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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 2021**

### **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 2021 (the “Period”), together with the unaudited figures for the six months ended 30 June 2020.

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

*For the six months ended 30 June 2021*

	<i>Notes</i>	<b>For the six months ended 30 June 2021 (Unaudited) HK\$</b>	<b>For the six months ended 30 June 2020 (Unaudited) HK\$</b>
<b>REVENUE</b>	4	<b>1,241,451</b>	1,686,482
Net change in fair value of financial assets at fair value through profit or loss	5	<b>17,316,315</b>	(11,908,044)
Other operating expenses		<b>(5,833,421)</b>	(5,386,600)
<b>OPERATING PROFIT/(LOSS)</b>		<b>12,724,345</b>	(15,608,162)
Finance costs	6(a)	<b>(54,103)</b>	(272,173)
<b>PROFIT/(LOSS) BEFORE TAX</b>	6(b)	<b>12,670,242</b>	(15,880,335)
Income tax expense	9	<b>–</b>	–

	<i>Notes</i>	<b>For the six months ended 30 June 2021 (Unaudited) HK\$</b>	<b>For the six months ended 30 June 2020 (Unaudited) HK\$</b>
<b>PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>		<b><u>12,670,242</u></b>	<b><u>(15,880,335)</u></b>
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	10		
Basic		<b><u>0.02</u></b>	<b><u>(0.04)</u></b>
Diluted		<b><u>0.02</u></b>	<b><u>(0.04)</u></b>

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2021*

	<i>Notes</i>	<b>30 June 2021 (Unaudited) HK\$</b>	31 December 2020 (Audited) HK\$
<b>NON-CURRENT ASSETS</b>			
Right-of-use asset		1,080,546	71,411
Deposit		196,545	72,205
		<b>1,277,091</b>	143,616
Total non-current assets			
<b>CURRENT ASSETS</b>			
Prepayments and other receivables		4,858,630	4,420,933
Amount due from brokers		5,502,324	500,226
Financial assets at fair value through profit or loss	11	88,717,475	70,545,419
Cash and cash equivalents		7,407,615	2,000,472
		<b>106,486,044</b>	77,467,050
Total current assets			
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		1,569,400	1,761,306
Amount due to brokers		–	4,659,540
Amount due to a related company		50,000	–
Lease liability		433,115	77,107
		<b>2,052,515</b>	6,497,953
Total current liabilities			
<b>NET CURRENT ASSETS</b>		<b>104,433,529</b>	70,969,097
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>105,710,620</b>	71,112,713
<b>NON-CURRENT LIABILITIES</b>			
Lease liability		716,233	–
		<b>716,233</b>	–
Total non-current liabilities			
<b>NET ASSETS</b>		<b>104,994,387</b>	71,112,713
<b>EQUITY</b>			
Issued capital	12	28,807,163	24,005,969
Reserves		76,187,224	47,106,744
		<b>104,994,387</b>	71,112,713
Total equity			
<b>NET ASSET VALUE PER SHARE</b>		<b>0.15</b>	0.12

# NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2021

## 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, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands. The principal place of business of the Company is at 22/F., CS Tower, 50 Wing Lok Street, Sheung Wan, Hong Kong.

The principal investment objective of the Company is to achieve long-term capital appreciation through investing globally in both private and public enterprises that have demonstrated the ability to manufacture a product or deliver a service that is supported by the economies of Mainland China, Hong Kong, Macau, and Taiwan. During the Period, the Company's investment activities are managed by Evergrande Securities (Hong Kong) Limited (the "Investment Manager").

## 2.1 BASIS OF PREPARATION

The unaudited interim condensed financial statements for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") and the applicable disclosure requirements of Appendix 16 of the 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 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 2020.

## 2.2 CHANGES IN ACCOUNTING POLICIES 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 2020, except for the adoption of the following 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, IAS 39, IFRS 7, Interest Rate Benchmark Reform – Phase 2  
IFRS 4 and IFRS 16

The directors of the Company considered that the application of the new and revised IFRSs and IASs do not have material impact on the Company's interim financial results.

### 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 2021 and 2020, 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 fund, private equities, bond and promissory note

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:

	<b>Listed securities HK\$</b>	<b>Unlisted securities HK\$</b>	<b>Unallocated HK\$</b>	<b>Total HK\$</b>
For the six months ended 30 June 2021 (unaudited)				
Segment revenue	<u>26,400</u>	<u>1,214,602</u>	<u>449</u>	<u>1,241,451</u>
Segment results	<u>16,229,609</u>	<u>1,110,466</u>	<u>714,603</u>	<u>18,054,678</u>
Bank interest income				449
Unallocated expenses				<u>(5,384,885)</u>
Profit before tax				<u>12,670,242</u>
	<b>Listed securities HK\$</b>	<b>Unlisted securities HK\$</b>	<b>Unallocated HK\$</b>	<b>Total HK\$</b>
For the six months ended 30 June 2020 (unaudited)				
Segment revenue	<u>362,840</u>	<u>1,323,596</u>	<u>46</u>	<u>1,686,482</u>
Segment results	<u>(11,191,660)</u>	<u>(376,044)</u>	<u>161,096</u>	<u>(11,406,608)</u>
Bank interest income				46
Unallocated expenses				<u>(4,473,773)</u>
Loss before tax				<u>(15,880,335)</u>

For the six months ended 30 June 2021 and 2020, the operating segments derived revenue from dividend income, interest income and income from profit guarantee earned from the investments held by the segments. Segment results represented the net gains or losses on changes in fair values of listed equity securities, unlisted private equity fund, private equity securities and promissory note classified as financial assets at fair value through profit or loss and the corresponding interest income, dividend income as well as income from profit guarantee earned by each segment without the allocation of administrative expenses, finance costs, interest income from bank deposits and Investment Manager's fees.

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

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

	<b>Listed securities HK\$</b>	<b>Unlisted securities HK\$</b>	<b>Total HK\$</b>
As at 30 June 2021 (unaudited)			
Segment assets:			
Financial assets at fair value through profit or loss	<u>27,780,755</u>	<u>60,936,720</u>	88,717,475
Unallocated assets			<u>19,045,660</u>
Total assets			<u>107,763,135</u>
Liabilities:			
Unallocated liabilities			<u>2,768,748</u>
Total liabilities			<u>2,768,748</u>
	<b>Listed securities HK\$</b>	<b>Unlisted securities HK\$</b>	<b>Total HK\$</b>
As at 31 December 2020 (audited)			
Segment assets:			
Financial assets at fair value through profit or loss	<u>32,690,419</u>	<u>37,855,000</u>	70,545,419
Unallocated assets			<u>7,065,247</u>
Total assets			<u>77,610,666</u>
Liabilities:			
Unallocated liabilities			<u>6,497,953</u>
Total liabilities			<u>6,497,953</u>

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

#### 4. REVENUE

An analysis of revenue is as follows:

	<b>For the six months ended 30 June 2021 (Unaudited) HK\$</b>	For the six months ended 30 June 2020 (Unaudited) HK\$
Dividend income from listed equity securities	<b>26,400</b>	362,840
Interest income from promissory notes	<b>558,438</b>	161,096
Interest income from bond	<b>156,164</b>	–
Bank interest income	<b>449</b>	46
Income from profit guarantee ( <i>Note (i)</i> )	<b>500,000</b>	1,020,000
Government grants ( <i>Note (ii)</i> )	<b>–</b>	142,500
	<b><u>1,241,451</u></b>	<b><u>1,686,482</u></b>

*Notes:*

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

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

	<b>Listed securities HK\$</b>	<b>Unlisted securities HK\$</b>	<b>Total HK\$</b>
For the six months ended 30 June 2021 (unaudited)			
Net realised loss on financial assets at fair value through profit or loss	<b>(22,226,312)</b>	–	<b>(22,226,312)</b>
Net unrealised gain on financial assets at fair value through profit or loss	<b><u>38,432,161</u></b>	<b><u>1,110,466</u></b>	<b><u>39,542,627</u></b>
Total of net realised and unrealised gain included in profit or loss	<b><u>16,205,849</u></b>	<b><u>1,110,466</u></b>	<b><u>17,316,315</u></b>

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
For the six months ended 30 June 2020 (unaudited)			
Net realised loss on financial assets at fair value through profit or loss	(25,502,364)	–	(25,502,364)
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	<u>13,970,364</u>	<u>(376,044)</u>	<u>13,594,320</u>
Total of net realised and unrealised loss included in profit or loss	<u>(11,532,000)</u>	<u>(376,044)</u>	<u>(11,908,044)</u>

## 6. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
(a) Finance costs		
Interest on other borrowings	48,135	269,557
Interest on lease liability	<u>5,968</u>	<u>2,616</u>
	<u>54,103</u>	<u>272,173</u>
(b) Other operating expenses		
Directors' remuneration		
– Fees	678,000	626,650
– Other emoluments	<u>–</u>	<u>–</u>
	<u>678,000</u>	<u>626,650</u>
Staff cost (excluding directors' remuneration and share-based payment)	1,671,511	1,671,211
Investment management fee ( <i>Note 8</i> )	300,000	300,000
Foreign exchange loss, net	163,723	167,106
Auditors' remuneration	250,000	250,000
Lease payments not included in the measurement of lease liability	22,204	9,384
Consultancy fees	100,000	–
Legal and professional fees	1,048,092	1,023,448
Depreciation of right-of-use asset	<u>144,016</u>	<u>85,693</u>



## **7. INTERIM DIVIDEND**

The Board has resolved not to pay any interim dividend in respect of the current reporting period (30 June 2020: Nil).

## **8. FEES**

### **Administration fee**

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

The administration fee is subject to a monthly minimum fee of USD4,000 plus 7% disbursement charge (30 June 2020: USD4,000 plus 7% disbursement charge) and is payable monthly in arrears.

The administration fee for the Period is HK\$199,353 (30 June 2020: HK\$199,278). As at 30 June 2021, an administration fee of HK\$66,452 (31 December 2020: HK\$66,359) was payable to the Administrator.

### **Custodian fee**

Bank of Communications Trustee Limited (the “Custodian”) is entitled to a custodian fee which is calculated based on the net asset value of the Company at valuation day equal to the rate of 0.04% per annum. The custodian fee is subject to a monthly minimum fee of HK\$12,500 (30 June 2020: HK\$12,500) and is payable monthly in arrears.

The custodian fee for the Period is HK\$75,240 (30 June 2020: HK\$75,470). As at 30 June 2021, a custodian fee of HK\$25,000 (31 December 2020: HK\$25,000) was payable to the Custodian.

### **Management fee**

The Company had terminated the investment management agreement with China Everbright Securities (HK) Limited (the “China Everbright Agreement”) effective on 30 November 2020 and entered into a new investment management agreement with Evergrande Securities (Hong Kong) Limited (the “Investment Manager”) effective on 1 January 2021.

The Investment Manager is entitled to a monthly management fee of HK\$50,000 and payable monthly in advance. Prior to the termination of the China Everbright Agreement, China Everbright Securities (HK) Limited was entitled to a monthly management fee of HK\$50,000 and payable monthly in arrears.

The management fee for the Period is HK\$300,000 (30 June 2020: HK\$300,000). As at 30 June 2021, a management fee of HK\$50,000 (31 December 2020: Nil) was payable to the Investment Manager.

## **9. TAXATION**

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

### **Cayman Islands**

Under the current Cayman Islands law, there are no income tax, corporation tax, capital gains tax or any other kinds of tax on profits or gains or tax in the nature of estate duty or inheritance tax currently in effect. Effective from the date of incorporation of the Company, and for a period of twenty years, no law that is hereafter enacted in the Cayman Islands imposing any tax on income will be levied on the Company.

## Hong Kong

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was published in gazette on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the Company will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

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

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

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

The calculation of basic and diluted earnings per share amount is based on the Company’s earning of HK\$12,670,242 (30 June 2020: loss of HK\$15,880,335) 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 636,025,552 (30 June 2020: 420,667,856 (restated) ordinary shares), as adjusted to reflect placement shares issued during the Period.

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

	<b>30 June 2021 (Unaudited) HK\$</b>	31 December 2020 (Audited) HK\$
Listed equity securities – Hong Kong	<b>24,080,043</b>	25,761,027
Listed equity security – Australia	<b>3,260,712</b>	3,131,048
Suspended listed equity securities – Hong Kong	<b>440,000</b>	3,798,344
Investments in private equity – British Virgin Islands	<b>22,649,720</b>	14,068,000
Investments in private equity – Hong Kong	<b>6,787,000</b>	6,787,000
Investments in private equity – Australia	–	–
Investment in promissory notes	<b>16,500,000</b>	17,000,000
Investment in bond	<b>15,000,000</b>	–
	<b><u>88,717,475</u></b>	<b><u>70,545,419</u></b>

The fair values of the listed equity securities, except for suspended listed equity securities, are determined based on the quoted market bid prices available on the relevant stock exchanges at the end of the reporting period.

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

Net unrealised gain on financial assets at fair value through profit or loss of HK\$39,542,627 has been recognised in profit or loss in the interim statement of profit or loss and other comprehensive income (30 June 2020: net gain HK\$13,594,320).

## 12. ISSUED CAPITAL

	Number of shares	Nominal amount <i>HK\$</i>
Issued and fully paid		
Ordinary shares of nominal amount HK\$0.04 each at 30 June 2021	<b>720,179,073</b>	<b>28,807,163</b>
Ordinary shares of nominal amount HK\$0.04 each at 31 December 2020	600,149,228	24,005,969

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

	Number of shares in issue	Issued capital <i>HK\$</i>	Share premium account <i>HK\$</i>	Total <i>HK\$</i>
At 1 January 2020	1,388,246,794	13,882,468	127,540,435	141,422,903
Share consolidation ( <i>Note (a)</i> )	(1,041,185,096)	–	–	–
Rights issue ( <i>Note (b)</i> )	253,087,530	10,123,501	30,370,503	40,494,004
At 31 December 2020 and 1 January 2021	<b>600,149,228</b>	<b>24,005,969</b>	<b>157,910,938</b>	<b>181,916,907</b>
Placing of shares ( <i>Note (c)</i> )	<b>120,029,845</b>	<b>4,801,194</b>	<b>16,694,238</b>	<b>21,495,432</b>
At 30 June 2021 (unaudited)	<b>720,179,073</b>	<b>28,807,163</b>	<b>174,605,176</b>	<b>203,412,339</b>

*Notes:*

- (a) On 7 April 2020, the Company completed share consolidation of every four issued and unissued share of par value HK\$0.01 each into one consolidated share of par value of HK\$0.04, the authorised share capital of the Company became HK\$1,000,000,000 divided into 25,000,000,000 consolidated shares of HK\$0.04 each, of which 347,061,698 consolidated shares had been in issue, the board lot size for trading on the Stock Exchange changed from 20,000 shares to 10,000 consolidated shares.
- (b) On 15 May 2020, the Company had raised approximately HK\$39.6 million, net of expenses by way of the rights issue of 253,087,530 rights shares on the basis of one rights share for every one consolidated share at the subscription price of HK\$0.16 per rights share.
- (c) On 21 May 2021, a total of 120,029,845 ordinary shares of HK\$0.04 each were placed at a price of HK\$0.18 per share (the "Placing Shares") for a total cash consideration, before the related issue expense, of HK\$21,605,372. The issued and fully paid capital of the Company was increased to HK\$28,807,163 and resulted in a share premium of HK\$16,694,238, after deducting the share placement expense of HK\$109,940. 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 medium to long-term investment strategy in both public and private equity markets. The Company held seventeen investments in Hong Kong-listed companies, one investment in Australia-listed company, five private equity securities investments, one promissory note and one bond as of 30 June 2021. One of our major investments is in the financial services sector focusing on the Hong Kong market. The Company reported net profit attributable to shareholders of HK\$12,670,242 during the Period, which consisted of the net gain in fair value of HK\$17,316,315 taken on the investment positions in the portfolio.

Despite the rising volatility of the global stock market due to the global pandemic, the net asset value per share of the Company increased during the Period as a result of strong stock price performance of several Hong Kong listed equity securities investments made by the Company. As at 30 June 2021, the Company reported an unaudited net asset value of approximately HK\$0.15 per share. The net profit is mainly attributable to both net unrealised gain of HK\$39,542,627 offsetted by net realised loss of HK\$22,226,312 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, even though the China-US trade frictions seem cooling down, the continuing outbreak of the coronavirus disease (the "COVID-19") was not under control even several countries tried lock down their cities. Even the COVID-19 vaccines were delivering to the entire world, epidemic is still continuing spreading out. Starting from the beginning of 2021, the global economy was deeply dampened with a slow recovery.

The overall national economy is growing in lots of countries over the world in the first half of 2021, including China. According to the data of the National Bureau of Statistics of China, the gross domestic product ("GDP") of China in the first half of 2021 increased to RMB53,216.7 billion over the corresponding period, which represents an increase of 12.7% compared with the first half of 2020. The GDP of the second quarter of 2021 went up by 7.9% on a year-to-year basis.

Hang Seng Index raised 5.9% in the first half of 2021. At the same time, Hang Seng Chinese Enterprises Index, which dropped 0.7%, performed worse than Hang Seng Index. On the other hand, the United States Federal Reserve Board (the “US Federal Reserve”) keep low interest rate policy since they adjusted downwards the interest rates twice in March 2020 by 1.5 percentage point in total. We expect that the US Federal Reserve will not have much room for interest rate cut since US Federal Reserve cut the Fed Funds rate to nearly zero in March last year, or even interest hike twice before the end of 2023.

The outbreak of COVID-19 is continuing to spread seriously while variant of COVID-19 surfaced all over the world. The variant strain spreads rapidly, soon becoming the dominant virus strain in United States, Great Britain and India. If the variant of COVID-19 outbreak continues and becomes dominant in these countries, these impacts will slow down the GDP growth in United States and the entire world directly and lead to lots of uncertainties to major stock market in the world. The recovery of business in the second half of the year would be greatly challenging and recovery may take longer time.

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 in Oriental Payment Group Holdings Limited (8613.HK) (“Oriental Payment”). Oriental Payment is providing a suite of comprehensive payment processing services to merchants of all sizes frequently visited by Chinese tourists in Thailand. Oriental Payment also engages in payment processing services to merchants in Singapore.

The other focus of the Company is to invest in private equity securities and other unlisted investments in long term. The Company had one new private equity investment during the Period. The new private equity, Forever Best Investments Limited, hold 25% share of a company in the provision of logistic services. 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the Company discloses its ten largest investments and all individual investments with value exceeding 5% of the Company’s gross assets with brief description of the investee companies as follows:

**At 30 June 2021**

### *Listed Equity Securities – Hong Kong*

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee’s capital owned	Cost HK\$’000	Market value HK\$’000	Unrealised gain/(loss) recognised (Note 1) HK\$’000	Net asset attributable to the Company (Note 2)	Dividend received/receivable during the Period HK\$’000	% of gross assets of the Company
(a) Town Health International Medical Group Limited	Bermuda	14,500,000 ordinary shares of HK\$0.01 each	0.19%	21,105	6,960	(14,145)	HK\$7.24 million	–	6.46
(b) Beaver Group (Holding) Company Limited	The Cayman Islands	19,377,500 ordinary shares of HK\$0.10 each	8.61%	4,245	4,534	289	HK\$4.72 million	–	4.21
(c) Oriental Payment Group Holdings Limited	The Cayman Islands	26,990,000 ordinary shares of HK\$0.01 each	2.70%	2,294	2,186	(108)	HK\$1.28 million	–	2.03
(d) Lerado Financial Group Company Limited	Bermuda	50,000,000 ordinary shares of HK\$0.50 each	2.17%	10,000	2,050	(7,950)	HK\$24.18 million	–	1.90

### **Listed Equity Security – 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 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\$'000	
(e) Crater Gold Mining Limited	Australia	35,000,000 ordinary shares	2.85%	2,843	3,261	418	AUS\$0.15 million	–	3.03

### **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 Period	% of gross assets of the Company
				HK\$'000	HK\$'000	(Note 1) HK\$'000	(Note 2)	HK\$'000	
(f) Gransing Financial Group Limited	British Virgin Islands	64 shares of USD1 each	19.69%	46,377	18,757	(27,620)	HK\$25.13 million	–	17.41
(g) Forever Best Investments Limited	British Virgin Islands	1,474,389 shares of USD1 each	14.74%	3,893	3,893	–	HK\$4.42 million	–	3.61

### ***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 Period	% of gross assets of the Company
				HK\$'000	HK\$'000	(Note 1) HK\$'000	(Note 2)	HK\$'000	
(h) Help U Credit Finance Limited	Hong Kong	37,000 shares	19.95%	19,000	6,390	(12,610)	HK13.52 million	–	5.93

### ***Promissory Note – Hong Kong***

Name of issuer	Place of incorporation	Cost	Market value	Unrealised gain/(loss) recognised	Yield per annum	Maturity date	Interest received/accrued during the Period	% of gross assets of the Company
		HK\$'000	HK\$'000	HK\$'000	(%)		HK\$'000	
(i) Gransing Finance Limited	Hong Kong	16,500	16,500	–	8	15 December 2021	54	15.31

### ***Bond – The Cayman Islands***

Name of issuer	Place of incorporation	Cost	Market value	Unrealised gain/(loss) recognised	Yield per annum	Maturity date	Interest received/accrued during the Period	% of gross assets of the Company
		HK\$'000	HK\$'000	HK\$'000	(%)		HK\$'000	
(j) Oriental Payment Group Holdings Limited	The Cayman Islands	15,000	15,000	–	10	24 May 2022	156	13.92



## At 31 December 2020

### Listed Equity Securities – Hong Kong

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised (Note 3)	Net asset attributable to the Company (Note 2)	Dividend received/receivable during the year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
CROSSTEC Group Holdings Limited	The Cayman Islands	23,095,000 ordinary shares of HK\$0.04 each	3.21%	4,083	4,388	305	HK\$0.49 million	–	5.65
InvesTech Holdings Limited	The Cayman Islands	41,090,000 ordinary shares of US\$0.02 each	2.93%	6,990	3,780	(3,210)	RMB15.59 million	–	4.87
China Mobile Limited	Hong Kong	80,000 ordinary shares	–	4,678	3,536	(1,142)	RMB4.49 million	260	4.56
Finsoft Financial Investment Holdings Limited	The Cayman Islands	75,350,000 ordinary shares of HK\$0.005 each	5.98%	4,369	2,863	(1,506)	HK\$7.27 million	–	3.69
Town Health International Medical Group Limited	Bermuda	29,114,000 ordinary shares of HK\$0.01 each	0.39%	41,835	2,795	(39,040)	HK\$14.74 million	–	3.60
SEM Holdings Limited	The Cayman Islands	33,660,000 ordinary shares of HK\$0.01 each	1.68%	3,573	2,726	(847)	MOP4.20 million	–	3.51

### ***Listed Equity Security – 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 liability 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	
Crater Gold Mining Limited	Australia	35,000,000 ordinary shares	2.85%	2,669	3,131	462	AUD(0.15) million	–	4.03

### ***Private Equity Security – British Virgin Islands***

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net asset attributable to the Company	Dividend received/receivable during the year	% of gross assets of the Company
				HK\$'000	HK\$'000	(Note 3) HK\$'000	(Note 2)	HK\$'000	
Gransing Financial Group Limited	British Virgin Islands	48 shares of USD1 each	15.53%	42,799	14,068	(28,731)	HK\$19.79 million	–	18.13

### ***Private Equity Security – 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	6,390	(12,610)	HK\$14.00 million	–	8.23

## Promissory Note – Hong Kong

Name of investee	Place of incorporation	Cost	Market value	Unrealised gain/(loss) recognised (Note 3)	Yield per annum	Maturity date	Interest received/accrued during the year	% of gross assets of the Company
		HK\$'000	HK\$'000	HK\$'000	%		HK\$'000	
Gransing Finance Limited	Hong Kong	15,000	15,000	–	8	12 May 2021	766	19.33

### 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/(liability) attributable to the Company is based on the latest published interim/annual report of the respective investments as at the latest practicable date at the end of each reporting period.
- (3) The unrealised gain/(loss) represented the changes in fair value of the respective investments during the year ended 31 December 2020.

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

- (a) 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 loss attributable to shareholders of Town Health for the financial year ended 31 December 2020 was approximately HKD281,038,000 and the audited net assets attributable to shareholders of Town Health as at 31 December 2020 was approximately HKD3,810,481,000. As the pandemic is not under control, the public’s desire to go out declined, reducing the number of medical consultations, and Town Health healthcare business in Hong Kong was adversely affected. Town Health flexibly adjusted its operation and management strategies, expanded revenue sources and reduced expenditures and strictly controlled costs. The fair value of the investment in Town Health is based on quoted market bid prices.
- (b) Beaver Group (Holding) Company Limited (“Beaver”) is a foundation contractor primarily engaged in subcontracted bored piling works as well as other foundation works. The audited loss attributable to shareholders of Beaver for the financial year ended 31 March 2021 was approximately HKD14,714,000 and the audited net assets attributable to shareholders of Beaver as at 31 March 2021 was approximately HKD54,766,000. Beaver will invest in the manpower and information system to enhance its operational capacity and efficiency in foundation and site formation works and bored piling works. Beaver will continue to strive to improve its operational efficiency and the profitability of its business. The fair value of the investment in Beaver is based on quoted market bid prices.

- (c) Oriental Payment Group Holdings Limited (“Oriental Payment”) is an established merchant acquirer in providing a suite of comprehensive payment processing services to merchants of all sizes frequently visited by Chinese tourists in Thailand and also engaged in payment processing services to merchants in Singapore. The audited loss attributable to shareholders of Oriental Payment for the financial year ended 31 March 2021 was approximately HKD30,655,000 and the audited net assets attributable to shareholders of Oriental Payment as at 31 March 2021 was approximately HKD47,448,000. Oriental Payment will stay alert to the development and situation of the COVID-19 pandemic, continue to assess its impacts on the financial position and operating results of the Oriental Payment and take necessary actions to maintain the stability and sustainability of the businesses. The fair value of the investment in Oriental Payment is based on quoted market bid prices.
- (d) Lerado Financial Group Company Limited (“Lerado”) is an investment holding company principally engaged in the manufacture and sales of medical products and plastic toys business. The audited loss attributable to shareholders of Lerado for the financial year ended 31 December 2020 was approximately HKD13,785,000 and the audited net assets attributable to shareholders of Lerado as at 31 December 2020 was approximately HKD1,114,113,000. Going forward, with a view to achieving better return and enhancing the expansion of Lerado, Lerado will keep focusing on the existing business and look for potential investment opportunities to diversify its business scope. The fair value of the investment in Lerado is based on quoted market bid prices.
- (e) 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 unaudited loss attributable to shareholders of Crater Gold Mining for the six months ended 31 December 2020 was approximately AU\$1,699,686 and the unaudited net liabilities attributable to shareholders of Crater Gold Mining as at 31 December 2020 was approximately AU\$5,300,037. Crater Gold Mining is continuing to increase shareholder wealth through acquisition and development of world class mineral resources. The fair value of the investment in Crater Gold Mining is based on quoted market bid prices.
- (f) Gransing Financial Group Limited (“Gransing Financial”) is principally engaged in provision of quality brokerage, corporate finance, asset management, money lending and financial adviser services to institutional and individual investors in Hong Kong and Mainland China through its subsidiaries. With the enhancement of artificial intelligence (“A.I.”) technology, Gransing Financial launched several new services including the online opening account services for new customers in Hong Kong and China. Moreover, by the help of advanced intelligent technology, Gransing Financial’s A.I. analyst would serve their clients with stock monitoring, investment strategies and stock scoring services. All the above would improve Gransing Financial’s operation efficiency and earn more new potential clients. The fair value of the investment in Gransing Financial is based on valuation by independent valuer.

- (g) Forever Best Investments Limited (“Forever Best”) is a company holds 25% share of YSS International Holdings Limited (“YSS”). YSS developed and expanded through acquisition of their principal subsidiaries in Hong Kong. YSS engaged in logistic related services, cargo handling services, management services and consultancy services. The fair value of the investment in Forever Best is based on valuation by management of the Company.
- (h) 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 fair value of the investment in Help U is based on valuation by independent valuer.
- (i) Gransing Finance Limited (“Gransing Finance”) is engaged in the provision of money lending. Gransing Finance is held by Gransing Financial which is also the sole director of Gransing Finance. Gransing Finance issued a 6-months participatory note to the Company which note size is HK\$16.5 million, with coupon of 8% per year. The fair value of the promissory note in Gransing Finance is based on valuation by Directors of the Company.
- (j) Oriental Payment Group Holdings Limited (“Oriental Payment”) is an established merchant acquirer in providing a suite of comprehensive payment processing services to merchants of all sizes frequently visited by Chinese tourists in Thailand and also engaged in payment processing services to merchants in Singapore. Oriental Payment issued a 1-year bond to the Company which bond size is HK\$15 million, with coupon of 10% per year. The fair value of the bond in Oriental Payment is based on valuation by Directors of the Company.

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

**Top three realised gain for the Period**

<b>Name of investment</b>	<b>Realised gain</b> <i>HK\$'000</i>
CROSSTEC Group Holdings Limited	2,068
China Telecom Corporation Limited	282
China Gas Industry Investment Holdings Company Limited	97

**Top three realised loss for the Period**

<b>Name of investment</b>	<b>Realised loss</b> <i>HK\$'000</i>
Town Health International Medical Group Limited	14,798
Lerado Financial Group Company Limited	5,849
InvesTech Holdings Limited	2,179

## **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 2021, the gearing ratio, defined as total borrowings divided by shareholders' equities, was nil (31 December 2020: 6.6%). As at 30 June 2021, the Company has no margin payables to brokers (31 December 2020: HK\$4,659,540 with interest rate of approximately 2.6% per annum).

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of any interim dividend during the Period (30 June 2020: Nil).

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

As at 30 June 2021, the Company had no pledged Hong Kong listed securities to secure the margin payables to the brokers (31 December 2020: HK\$11 million).

There were no significant contingent liabilities as at 30 June 2021 (31 December 2020: Nil).

## **CAPITAL STRUCTURE**

On the listing date on 6 January 2011, the Company completed a share placement and a total of 303,000,000 ordinary shares of HK\$0.1 each were placed at a price of HK\$1.03 per share for a total cash consideration, excluding the related issue expenses, for approximately HK\$312.1 million. Subsequent to the listing, the Company had acquired additional capital by completion of rights issue and placing of new shares under general mandate. As at 30 June 2021, the capital of the Company comprises of 720,179,073 ordinary shares of HK\$0.04 each.

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

During the Period, the Company had raised approximately HK\$21.21 million, net of expenses, by way of entering into a placing agreement with the placing agent, to place 120,029,845 placing shares to not less than six placees which are professional investors and independent third parties. The placing shares are issued at a gross price of HK\$0.18 and net price of HK\$0.177 per placing share (closing price of the shares of the Company was HK\$0.204 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 2020. The Company had partially applied the net proceeds from the placing for investment in line with its ordinary course of business by investing in new economy industries 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 28 April 2021 and 21 May 2021 respectively.

## **CAPITAL EXPENDITURE AND COMMITMENT**

As at 30 June 2021, the Company made no capital expenditure or any other commitments (31 December 2020: Nil).

## **MATERIAL ACQUISITION AND DISPOSAL**

During the Period, the Company did not acquire or dispose of any subsidiaries or associated companies (31 December 2020: Nil).

## **USE OF PROCEEDS**

The Company has twenty five investments as of 30 June 2021, comprising of equity securities listed in Hong Kong and Australia, private equities, promissory note and bond. 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 2021, the Company had seven full-time employees (31 December 2020: seven). 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\$1,671,511 (30 June 2020: HK\$1,671,211).

## **FOREIGN CURRENCY FLUCTUATION**

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

## **EVENTS AFTER REPORTING PERIOD**

There is no significant event after the reporting period.

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

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

## **CORPORATE GOVERNANCE PRACTICES**

The Company has applied 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 the deviation from code provision A.2.1.

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, risk management systems, internal control or other matters of the Company.



The unaudited interim financial information and the interim report of the Company for the Period have been reviewed by the Audit Committee 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 2021

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