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## **CHINA NEW ECONOMY FUND LIMITED**

### **中國新經濟投資有限公司**

*(an exempted company incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 80)

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015**

### **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 2015 (the “Period”), together with the unaudited figures for the six months ended 30 June 2014.

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

*For the six months ended 30 June 2015*

|  | <i>Notes</i> | <b>For the six<br/>months ended<br/>30 June 2015<br/>(Unaudited)<br/>HK\$</b> | <b>For the six<br/>months ended<br/>30 June 2014<br/>(Unaudited)<br/>HK\$</b> |
|--|--------------|---|---|
| <b>REVENUE</b>   | 4            | <b>548,740</b>  | 1,883,469   |
| Net change in fair value of financial assets at<br>fair value through profit or loss   | 5            | <b>83,448,196</b>   | 87,083,875  |
| Other operating expenses   |              | <b>(9,141,178)</b>  | (6,193,007)   |
| <b>PROFIT BEFORE TAX</b>   | 6            | <b>74,855,758</b>   | 82,774,337  |
| Income tax expense   | 9            | <b>(12,509,947)</b>   | (13,136,625)  |
| <b>PROFIT AFTER TAX AND TOTAL<br/>COMPREHENSIVE INCOME FOR THE<br/>PERIOD ATTRIBUTABLE TO ORDINARY<br/>EQUITY HOLDERS OF THE COMPANY</b> |              | <b><u>62,345,811</u></b>  | <u>69,637,712</u>   |
| <b>EARNINGS PER SHARE ATTRIBUTABLE<br/>TO ORDINARY EQUITY HOLDERS OF<br/>THE COMPANY</b>   | 10           |   |   |
| — Basic (restated for 2014)  |              | <b><u>0.12</u></b>  | <u>0.21</u>   |
| — Diluted (restated for 2014)  |              | <b><u>0.12</u></b>  | <u>0.21</u>   |

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

|   | <b>30 June</b>            | 31 December        |
|---|---------------------------|--------------------|
|   | <b>2015</b>               | 2014               |
|   | <b>(Unaudited)</b>        | (Audited)          |
| <i>Notes</i>  | <b>HK\$</b>               | <b>HK\$</b>        |
| <b>CURRENT ASSETS</b>                                 |                           |                    |
| Prepayment, other receivables and deposits            | <b>2,035,169</b>          | 15,539,241         |
| Due from brokers                                      | <b>58,610,743</b>         | 131                |
| Financial assets at fair value through profit or loss | <b>458,881,085</b>        | 443,068,858        |
| Prepaid income tax                                    | –                         | 6,361,121          |
| Cash and cash equivalents                             | <b>26,061,414</b>         | 12,199,764         |
|   | <u><b>545,588,411</b></u> | <u>477,169,115</u> |
| <b>CURRENT LIABILITIES</b>                            |                           |                    |
| Other payables and accruals                           | <b>453,165</b>            | 528,506            |
| Due to brokers  | <b>200</b>                | 200                |
| Amount due to a related company                       | <b>80,000</b>             | 80,000             |
| Tax payable   | <b>834,709</b>            | –                  |
|   | <u><b>1,368,074</b></u>   | <u>608,706</u>     |
| <b>NET CURRENT ASSETS</b>                             | <u><b>544,220,337</b></u> | <u>476,560,409</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          | <u><b>544,220,337</b></u> | <u>476,560,409</u> |
| <b>NON-CURRENT LIABILITY</b>                          |                           |                    |
| Deferred tax liabilities                              | <b>29,383,114</b>         | 24,068,997         |
| Net assets  | <u><b>514,837,223</b></u> | <u>452,491,412</u> |
| <b>EQUITY</b>   |                           |                    |
| Issued capital  | <b>51,510,000</b>         | 51,510,000         |
| Reserves  | <b>463,327,223</b>        | 400,981,412        |
| Total equity  | <u><b>514,837,223</b></u> | <u>452,491,412</u> |
| <b>NET ASSET VALUE PER SHARE</b>                      | <u><b>1.00</b></u>        | <u>0.88</u>        |

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

### 1. CORPORATION INFORMATION

China New Economy Fund Limited 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 Room 707, 7/F., New World Tower 1, 16–18 Queen's Road Central, Central, Hong Kong.

The principal investment objective of the Company is to achieve long-term capital appreciation through 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 have been prepared in accordance with International Accounting Standard ("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 ("the Stock Exchange"). They have been prepared under the historical cost convention, except for the financial assets at fair value through profit or loss which have been measured at fair values. The interim condensed financial statements are presented in Hong Kong dollars (HK\$) except when otherwise indicated.

The 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 as at 31 December 2014.

### 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 followed in the preparation of the Company's annual financial statements for the year ended 31 December 2014, except for the adoption of amendments to the standards effective as of 1 January 2015 that was assessed to have an impact to the annual financial statements of the Company or the interim condensed financial statements of the Company.

The nature and the impact of each amendment are described below:

#### *IAS 24 Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment has been applied by the Company.

#### *International Financial Reporting Standard ("IFRS") 13 Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Company does not apply the portfolio exception in IFRS 13.

## 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has not early applied any of the new and revised IFRSs, that have been issued but are not yet effective, in these interim condensed financial statements. Among the new IFRSs, the following is expected to be relevant to the Company's interim condensed financial statements upon becoming effective:

|         |   |
|---------|---|
| IFRS 9  | <i>Financial Instruments</i> <sup>1</sup>                 |
| IFRS 15 | <i>Revenue from Contracts with Customers</i> <sup>2</sup> |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017

The Company is in the process of making an assessment of the impact of these changes.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Company is organised into business units based on the categories of investments. During the Period, 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                                |

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

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

|   | <b>Listed<br/>securities<br/>HK\$</b> | <b>Unlisted<br/>securities<br/>HK\$</b> | <b>Total<br/>HK\$</b> |
|---|---------------------------------------|---|-----------------------|
| For the six months ended 30 June 2015 (unaudited) |                                       |   |                       |
| Segment results                                   | <u>76,480,289</u>                     | <u>7,513,452</u>                        | 83,993,741            |
| Bank interest income                              |                                       |   | 3,195                 |
| Unallocated expenses                              |                                       |   | <u>(9,141,178)</u>    |
| Profit before tax                                 |                                       |   | <u>74,855,758</u>     |
|   | <b>Listed<br/>securities<br/>HK\$</b> | <b>Unlisted<br/>securities<br/>HK\$</b> | <b>Total<br/>HK\$</b> |
| For the six months ended 30 June 2014 (unaudited) |                                       |   |                       |
| Segment results                                   | <u>88,938,232</u>                     | <u>–</u>                                | 88,938,232            |
| Bank interest income                              |                                       |   | 29,112                |
| Unallocated expenses                              |                                       |   | <u>(6,193,007)</u>    |
| Profit before tax                                 |                                       |   | <u>82,774,337</u>     |

For the six months ended 30 June 2015 and 2014, segment results represented the net gain on fair value of listed equities, debt securities and private equity funds 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 and interest income from bank deposits as well as investment manager's fees.

As management considers the Company's nature of business as investment holding, there was no information regarding major customers as determined by the Company and no segment revenue is presented.

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

|   | <b>Listed<br/>securities<br/>HK\$</b> | <b>Unlisted<br/>securities<br/>HK\$</b> | <b>Total<br/>HK\$</b> |
|---|---------------------------------------|---|-----------------------|
| At 30 June 2015 (unaudited)                           |                                       |   |                       |
| Assets:   |                                       |   |                       |
| Financial assets at fair value through profit or loss | <u>398,845,546</u>                    | <u>60,035,539</u>                       | 458,881,085           |
| Unallocated assets                                    |                                       |   | <u>86,707,326</u>     |
| Total assets  |                                       |   | <u>545,588,411</u>    |
| Liabilities:  |                                       |   |                       |
| Unallocated liabilities                               |                                       |   | <u>30,751,188</u>     |
| Total liabilities                                     |                                       |   | <u>30,751,188</u>     |
|   | <b>Listed<br/>securities<br/>HK\$</b> | <b>Unlisted<br/>securities<br/>HK\$</b> | <b>Total<br/>HK\$</b> |
| At 31 December 2014 (audited)                         |                                       |   |                       |
| Assets:   |                                       |   |                       |
| Financial assets at fair value through profit or loss | <u>405,546,771</u>                    | <u>37,522,087</u>                       | 443,068,858           |
| Unallocated assets                                    |                                       |   | <u>34,100,257</u>     |
| Total assets  |                                       |   | <u>477,169,115</u>    |
| Liabilities:  |                                       |   |                       |
| Unallocated liabilities                               |                                       |   | <u>24,677,703</u>     |
| Total liabilities                                     |                                       |   | <u>24,677,703</u>     |

For the purpose of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than prepayments and other receivables, due from brokers, and cash and bank balances.

#### 4. REVENUE

An analysis of revenue is as follows:

|   | <b>For the six<br/>months ended<br/>30 June 2015<br/>(Unaudited)<br/>HK\$</b> | For the six<br>months ended<br>30 June 2014<br>(Unaudited)<br>HK\$ |
|---|---|--|
| Dividend income from listed equity securities | 545,545   | 1,214,784  |
| Interest income from listed debt securities   | –   | 639,573  |
| Bank interest income                          | <u>3,195</u>  | <u>29,112</u>  |
|   | <u><b>548,740</b></u>   | <u><b>1,883,469</b></u>  |

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

|  | <b>Listed<br/>securities<br/>HK\$</b> | <b>Unlisted<br/>securities<br/>HK\$</b> | <b>Total<br/>HK\$</b>    |
|--|---------------------------------------|---|--------------------------|
| For the six months ended 30 June 2015 (unaudited)                                      |                                       |   |                          |
| Net realized gain on financial assets<br>at fair value through profit or loss          | 78,357,822                            | –                                       | 78,357,822               |
| Net unrealized (loss)/gain on financial assets<br>at fair value through profit or loss | <u>(2,423,078)</u>                    | <u>7,513,452</u>                        | <u>5,090,374</u>         |
| Total realized and unrealized gain included<br>in the profit or loss                   | <u><b>75,934,744</b></u>              | <u><b>7,513,452</b></u>                 | <u><b>83,448,196</b></u> |

|   | <b>Listed<br/>securities<br/>HK\$</b> | <b>Unlisted<br/>securities<br/>HK\$</b> | <b>Total<br/>HK\$</b>    |
|---|---------------------------------------|---|--------------------------|
| For the six months ended 30 June 2014 (unaudited)                               |                                       |   |                          |
| Net realized loss on financial assets<br>at fair value through profit or loss   | (23,209,720)                          | –                                       | (23,209,720)             |
| Net unrealized gain on financial assets<br>at fair value through profit or loss | <u>110,293,595</u>                    | <u>–</u>                                | <u>110,293,595</u>       |
| Total realized and unrealized gain included<br>in the profit or loss            | <u><b>87,083,875</b></u>              | <u><b>–</b></u>                         | <u><b>87,083,875</b></u> |

## 6. PROFIT BEFORE TAX

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

|   | <b>For the six<br/>months ended<br/>30 June 2015<br/>(Unaudited)<br/>HK\$</b> | For the six<br>months ended<br>30 June 2014<br>(Unaudited)<br>HK\$ |
|---|---|--|
| Directors' remuneration:                                  |   |  |
| Fees  | 812,540   | 774,000  |
| Bonus   | 1,000,000   | –  |
| Other emoluments  | –   | –  |
|   | <u>1,812,540</u>  | <u>774,000</u>   |
| Staff cost (excluding directors' remuneration)            | 990,973   | 675,390  |
| Investment management fee ( <i>note 8</i> )               | 480,000   | 480,000  |
| Auditors' remuneration                                    | 149,250   | 149,250  |
| Foreign exchange (gain)/loss, net                         | (5,569)   | 252,801  |
| Minimum operating lease payments in respect of properties | 435,549   | 89,825   |
| Consultancy fees  | 838,000   | 1,207,500  |
| Legal and professional fees                               | 799,181   | 427,840  |

## 7. INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend in respect of the Period. (30 June 2014: Nil).

## 8. FEES

### Administration fee

HSBC Trustee (Cayman) Limited (the "Administrator") is entitled to receive an administration fee which is calculated at each valuation day at the following rates:

|   |                  |
|---|------------------|
| First HK\$800 million of net asset value  | 0.140% per annum |
| Next HK\$1,200 million of net asset value | 0.125% per annum |
| On the remainder of net asset value       | 0.110% per annum |

The administration fee is subject to a monthly minimum fee of HK\$73,000 and is payable monthly in arrears.

The administration fee for the Period was HK\$509,790 (30 June 2014: HK\$438,000). As at 30 June 2015, an administration fee of HK\$73,000 (31 December 2014: HK\$146,000) was payable to the Administrator.

### Valuation fee

The Administrator is also entitled to a fee of HK\$8,000 per additional valuation. This is payable on a monthly basis for a calculation of the Company's net asset value on an ad-hoc basis.

The valuation fee for the Period was HK\$16,000 (30 June 2014: Nil). As at 30 June 2015, no valuation fee (31 December 2014: Nil) was payable to the Administrator.

### **Custodian fee**

HSBC Institutional Trust Services (Asia) Limited (the “Custodian”) is entitled to receive a custodian fee which is calculated at each valuation day at the following rates:

|   |                  |
|---|------------------|
| First HK\$800 million of net asset value  | 0.040% per annum |
| Next HK\$1,200 million of net asset value | 0.035% per annum |
| On the remainder of net asset value       | 0.030% per annum |

The custodian fee is subject to a monthly minimum fee of HK\$15,000 and is payable monthly in arrears.

The custodian fee for the Period was HK\$114,651 (30 June 2014: HK\$90,000). As at 30 June 2015, a custodian fee of HK\$18,499 (31 December 2014: HK\$32,399) was payable to the Custodian.

### **Management fee**

China Everbright Securities (HK) Limited, the investment manager, was entitled to a monthly management fee of HK\$80,000 (30 June 2014: HK\$80,000) and payable monthly in arrears.

The management fee for the Period was HK\$480,000 (30 June 2014: HK\$480,000). As at 30 June 2015, a management fee of HK\$80,000 (31 December 2014: 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 of HK\$12,509,947 (30 June 2014: HK\$13,136,625) representing Hong Kong profits tax of HK\$7,195,830 (30 June 2014: Nil) and net deferred tax liability of HK\$5,314,117 (30 June 2014: HK\$13,136,625) that have been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Period (30 June 2014: 16.5%).

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.

For presentation purposes, deferred tax assets and liabilities as at 30 June 2015 have been offset in the interim condensed statement of financial position. The deferred tax liabilities arising from unrealized investment valuation gains amounted to HK\$29,383,114 (31 December 2014: HK\$24,068,997).



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

The calculation of basic earnings per share is based on the Company's profit for the Period attributable to the ordinary equity holders of HK\$62,345,811 (30 June 2014: HK\$69,637,712) and the weighted average number of ordinary shares in issue during the Period of 515,100,000 (30 June 2014: 334,443,396 (restated) ordinary shares), as adjusted to reflect the rights issue and placement shares issued during 2014. No adjustment has been made to the basic earnings per share amount presented for the Period in respect of a dilution as the Company had no dilutive ordinary shares in issue during the Period (30 June 2014: adjusted to reflect the rights issue and placement shares issued during the year 2014).

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

|                                     | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$</b> | 31 December<br>2014<br>(Audited)<br>HK\$ |
|-------------------------------------|--|--|
| Listed equity securities            |  |  |
| — Hong Kong                         | <b>398,845,546</b>                               | 405,546,771                              |
| Investments in private equity funds |  |  |
| — Cayman Islands                    | <u><b>60,035,539</b></u>                         | <u>37,522,087</u>                        |
|                                     | <u><b>458,881,085</b></u>                        | <u>443,068,858</u>                       |

The fair values of the listed equity securities are determined based on the quoted market bid prices available on the relevant stock exchanges at the end of the Period.

The Company invested in private equity funds which are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Company uses its net asset value to determine its fair value as the Company determined that this is the fair price in which shareholders subscribe and redeem from the fund.

Movement in net unrealized gain on financial assets at fair value through profit or loss of HK\$5,090,374 (30 June 2014: HK\$110,293,595) has been recognized in profit or loss.

## 12. COMMITMENTS

During the Period, the Company has two three-year tenancy agreements for the lease of its office premises. The total future lease payments under the tenancy agreements falling due at the end of the reporting period is as follows:

|                        | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$</b> | 31 December<br>2014<br>(Audited)<br>HK\$ |
|------------------------|--|--|
| Within one year        | <b>1,142,352</b>                                 | 582,120                                  |
| In the second year     | <b>1,142,352</b>                                 | 582,120                                  |
| In more than two years | <u><b>517,194</b></u>                            | <u>388,080</u>                           |
|                        | <u><b>2,801,898</b></u>                          | <u>1,552,320</u>                         |

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Board of China New Economy Fund Limited are 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 nineteen investments in Hong Kong-listed companies and two private equity funds in the Cayman Islands as of 30 June 2015. One of our major investments is still in the information technology ("IT") sector focusing on the Hong Kong and mainland China market. The Company reported net profit attributable to shareholders of HK\$62,345,811 during the Period, which consisted of the net realized gain of HK\$78,357,822 taken on the investment positions in the portfolio.

The net asset value of the Company increased during the Period despite the slowdown in the Chinese economy and the rising volatility of the global stock market. As at 30 June 2015, the Company reported an unaudited net asset value of approximately HK\$1.00 per share. The upswing was due to net unrealized mark to market gain of HK\$5,090,374 and the net realized gain of HK\$78,357,822 taken on the investment positions in the portfolio. The Company will continue to monitor investments cautiously due to recent uncertain market conditions.

## **BUSINESS REVIEW AND PROSPECT**

During the Period, China has been faced with complicated external and domestic economic conditions. The national economy is showing moderate but stable and sound momentum of development. According to the data of the National Bureau of Statistics of China, the gross domestic product ("GDP") of China in the first half of 2015 increased by 7.0% over the corresponding period, which represents a decline of 0.4% compared with the first half of 2014. The GDP of the second quarter of 2015 went up by 1.7% on a quarter-to-quarter basis.

During the Period, the benchmark of Shanghai Composite Index spiked 27.7%, while Hang Seng Index surged 10.0%. The Company has adopted a different investment approach and implementing a better strategy. By expanding our horizon, our investment team worked closely with variety of professional analysts for more timely reliable resources. This method allows the Company to detect investment opportunities from the emerging sectors efficiently and benefiting from substantial net asset appreciation. The Company will continue to develop its investment strategies with an aim to achieve stable return on investments for our shareholders.

In addition, the Chinese government is stepping up to excite the economy although the GDP growth of 7.0% has been met, it is well below the double digit annual growth seen in the past decade. During the Period, the People’s Bank of China (“PBOC”) has lowered, not once but twice, the reserve requirement ratio (“RRR”) from 20.0% to 18.5% for all banks. The reduction of RRR is to add more liquidity to its market to help spur bank lending and combat slowing growth. Similarly, the PBOC also cut interest rate twice within the Period from 5.6% lending rate to 5.1%, in a bid to lower borrowing costs and spur demand.

During the Period, the Company has invested an additional private equity fund, making a total of two private equity investments in our diversified portfolio. The new private equity fund is specialized in conducting investments in pre-initial public offerings (“IPO”) equities. The Company believes it will bring a potential return in the long-run. Our Company will explore more investment opportunities toward private equities.

We are continuously optimistic towards the IT, healthcare, environmental and creative culture industries as they will continue to benefit from the transformation of Chinese economy.

The Company will continue to deploy an investment strategy focusing on Greater China and closely monitor the changes in the global market. With our professional and experienced investment and risk management team, we are confident to capture valuable investment opportunities to maximize profit to our shareholders.

Pursuant to the requirements stipulated in Rule 21.12 of the Rules Governing the Listing of Securities on the Stock Exchange (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 2015

#### 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 | Unrealized gain/(loss) recognized<br>(Note 1) | Net asset attributable to the Company<br>(Note 2) | Dividend received/receivable during the Period | % of net assets of the Company |
|---|------------------------|--|--|----------|--------------|---|---|--|--------------------------------|
|   |                        |  |  | HK\$’000 | HK\$’000     | HK\$’000                                      |   | HK\$’000                                       |                                |
| (a) Finsoft Financial Investment Holdings Limited (Formerly known as Finsoft Corporation) | The Cayman Islands     | 100,000,000 ordinary shares of HK\$0.0005 each | 2.50%                                  | 18,500   | 89,000       | 70,500  | HK\$1.48 million                                  | –  | 17.24                          |

| Name of investee                                    | Place of incorporation | Particular of issued shares held               | Proportion of investee's capital owned | Cost     | Market value | Unrealized gain/(loss) recognized | Net asset attributable to the Company | Dividend received/receivable during the Period | % of net assets of the Company |
|---|------------------------|--|--|----------|--------------|-----------------------------------|---------------------------------------|--|--------------------------------|
|   |                        |  |  | HK\$'000 | HK\$'000     | (Note 1)<br>HK\$'000              | (Note 2)                              | HK\$'000                                       |                                |
| (b) Suncorp Technologies Limited                    | Bermuda                | 102,000,000 ordinary shares of HK\$0.0003 each | 0.67%                                  | 24,992   | 53,040       | 28,050                            | HK\$3.68 million                      | –  | 10.28                          |
| (c) Town Health International Medical Group Limited | The Cayman Islands     | 25,236,000 ordinary shares of HK\$0.01 each    | 0.34%                                  | 35,414   | 51,986       | 16,590                            | HK\$15.46 million                     | 83   | 10.07                          |
| (d) BBI Life Sciences Corporation                   | The Cayman Islands     | 11,079,000 ordinary shares of HK\$0.01 each    | 2.08%                                  | 19,584   | 35,231       | 15,648                            | RMB10.79 million                      | 89   | 6.83                           |
| (e) Convoy Financial Holdings Limited               | The Cayman Islands     | 36,000,000 ordinary shares of HK\$0.1 each     | 1.46%                                  | 9,000    | 34,560       | 25,591                            | HK\$12.31 million                     | –  | 6.70                           |
| (f) China Harmony New Energy Auto Holding Limited   | The Cayman Islands     | 3,995,500 ordinary shares of HK\$0.01 each     | 0.25%                                  | 36,334   | 34,441       | (1,892)                           | RMB6.82 million                       | 350  | 6.67                           |
| (g) DX.com Holdings Limited                         | The Cayman Islands     | 194,848,000 ordinary shares of HK\$0.01 each   | 3.48%                                  | 22,879   | 27,668       | 4,903                             | HK\$6.01 million                      | –  | 5.36                           |
| (h) China Culiangwang Beverages Holdings Limited    | Bermuda                | 64,272,000 ordinary shares of HK\$0.1 each     | 1.08%                                  | 12,854   | 20,246       | 7,491                             | RMB37.69 million                      | –  | 3.92                           |

*Private Equity Funds — Cayman Islands*

| Name of investee                  | Place of incorporation | Particular of issued shares held | Proportion of investee's capital owned | Cost     | Market value | Unrealized gain recognized | Net asset attributable to the Company | Dividend received/receivable during the Period | % of net assets of the Company |
|-----------------------------------|------------------------|----------------------------------|--|----------|--------------|----------------------------|---------------------------------------|--|--------------------------------|
|                                   |                        |                                  |  | HK\$'000 | HK\$'000     | (Note 1)<br>HK\$'000       | (Note 2)                              | HK\$'000                                       |                                |
| (i) Hydra Capital SPC             | The Cayman Islands     | 3,750 shares of HK\$10,000 each  | 16.74%                                 | 37,500   | 43,197       | 5,697                      | HK\$43.20 million                     | –  | 8.37                           |
| (j) SBI China Capital M&A Fund LP | The Cayman Islands     | N/A                              | 15.04%                                 | 15,000   | 16,838       | 1,838                      | HK\$16.84 million                     | –  | 3.26                           |

**At 31 December 2014**

*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 | Unrealized gain/(loss) recognized | Net asset attributable to the Company | Dividend received/receivable during the year | % of net assets of the Company |
|--|------------------------|--|--|----------|--------------|-----------------------------------|---------------------------------------|--|--------------------------------|
|  |                        |  |  | HK\$'000 | HK\$'000     | (Note 3)<br>HK\$'000              | (Note 2)                              | HK\$'000                                     |                                |
| Finsoft Corporation                                | The Cayman Islands     | 173,650,000 ordinary shares of HK\$0.0005 each | 4.34%                                  | 32,125   | 209,248      | 177,123                           | HK\$2.62 million                      | –  | 43.85                          |
| China Mobile Games and Cultural Investment Limited | The Cayman Islands     | 300,006,000 ordinary shares of HK\$0.01 each   | 12.02%                                 | 33,682   | 57,601       | 23,919                            | HK\$29.31 million                     | –  | 12.07                          |
| Town Health International Medical Group Limited    | The Cayman Islands     | 22,236,000 ordinary shares of HK\$0.01 each    | 0.44%                                  | 28,191   | 27,128       | (1,063)                           | HK\$5.26 million                      | –  | 5.69                           |
| BBI Life Sciences Corporation                      | The Cayman Islands     | 11,079,000 ordinary shares of HK\$0.01 each    | 2.11%                                  | 19,584   | 18,502       | (1,082)                           | RMB10.43 million                      | –  | 3.88                           |

| Name of investee                                | Place of incorporation                     | Particular of issued shares held             | Proportion of investee's capital owned | Cost     | Market value | Unrealized gain/(loss) recognized | Net asset attributable to the Company | Dividend received/receivable during the year | % of net assets of the Company |
|---|--|--|--|----------|--------------|-----------------------------------|---------------------------------------|--|--------------------------------|
|   |  |  |  | HK\$'000 | HK\$'000     | (Note 3)<br>HK\$'000              | (Note 2)                              | HK\$'000                                     |                                |
| Jun Yang Solar Power Investments Limited        | Bermuda                                    | 100,500,000 ordinary shares of HK\$0.01 each | 2.26%                                  | 18,741   | 18,090       | (651)                             | HK\$26.34 million                     | –  | 3.79                           |
| Nanjing Sinolife United Company Limited         | The People's Republic of China ("the PRC") | 10,000,000 H shares of RMB0.1 each           | 1.19%                                  | 21,075   | 15,900       | (5,175)                           | RMB7.47 million                       | –  | 3.33                           |
| DX.com Holdings Limited                         | The Cayman Islands                         | 100,000,000 ordinary shares of HK\$0.01 each | 1.78%                                  | 17,252   | 13,100       | (4,152)                           | HK\$3.08 million                      | –  | 2.75                           |
| Hong Kong Education (Int'l) Investments Limited | The Cayman Islands                         | 60,000,000 ordinary shares of HK\$0.1 each   | 3.68%                                  | 7,339    | 7,020        | (319)                             | HK\$10.68 million                     | –  | 1.47                           |
| New Ray Medicine International Holding Limited  | Bermuda                                    | 14,288,000 ordinary shares of HK\$0.01 each  | 1.49%                                  | 8,030    | 7,001        | (1,029)                           | HK\$4.52 million                      | –  | 1.47                           |

*Private Equity Fund — Cayman Islands*

| Name of investee  | Place of incorporation | Particular of issued shares held | Proportion of investee's capital owned | Cost     | Market value | Unrealized gain recognized | Net asset attributable to the Company | Dividend received/receivable during the year | % of net assets of the Company |
|-------------------|------------------------|----------------------------------|--|----------|--------------|----------------------------|---------------------------------------|--|--------------------------------|
|                   |                        |                                  |  | HK\$'000 | HK\$'000     | (Note 3)<br>HK\$'000       | (Note 2)                              | HK\$'000                                     |                                |
| Hydra Capital SPC | The Cayman Islands     | 3,750 shares of HK\$10,000 each  | 16.74%                                 | 37,500   | 37,522       | 22                         | HK\$37.52 million                     | –  | 7.86                           |

*Notes:*

- (1) The unrealized 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 as at the latest practicable date at the end of each reporting period.
- (3) The unrealized gain/(loss) represented the changes in fair value of the respective investments during the year ended 31 December 2014.

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

- (a) Finsoft Financial Investment Holdings Limited (“Finsoft”) is principally engaged in the provision of financial trading software solution, provision of other internet financial platforms, provision of referral services, money lending business, securities investments and provision of corporate finance advisory services. The unaudited loss attributable to shareholders of Finsoft for the six months ended 30 June 2015 was approximately HK\$1,041,355 and the unaudited net assets attributable to the shareholders of Finsoft as at 30 June 2015 was approximately HK\$59,267,709. The fair value of the investment in Finsoft is based on quoted market bid prices.
- (b) Suncorp Technologies Limited (“Suncorp”) is principally engaged in the sales and marketing of residential telephone products under its license for the Motorola brand, and the processing and trading of used computer-related components such as integrated circuit chips, hard-disk and motherboards from developed countries to developing countries. The unaudited loss attributable to shareholders of Suncorp for the six months ended 30 June 2015 was approximately HK\$22,755,000 and the unaudited net assets attributable to the shareholders of Suncorp as at 30 June 2015 was approximately HK\$549,510,000. The fair value of the investment in Suncorp is based on quoted market bid prices.
- (c) Town Health International Medical Group Limited (“Town Health”) is principally engaged in investment in healthcare business including medical institutions operation and pharmaceutical distribution in Hong Kong and China. The unaudited profit attributable to shareholders of Town Health for the six months ended 30 June 2015 was approximately HK\$258,297,000 and the unaudited net assets attributable to the shareholders of Town Health as at 30 June 2015 was approximately HK\$4,546,619,000. The fair value of the investment in Town Health is based on quoted market bid prices.
- (d) BBI Life Sciences Corporation (“BBI”) is principally engaged in the provision of DNA synthesis products and life sciences research consumables primarily in China, North America, South America, Europe and Africa. The unaudited profit attributable to shareholders of BBI for the six months ended 30 June 2015 was approximately RMB21,283,000 and the unaudited net assets attributable to the shareholders of BBI as at 30 June 2015 was approximately RMB518,621,000. The fair value of the investment in BBI is based on quoted market bid prices.

- (e) Convoy Financial Holdings Limited (“Convoy”) is principally engaged in the independent financial adviser business, money lending business, proprietary investment business, asset management business and corporate finance advisory services. The audited profit attributable to shareholders of Convoy for the year ended 31 December 2014 was approximately HK\$246,173,000 and the audited net assets attributable to the shareholders of Convoy as at 31 December 2014 was approximately HK\$843,186,000. The fair value of the investment in Convoy is based on quoted market bid prices.
- (f) China Harmony New Energy Auto Holding Limited (“Harmony Auto”) is principally engaged in the sale and service of motor vehicles in China. The audited profit attributable to shareholders of Harmony Auto for the year ended 31 December 2014 was approximately RMB544,365,000 and the audited net assets attributable to the shareholders of Harmony Auto as at 31 December 2014 was approximately RMB2,726,153,000. The fair value of the investment in Harmony Auto is based on quoted market bid prices.
- (g) DX.com Holdings Limited (“DX.com”) is principally engaged in e-commerce and provision of online sales platform and professional IT contract and maintenance services business. The unaudited loss attributable to shareholders of DX.com for the six months ended 31 December 2014 was approximately HK\$29,115,000 and the unaudited net assets attributable to the shareholders of DX.com as at 31 December 2014 was approximately HK\$172,774,000. The fair value of the investment in DX.com is based on quoted market bid prices.
- (h) China Culiangwang Beverages Holdings Limited (“China Culiangwang”) is principally engaged in growing, processing and sales of agricultural products and consumer food and beverage products. The audited loss attributable to shareholders of China Culiangwang for the year ended 30 April 2015 was approximately RMB269,549,000 and the audited net assets attributable to the shareholders of China Culiangwang as at 30 April 2015 was approximately RMB3,489,391,000. The fair value of the investment in China Culiangwang is based on quoted market bid prices.
- (i) Hydra Capital SPC (“Hydra Capital”) is an exempted company incorporated with limited liability and registered as a segregated portfolio company under the laws of the Cayman Islands established for the purpose of making investments on behalf of its portfolio holders. Hydra Capital has engaged a manager to make day-to-day decisions regarding the management of its investments. The manager has appointed an investment manager to manage and invest the assets of the investment portfolio on a discretionary basis. The investment manager is a company incorporated in Hong Kong with limited liability principally engaged in the provision of investment advisory, funds dealing, introducing brokers and asset management service. The investment portfolio of Hydra Capital is currently focused on making investments in internet-related and mobile-applications-related industries. The fair value of the investment in Hydra Capital is stated as net asset value.



- (j) SBI China Capital M&A Fund LP (“SBI China Capital Fund”) is a segregated portfolio company registered with limited partnership under the laws of the Cayman Islands for the purpose of conducting investment in financial securities. The fund principally engaged in pre-IPO investments and is under the management of SBI China Capital, which owns extensive work experience in the research, IPO sponsorship and underwriting and financial advisers. The fair value of the investment in SBI China Capital Fund is stated as net asset value.

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

#### **Top three realized gain for the Period**

| <b>Name of investment</b>                          | <b>Realized gain</b><br><i>HK\$'000</i> |
|--|---|
| Finsoft Financial Investment Holdings Limited      | 51,396                                  |
| China Mobile Games and Cultural Investment Limited | 18,043                                  |
| Nanjing Sinolife United Company Limited — H Shares | 14,053                                  |

#### **Top three realized loss for the Period**

| <b>Name of investment</b>                      | <b>Realized loss</b><br><i>HK\$'000</i> |
|--|---|
| China Culiangwang Beverages Holdings Limited   | 9,273                                   |
| New Ray Medicine International Holding Limited | 3,363                                   |
| Target Insurance (Holdings) Limited            | 3,212                                   |

### **LIQUIDITY, FINANCIAL RESOURCES AND GEARING**

The Company has obtained stock borrowing facilities in 2011. As at 30 June 2015, the Company did not have any stock borrowings (31 December 2014: Nil).

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 2015, the gearing ratio, defined as total borrowings divided by shareholders' equities, was nil (31 December 2014: Nil). The Company did not have any borrowing as at 30 June 2015 (31 December 2014: Nil).

### **INTERIM DIVIDEND**

The Directors do not recommend the payment of any interim dividend during the Period (30 June 2014: Nil).

### **CHARGES ON COMPANY'S ASSET AND CONTINGENT LIABILITIES**

There were no material charges on the Company's assets or significant contingent liabilities as at 30 June 2015 (31 December 2014: Nil).

## **CAPITAL STRUCTURE**

On 6 January 2011 (the “Listing Date”), the Company completed a share placement and a total of 303,000,000 ordinary shares of HK\$0.1 each were placed at a price of HK\$1.03 per share for a total cash consideration, excluding the related issue expenses, for HK\$312,090,000. 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 2015, the capital of the Company comprises of 515,100,000 ordinary shares.

## **SHARE OPTION SCHEME**

The Company has adopted a share option scheme (the “Share Option Scheme”), pursuant to an ordinary resolution passed at the Extraordinary General Meeting held on 28 May 2015. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the effective date of the Share Option Scheme and up to 30 June 2015.

## **CAPITAL EXPENDITURE AND COMMITMENT**

Save as disclosed in note 12 of interim condensed financial statements, as at 30 June 2015, the Company made no capital expenditure or any other commitment (31 December 2014: Nil).

## **MATERIAL ACQUISITION AND DISPOSAL**

During the Period, the Company did not acquire or dispose of any subsidiaries or associated companies (31 December 2014: Nil).

## **USE OF PROCEEDS**

The Company has twenty one investments as of 30 June 2015, comprising of equity securities listed in Hong Kong and equity securities in private equity funds. The largest one held by the Company is in the IT sector focusing on the Hong Kong and Mainland China market.

The rest of the net proceeds gained will be applied by the Board and China Everbright Securities (HK) Limited, 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 2015, the Company had four full-time employees (31 December 2014: four 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 and the policy is periodically reviewed. Apart from mandatory provident fund, salaries increment, share option 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\$990,973 (30 June 2014: HK\$675,390).

## **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**

### **(i) Placing of new shares under general mandate**

The Company has raised approximately HK\$38.3 million, net of expenses, by way of entering into a placing agreement with the placing agent, to place 103,020,000 placing shares to Laberie Holdings Limited which is a wholly owned subsidiary of SEEC Media Group Limited, a company whose issued shares are listed on the Stock Exchange of Hong Kong Limited (stock code: 205).

The placing shares are issued at a gross price of HK\$0.385 and net price of HK\$0.372 per placing share (closing price of the Company was HK\$0.385 as at the date of announcement) under the general mandate granted to the Directors at the annual general meeting of the Company held on 28 May 2015. The Company intended to use the net proceeds from the placing of new shares for investment in healthcare, environmental and creative culture in line with its ordinary course of business. Details of the placing of new shares under general mandate can be referred to the Company's announcement dated 16 July 2015.

### **(ii) Change of Custodian**

The Company had terminated the custodian agreement with HSBC Institutional Trust Services (Asia) Limited effective on 2 August 2015 and entered into a new custodian agreement with Deutsche Bank AG Hong Kong Branch (the "Custodian Agreement").

Under the Custodian Agreement, Deutsche Bank AG Hong Kong Branch was entitled to a custodian fee which is calculated of the net asset value of the Company at valuation day equal to the rate 0.02% per annum. The custodian fee subject to a monthly minimum fee of USD2,500 and is payable monthly in arrears. Details of the change of custodian can be referred to the Company's announcement dated 29 July 2015.

### **(iii) Change of Administrator**

The Company had terminated the administration agreement with HSBC Trustee (Cayman) Limited effective on 2 August 2015 and entered into a new administration agreement with Amicorp Hong Kong Limited (the “Administration Agreement”).

Under the Administration Agreement, Amicorp Hong Kong Limited was entitled to an administration fee which is calculated of the net asset value of the Company at valuation day equal to the rate 0.11% per annum. The administration fee subject to a monthly minimum fee of USD7,500 and is payable monthly in arrears. Details of the change of administrator can be referred to the Company’s announcement dated 29 July 2015.

### **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 separate and A.4.1 which states that the non-executive Directors should be appointed for a specific term, subject to re-election.

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. During the Period, Mr. Gu Xu, the successor of Mr. Craig Blaser Lindsay, whom had been the Chairman and Chief Executive Officer of the Company. Each of them provided 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 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. Lam Chun Ho (being the chairman with professional qualifications in accountancy), Mr. Faris Ibrahim Taha Ayoub and Mr. Huang Liangkuai.

The primary audit related duties of the committee are to provide the Board with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Company, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board. The Audit Committee shall hold not less than two meetings in a year and meet with the external auditors twice without the presence of the executive Directors.

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 ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinaneweconomyfund.com](http://www.chinaneweconomyfund.com)) in due course.

By order of the Board  
**China New Economy Fund Limited**  
**Gu Xu**  
*Chairman, Chief Executive Officer  
and Executive Director*

Hong Kong, 27 August 2015

*As at the date of this announcement, the Board comprises Mr. GU Xu and Mr. CHAN Cheong Yee as executive Directors; Mr. LAM Chun Ho, Mr. Faris Ibrahim Taha AYOUB and Mr. HUANG Liangkuai as independent non-executive Directors.*