is payable monthly in arrears.

The custodian fee for the Period is HK\$166,631 (30 June 2018: HK\$118,205). As at 30 June 2019, a custodian fee of HK\$29,306 (31 December 2018: HK\$29,370) was payable to the Custodian.

Management fee

The Investment Manager is entitled to a monthly management fee of HK\$80,000 (30 June 2018: HK\$80,000) and payable monthly in arrears.

The management fee for the Period is HK\$480,000 (30 June 2018: HK\$480,000). As at 30 June 2019, a management fee of HK\$160,000 (31 December 2018: HK\$80,000) 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. The Company received an undertaking from the Governor-in-Council of the Cayman Islands to the effect that, for a period of twenty years from the date of the undertaking, no law that is hereafter enacted in the Cayman Islands imposing any tax on income will be levied on the Company.

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% (30 June 2018: 16.5%) of the estimated assessable profit arising in Hong Kong for the Period.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company did not generate any assessable profit for the Period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic and diluted loss per share amount is based on the Company’s loss of HK\$12,789,556 (30 June 2018: \$28,456,945) 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 1,299,517,512 (30 June 2018: 983,220,559 ordinary shares), as adjusted to reflect the impact of placing completed on 14 March 2019.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019 (Unaudited) HK\$	31 December 2018 (Audited) HK\$
Listed equity securities – Hong Kong	51,576,768	48,612,324
Listed equity securities – Australia	5,916,216	–
Suspended listed equity securities – Hong Kong	4,191,312	4,191,312
Investments in private equities – British Virgin Islands	24,607,000	24,607,000
Investments in private equities – Hong Kong	8,446,000	8,446,000
	<u>94,737,296</u>	<u>85,856,636</u>

The listed equity securities were classified as held for trading and their fair values are determined based on the quoted market bid prices available on the relevant stock exchanges at the end of the reporting period.

The above investments in private equities were classified as held for trading and their values 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).

Movement in net unrealised gain on financial assets held for trading of HK\$33,015,084 has been recognised in profit or loss in the interim condensed statement of profit or loss and other comprehensive income (30 June 2018: loss HK\$7,553,952).

12. COMMITMENTS

The Company had the total future lease payments under the tenancy agreement falling due at the end of the reporting period approximately as follows:

	30 June 2019 (Unaudited) HK\$	31 December 2018 (Audited) HK\$
Within one year	–	176,000
In the second year	–	–
	<u>–</u>	<u>176,000</u>

13. ISSUED CAPITAL

	Number of shares	Nominal amount HK\$
Issued and fully paid		
Ordinary shares as at 30 June 2019	<u>1,388,246,794</u>	<u>13,882,468</u>
Ordinary shares as at 31 December 2018	<u>1,168,246,794</u>	<u>11,682,468</u>

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

	Number of shares in issue	Issued capital HK\$	Share premium account HK\$	Total HK\$
At 1 January 2018	778,831,198	389,415,599	255,273,132	644,688,731
Rights issue with bonus issue (<i>Note (a)</i>)	389,415,596	194,707,798	(146,030,849)	48,676,949
Capital reduction	–	(572,440,929)	–	(572,440,929)
Share issue expenses	–	–	(730,154)	(730,154)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	1,168,246,794	11,682,468	108,512,129	120,194,597
Placing (<i>Note (b)</i>)	220,000,000	2,200,000	19,800,000	22,000,000
Share issue expenses	–	–	(771,694)	(771,694)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2019	<u>1,388,246,794</u>	<u>13,882,468</u>	<u>127,540,435</u>	<u>141,422,903</u>

Notes:

- (a) On 27 March 2018, a total of 97,353,899 ordinary shares at par value of HK\$0.50 per share and 292,061,697 bonus shares were issued for a total cash consideration, before the related issue expenses, of HK\$48,676,950. The issued and fully paid capital of the Company was increased to HK\$584,123,397, before deducting the rights issue expenses of HK\$730,154.
- (b) On 14 March 2019, a total of 220,000,000 ordinary shares of HK\$0.01 each were placed at a price of HK\$0.10 per share (the "Placing Shares") for a total cash consideration, before the related issue expense, of HK\$22,000,000.00. The issued and fully paid capital of the Company was increased to HK\$13,882,468 and resulted in a share premium of HK\$19,800,000, before deducting the share placement expense of HK\$771,694. 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 Period.

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 equity markets. The Company held twenty-three investments in Hong Kong-listed companies, two investments in Australia-listed companies and three private equities investments as of 30 June 2019. One of our major investments is in the financial services sector focusing on the Hong Kong market. The Company reported net loss attributable to shareholders of HK\$12,789,556 during the Period, which consisted of the net loss in fair value of HK\$8,063,123 taken on the investment positions in the portfolio.

The net asset value per share of the Company slightly decreased during the Period alongside with the slowdown in the Chinese economy and the rising volatility of the global stock market. As at 30 June 2019, the Company reported an unaudited net asset value of approximately HK\$0.06 per share. The net loss is mainly attributable to both net realised loss HK\$41,078,207 offsetted by net unrealised gain HK\$33,015,084 on financial assets at fair value through profit or loss as a result of stock market volatility. The Company will continue to monitor investments cautiously due to recent uncertain market conditions.

BUSINESS REVIEW AND PROSPECT

During the Period, factors such as the escalating China-US trade frictions resulted in major fluctuations of the Chinese economy, which grew at a slower pace. Nevertheless, the overall national economy remained stable and progressive, running within its reasonable range. According to the data of the National Bureau of Statistics of China, the gross domestic product ("GDP") of China in the first half of 2019 increased by RMB45,093.3 billion over the corresponding period, which represents an increase of 6.3% compared with the first half of 2018. The GDP of the second quarter of 2019 went up by 6.2% on a year-to-year basis.

Hang Seng Index raised 10.4% in the first half of 2019. At the same time, Hang Seng Chinese Enterprises Index, which raised 7.5%, performed worse than Hang Seng Index. On the other hand, the U.S. Federal Reserve Board cuts interest rates in July's meetings and the tension of China-US trade war keeps weighing on the market sentiment. Even though the negotiation between China-US resumed at the end of July, there were lots of uncertainties in the market.

The Company expects that the US Federal Reserve will be more cautious about cutting interest rate and there will be possibly one more cut by the end of 2019. The Company believes that the change in global monetary policies will escalate the volatility in global equity market. Therefore, the Company remains cautiously optimistic on the prospects of securities market in China and Hong Kong.

The main focus of the Company is to invest in listed securities in short to medium terms and will continue to seek opportunities to invest in listed companies with high potential. During the Period, the Company has invested two new equities which listed in Australian Securities Exchange. Dongfang Modern Agriculture Holding Group Limited is principally engaged in supplying premier quality, fresh fruit and camellia in Eastern China. Crater Gold Mining Limited is principally engaged in producing gold and developing gold and base metal projects in Papua New Guinea and Australia.

The Company believes private equity investments shall diversify the risk of investments and will potentially bring greater return in long terms with the upcoming reform alongside with listed investments in portfolio. However, the Company had no new private equity investment in the Period. The Company will continue to look for further investment opportunities in private equities and other unlisted investments to benefit our investors and shareholders.

The Company will continue to deploy an investment strategy focusing on Greater China and other global major markets. With our professional investment and risk management team, we are confident to capture valuable investment opportunities to maximise profit for our shareholders.

INVESTMENT REVIEW

Pursuant to the requirements stipulated in Rule 21.12 of 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 2019

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 Period	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000	(Note 2)	HK\$'000	
(a) Kin Pang Holdings Limited	The Cayman Islands	36,570,000 ordinary shares of HK\$0.01 each	3.66%	16,295	14,079	(2,216)	MOP7.82 million	–	14.50
(b) Power Financial Group Limited	Bermuda	88,510,000 ordinary shares of HK\$0.01 each	3.18%	18,776	9,205	(9,571)	HK\$46.64 million	–	9.48
(c) Evershine Group Holdings Limited	Hong Kong	7,911,000 ordinary shares	0.44%	9,783	6,487	(3,296)	HK\$0.54 million	–	6.68
(d) Earthasia International Holdings Limited	The Cayman Islands	1,584,000 ordinary shares of HK\$0.01 each	0.33%	6,409	6,209	(200)	HK\$0.30 million	–	6.39
(e) Century Ginwa Retail Holdings Limited	Bermuda	23,916,000 ordinary shares of HK\$0.10 each	2.08%	7,155	6,099	(1,056)	RMB82.33 million	–	6.28
(f) Town Health International Medical Group Limited	Bermuda	29,114,000 ordinary shares of HK\$0.01 each	0.39%	41,835	3,144	(38,691)	HK\$15.88 million	–	3.24

Listed Equity Securities – Australia

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	(Note 1) HK\$'000	(Note 2) RMB\$ million	HK\$'000	
(g) Dongfang Modern Agriculture Holding Group Limited	Australia	803,000 ordinary shares	0.19%	3,974	3,612	(362)	RMB5.40 million	–	3.72
(h) Crater Gold Mining Limited	Australia	35,000,000 ordinary shares	2.85%	2,678	2,304	(374)	AUD(0.27) million	–	2.37

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	Net asset/(liability) attributable to the Company	Dividend received/receivable during the Period	% of gross assets of the Company
				HK\$'000	HK\$'000	(Note 1) HK\$'000	(Note 2) HK\$ million	HK\$'000	
(i) Gransing Financial Group Limited	British Virgin Islands	48 shares of USD1 each	17.52%	42,799	24,607	(18,192)	HK\$26.92 million	–	25.34

Private Equity – 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	(Note 1) HK\$'000	(Note 2) HK\$ million	HK\$'000	
(j) Help U Credit Finance Limited	Hong Kong	37,000 shares	19.95%	19,000	7,270	(11,730)	HK\$7.19 million	–	7.49

At 31 December 2018

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	(Note 3) HK\$'000	(Note 2)	HK\$'000	
Kin Pang Holdings Limited	The Cayman Islands	34,980,000 ordinary shares of HK\$0.01 each	3.50%	16,314	14,867	(1,447)	MOP7.33 million	–	16.21
Power Financial Group Limited (Formerly known as Jun Yang Financial Holdings Limited)	Bermuda	126,400,000 ordinary shares of HK\$0.01 each	4.54%	27,563	10,744	(16,819)	HK\$65.55 million	–	11.72
Evershine Group Holdings Limited	Hong Kong	4,047,000 ordinary shares	0.22%	5,337	5,099	(238)	HK\$0.31 million	–	5.56
Hanvey Group Holdings Limited	The Cayman Islands	25,960,000 ordinary shares of HK\$0.01 each	2.60%	8,672	4,543	(4,129)	HK\$2.00 million	–	4.95
China Construction Bank Corporation	PRC	520,000 ordinary shares of RMB1 each	–	3,317	3,354	37	RMB4.11 million	–	3.66
China Life Insurance Company Limited	PRC	194,000 ordinary shares of RMB1 each	–	3,194	3,228	34	RMB0.06 million	–	3.52
Town Health International Medical Group Limited	Bermuda	29,114,000 ordinary shares of HK\$0.01 each	0.39%	41,835	3,144	(38,691)	HK\$16.03 million	–	3.43
Earthasia International Holdings Limited	The Cayman Islands	500,000 ordinary shares of HK\$0.01 each	0.12%	1,750	2,385	635	HK\$0.16 million	–	2.60

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	Net asset attributable to the Company	Dividend received/receivable during the year	% of gross assets of the Company
				HK\$'000	HK\$'000	(Note 3) HK\$'000	(Note 2)	HK\$'000	
Gransing Financial Group Limited (Formerly known as Morris Global Group Limited)	British Virgin Islands	48 shares of USD1 each	17.52%	42,799	24,607	(18,192)	HK\$26.92 million	-	26.84

Private Equity – 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 3) HK\$'000	(Note 2)	HK\$'000	
Help U Credit Finance Limited	Hong Kong	37,000 shares	19.95%	19,000	7,270	(11,730)	HK\$7.19 million	-	7.93

Notes:

- (1) The unrealised gain/(loss) represented the changes in fair value of the respective investments during the Period.
- (2) The calculation of net assets attributable to the Company is based on the latest published interim/annual report of the respective investments at the end of each reporting period.
- (3) The unrealised gain/(loss) represented the changes in fair value of the respective investments during the year ended 31 December 2018.

A brief description of the business, financial performance and prospects of each of the investments is as follows:

- (a) Kin Pang Holdings Limited (“Kin Pang”) is principally engaged in the provision of building and ancillary services. The audited profit attributable to shareholders of Kin Pang for the year ended 31 December 2018 was approximately MOP16,835,000 and the audited net assets attributable to shareholders of Kin Pang as at 31 December 2018 was approximately MOP213,709,000. Kin Pang will expanding its scale of operation through seeking opportunities in undertaking additional building and ancillary services projects and emergency repair services projects. The fair value of the investment in Kin Pang is based on quoted market bid prices.

- (b) Power Financial Group Limited (“Power Financial”) is principally engaged in financial businesses. The unaudited loss attributable to shareholders of Power Financial for the six months ended 30 June 2019 was approximately HK\$2,957,000 and the unaudited net assets attributable to shareholders of Power Financial as at 30 June 2019 was approximately HK\$1,466,681,000. Power Financial will target for high yield bonds with short to medium term maturities that serve as a stable and fixed income base, providing monetary back-up for other business development such as securities/fund/bond investment opportunities. The fair value of the investment in Power Financial is based on quoted market bid prices.
- (c) Evershine Group Holdings Limited (“Evershine Group”) is mainly engaged in property development and investment business. The unaudited loss attributable to shareholders of Evershine Group for the six months ended 30 June 2019 was approximately HK\$10,671,000 and the unaudited net assets attributable to shareholders of Evershine Group as at 30 June 2019 was approximately HK\$122,308,000. The property development and investment business will become a significant part of Evershine Group’s business as a whole in its future plan. Evershine Group will continue to make tremendous efforts in attracting potential buyers in China, Hong Kong and Turkey in the future. The fair value of the investment in Evershine Group is based on quoted market bid prices.
- (d) Earthasia International Holdings Limited (“Earthasia”) is principally engaged in landscape architecture in Hong Kong, the Mainland China and the Philippines. The audited loss attributable to shareholders of Earthasia for the year ended 31 December 2018 was approximately HK\$36,039,000 and the audited net assets attributable to shareholders of Earthasia as at 31 December 2018 was approximately HK\$91,639,000. Earthasia will continue to explore new business and investment opportunities that may generate additional income to them. As to landscape architecture and catering segment, Earthasia believes their efforts can broaden the revenue streams of Earthasia and will have overall improvements in 2019. The fair value of the investment in Earthasia is based on quoted market bid prices.
- (e) Century Ginwa Retail Holdings Limited (“Century Ginwa”) is principally engaged in store operation. The audited loss attributable to shareholders of Century Ginwa for the year ended 31 March 2019 was approximately RMB261,575,000 and the audited net assets attributable to shareholders of Century Ginwa as at 31 March 2019 was approximately RMB3,958,271,000. Based on the successful practice and experience of the trendy department store and the supermarket business of Century Ginwa, Century Ginwa will continue to strive for the healthy growth of scale for coverage of second and third-tier cities. The fair value of the investment in Century Ginwa is based on quoted market bid prices.

- (f) Town Health International Medical Group Limited (“Town Health”) is principally engaged in the provision of healthcare and dental services, managed care business and beauty and cosmetic medicine business. The audited profit attributable to shareholders of Town Health for the year ended 31 December 2018 was approximately HK\$64,014,000 and the audited net assets attributable to shareholders of Town Health as at 31 December 2018 was approximately HK\$4,071,271,000. The trading of shares of Town Health has been suspended since 27 November 2017. Town Health will maintain its leading position in the healthcare market of Hong Kong and they will expand its healthcare business in the PRC aiming to become the leading corporation in healthcare industry. The fair value of the investment in Town Health is based on valuation by independent valuer.
- (g) Dongfang Modern Agriculture Holding Group Limited (“Dongfang Modern”) is principally engaged in supplying premier quality, fresh fruit and camellia in Eastern China. The audited profit attributable to shareholders of Dongfang Modern for the year ended 31 December 2018 was approximately RMB405,176,000 and the audited net assets attributable to shareholders of Dongfang Modern as at 31 December 2018 was approximately RMB2,843,463,000. Dongfang Modern implemented measures to expand production through increasing plantation yield and efficiency, as well as improving fruit quality. The fair value of the investment in Dongfang Modern is based on quoted market bid prices.
- (h) Crater Gold Mining Limited (“Crater Gold Mining”) is principally engaged in producing gold and developing gold and base metal projects in Papua New Guinea and Australia. The audited loss attributable to shareholders of Crater Gold Mining for the six months ended 31 December 2018 was approximately AU\$3,592,899 and the audited net liabilities attributable to shareholders of Crater Gold Mining as at 31 December 2018 was approximately AU\$9,343,842. Crater Gold Mining is well positioned to continue to grow through acquisition and improving the performance of their existing plantations. The fair value of the investment in Crater Gold Mining is based on quoted market bid prices.
- (i) 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. The unaudited loss attributable to shareholders of Gransing Financial for the financial year ended 31 December 2018 was approximately HK\$20,700,000 and the unaudited net assets attributable to shareholders of Gransing Financial as at 31 December 2018 was approximately HK\$153,678,000. Gransing Financial has recently signed co-operative agreement with state-owned enterprises in Mainland China and it has high growth potential with its new business. The fair value of the investment in Gransing Financial is based on valuation by independent valuer.

- (j) Help U Credit Finance Limited (“Help U”) is principally engaged in money lending business in Hong Kong. Help U is a licensed money lender and provides secured and unsecured loans to both individuals and corporations. The unaudited loss attributable to shareholders of Help U for the nine months ended 31 December 2018 was approximately HK\$42,550,000 and the unaudited net assets attributable to shareholders of Help U as at 31 December 2018 was approximately HK\$36,049,000. Help U remains cautious with its future outlook due to uncertain economic condition. The fair value of the investment in Help U is based on valuation by independent valuer.

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

Top three realised gain for the Period

Name of investment	Realised gain <i>HK\$'000</i>
Noble Engineering Group Holdings Limited	1,570
AMCO United Holding Limited	453
China Life Insurance Company Limited	43

Top three realised loss for the Period

Name of investment	Realised loss <i>HK\$'000</i>
Hydra Capital SPC	37,500
Power Financial Group Limited	4,981
Kin Pang Holdings Limited	329

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 2019, the gearing ratio, defined as total borrowings divided by shareholders' equities, was 16.2% (31 December 2018: 23.4%). As at 30 June 2019, the Company has margin payables to brokers of total HK\$13,030,022 with interest rates 12.125% per annum (31 December 2018: HK\$ 17,155,239 with interest rate 12.125%).

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend during the Period (30 June 2018: Nil).

CHARGES ON COMPANY'S ASSET AND CONTINGENT LIABILITIES

As at 30 June 2019, the Company had pledged Hong Kong listed securities of approximately HK\$51.3 million to secure the margin payables to the brokers (31 December 2018: HK\$48.2 million).

There were no significant contingent liabilities as at 30 June 2019 (31 December 2018: Nil).

CAPITAL STRUCTURE

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 30 June 2019, the capital of the Company comprises of 1,388,246,794 ordinary shares of HK\$0.01 each.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

During the Period, the Company has raised an approximately HK\$21 million, net of expense, by way of entering into a placing agreement with the placing agent, to place 220,000,000 placing shares to not less than six placees which are professional investors and independent third parties with the Company. The placing shares are issued at a gross price of HK\$0.1 and net price of HK\$0.095 per placing shares (closing price of the shares of the Company was HK\$0.097 as at the date of announcement) under the general mandate granted to the Directors at the annual general meeting of the Company held on 29 May 2018. The Company had applied the net proceeds from the placing for investment in line with its ordinary course of business and the general working capital of the Company. Details of the placing of new shares under general mandate can be referred to the announcements dated 18 February 2019 and 14 March 2019 respectively.

CAPITAL EXPENDITURE AND COMMITMENT

Save as disclosed in Note 12 of interim condensed financial statements, as at 30 June 2019, the Company made no capital expenditure or any other commitment (31 December 2018: Nil).

MATERIAL ACQUISITION AND DISPOSAL

During the Period, the Company did not acquire or dispose of any subsidiaries or associated companies (31 December 2018: Nil).

USE OF PROCEEDS

The Company has twenty eight investments as of 30 June 2019, comprising of equity securities listed in Hong Kong and Australia and private equities. The largest one held by the Company is in the financial services sector focusing in the Hong Kong 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 30 June 2019, the Company had six full-time employees (31 December 2018: 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\$1,788,419 (30 June 2018: HK\$1,241,218).

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

Change of custodian

The Company had entered into a new custodian agreement with Bank of Communications Trustee Limited (the "Custodian Agreement"). The former custodian of the Company, Deutsche Bank AG Hong Kong Branch, ceased its service on 15 August 2019.

Under the Custodian Agreement, Bank of Communications Trustee Limited 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 0.04% per annum. The custodian fee is subject to a monthly minimum fee of HK\$12,500 and is payable monthly in arrears. Details of the change of custodian can be referred to the Company's announcement dated 15 August 2019.

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 most of the principles set out in 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, save and except for code provision A.2.1 which stipulates the roles of Chairman and Chief Executive should be separated.

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. Throughout the Period, Mr. Gu Xu has been both the Chairman and Chief Executive Officer of the Company. He provides leadership to the Board and is responsible for the Company's business development and daily management generally. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same individual can provide the Company with strong and consistent leadership and allow for effective and efficient planning and implementation of business decisions and strategies. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-calibre individuals, with three of them being independent non-executive Directors.

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. Chong Ching Hoi (being the chairman with professional qualifications in accountancy), Mr. Leung Wai Lim and Mr. Sun Boquan.

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, 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 of the Company.

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 of Hong Kong Limited (www.hkexnews.hk) and the Company (www.chinaneweconomyfund.com) in due course.

By Order of the Board

China New Economy Fund Limited

Gu Xu

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 29 August 2019

As at the date of this announcement, the Board comprises Mr. GU Xu and Mr. CHAN Cheong Yee as executive Directors; and Mr. LEUNG Wai Lim, Mr. CHONG Ching Hoi and Mr. SUN Boquan as independent non-executive Directors.