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CHINA NEW ECONOMY FUND LIMITED

中國新經濟投資有限公司

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

(Stock Code: 80)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

RESULTS

The board of Directors (the “Board” or the “Directors”) of China New Economy Fund Limited (the “Company”) is pleased to announce the results of the Company for the year ended 31 December 2013 (the “Year”), together with the comparative figures for the year ended 31 December 2012, as follows:

STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	31 December 2013 HK\$	31 December 2012 HK\$
REVENUE	4	<u>5,589,483</u>	<u>2,359,868</u>
Net change in fair value of financial assets and liabilities at fair value through profit or loss	5	17,883,193	13,407,359
Other operating expenses		<u>(9,967,164)</u>	<u>(9,585,793)</u>
PROFIT BEFORE TAX	6	13,505,512	6,181,434
Income tax expenses	8	<u>(2,364,725)</u>	<u>(1,373,114)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		<u>11,140,787</u>	<u>4,808,320</u>
EARNING PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
– Basic		<u>0.04</u>	<u>0.02</u>
– Diluted		<u>0.04</u>	<u>0.02</u>

STATEMENT OF FINANCIAL POSITION

		31 December 2013 HK\$	31 December 2012 HK\$
	<i>Notes</i>		
NON-CURRENT ASSETS			
Deferred tax assets		2,312,865	–
CURRENT ASSETS			
Prepayments and other receivables		659,426	716,937
Financial assets at fair value through profit or loss	<i>10</i>	56,797,281	168,603,309
Cash and cash equivalents		201,849,766	76,400,468
Total current assets		259,306,473	245,720,714
CURRENT LIABILITIES			
Other payables		1,002,797	745,329
Amount due to a related company		350,000	414,986
Tax payable		5,938,469	–
Total current liabilities		7,291,266	1,160,315
NET CURRENT ASSETS		252,015,207	244,560,399
TOTAL ASSETS LESS CURRENT LIABILITIES		254,328,072	244,560,399
NON-CURRENT LIABILITY			
Deferred tax liabilities		–	1,373,114
Net assets		254,328,072	243,187,285
EQUITY			
Issued capital		30,300,000	30,300,000
Reserves		224,028,072	212,887,285
Total equity		254,328,072	243,187,285
NET ASSET VALUE PER SHARE		0.84	0.80

NOTES

1. CORPORATION INFORMATION

China New Economy Fund Limited (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 address is P.O. Box 309, Uglund House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands. The principal place of business of the Company in Hong Kong is at 17th Floor, Chuang’s Tower, 30-32 Connaught Road Central, Central, Hong Kong. Further to the announcement dated 23 January 2014, the principal place of business of the Company in Hong Kong has been relocated to 3/F, Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong with effect from 1 February 2014.

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

During the year, the Company’s investment activities are managed by CITIC Securities International Investment Management (HK) Limited (the “Investment Manager”). Further to the announcement dated 18 December 2013, the investment manager of the Company has been changed to China Everbright Securities (HK) Limited with effect from 1 January 2014.

2.1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and the 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. These financial statements are presented in Hong Kong dollars (“HK\$”) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and revised IFRSs effective as of 1 January 2013:

IAS 1 Presentation of Financial Statements
Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will not be reclassified. The amendment has not impacted the Company’s financial statements as the Company has no other comprehensive income.

IAS 1 *Clarification of the requirement for comparative information (Amendment)*

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies, makes retrospective restatements or makes reclassifications, and that change has material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

IFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7*

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments resulted in additional disclosure in the notes to the financial statements and has not impact the Company's financial position or performance.

IFRS 10 *Consolidated Financial statements and Investment Entities Amendments*

IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. These amendments has not impact the Company's financial position or performance.

IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Company reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures.

Additional disclosures where required, are provided in the individual notes related to the assets and liabilities whose fair values were determined.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments – Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The mandatory effective date of IFRS 9 was removed by IASB in November 2013 but IFRS 9 is available for application now. A new mandatory effective date will be set when the IASB completes the impairment phase of its project on the accounting for financial instruments. The Company will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendment to IFRS 10, IFRS 12 and IAS 27 (2011) – Investment Entities

Amendments to IFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 rather than consolidate them. Consequential amendments were made to IFRS 12 and HKAS 27 (2011). The amendments to IFRS 12 also set out the disclosure requirements for investment entities. These amendments are not expected to impact the Company's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of currently has a legally enforceable right to set-off. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Company's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

Amendments under the Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycles

The *Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycles* issued in December 2013 set out amendments to a number of IFRSs and shall be applied for a financial period beginning on or after 1 July 2014, except where otherwise indicated. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant impact on the Company.

3. OPERATING SEGMENT INFORMATION

During the years ended 31 December 2013 and 2012, all of the Company's investments are equity securities listed either on the Stock Exchange, the New York Stock Exchange or the National Association of Securities Dealers Automated Quotations ("NASDAQ"), and debt securities listed in the Singapore Exchange Securities Trading Limited. For management purposes, the Company is organized into one main operating segment, which invests mainly in equity and debt securities. All of the Company's activities are interrelated, and each activity is dependent on the other. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements as a whole.

4. REVENUE

An analysis of revenue is as follows:

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Dividend income from listed equity securities	3,531,876	1,367,161
Interest income from listed debt securities	1,990,795	903,340
Bank interest income	66,812	89,367
	<u>5,589,483</u>	<u>2,359,868</u>

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

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Net realized gain/(loss) on financial assets at fair value through profit or loss	17,916,272	(14,916,621)
Net unrealized (loss)/gain on financial assets at fair value through profit or loss	(33,079)	27,838,630
Net realized gain on financial liabilities at fair value through profit or loss	–	485,350
	<u>17,883,193</u>	<u>13,407,359</u>

6. PROFIT FOR THE YEAR

The Company's profit for the year is arrived at after charging/(crediting):

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Investment management fee	4,200,000	4,917,512
Foreign exchange gain, net	(178,527)	(184)
Auditors' remuneration	304,500	286,500
Legal and professional fees	1,038,884	76,401
	<u>4,364,857</u>	<u>5,270,229</u>

7. 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 (reduced by 50% in the first six months after listing) and is payable monthly in arrears.

The administration fee for the year was HK\$876,000 (2012: HK\$876,000). As at 31 December 2013, an administration fee of HK\$73,000 (2012: HK\$73,000) 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. No valuation fee was charged for the year (2012: Nil). As at 31 December 2013, no valuation fee was payable to the Administrator (2012: Nil).

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 (reduced by 50% in the first six months after listing) and is payable monthly in arrears.

The custodian fee for the year was HK\$180,000 (2012: HK\$180,000). As at 31 December 2013, a custodian fee of HK\$15,000 (2012: HK\$15,000) was payable to the Custodian.

Management fee

Effective from 1 January 2013 and throughout the year, the Investment Manager is entitled to a management fee accruing monthly at the annual rate of 1.8% of the net asset value of the Company (31 December 2012: 2% of the net asset value of the Company) on each valuation day and payable monthly in arrears. The maximum amount of the management fee payable per annum by the Company to the Investment Manager shall not exceed HK\$4,200,000 for each of the two years ending 31 December 2014.

The management fee for the year was HK\$4,200,000 (2012: HK\$4,917,512). As at 31 December 2013, a management fee of HK\$350,000 (2012: HK\$414,986) was payable to the Investment Manager.

Performance fee

The Investment Manager is entitled to receive a performance fee at the rate of 20% per annum of the net increase in the net asset value per share on the immediately preceding valuation date, above the previous highest net asset value per share on any preceding valuation date in respect of which a performance fee was last paid (or where no performance fee has been paid, the aggregate placing price of the shares subscribed at the listing date) multiplied by the number of shares in issue at the time of calculating the performance fee. The performance fee is payable semi-annually in arrears. No performance fee was charged for the year (2012: Nil).

As at 31 December 2013, no performance fee was payable to the Investment Manager (2012: Nil).

8. TAXATION

The major component of income tax charge for the years ended 31 December 2013 and 2012 are:

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Current tax:		
Hong Kong profits tax	5,938,469	–
PRC withholding tax	112,235	–
	<u>6,050,704</u>	–
Deferred tax	(3,685,979)	1,373,114
Tax charge for the year	<u><u>2,364,725</u></u>	<u><u>1,373,114</u></u>

A reconciliation of the tax expense applicable to profit before tax using the statutory rate to the tax expense at the effective tax rate is as follows:

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Profit before tax	<u><u>13,505,512</u></u>	<u><u>6,181,434</u></u>
Tax at the statutory tax rate of 16.5%	2,228,409	1,019,937
Income not subject to tax	(656,314)	(386,836)
Investment loss not deductible for tax	(3,240,737)	–
Expenses not deductible for tax	3,921,132	1,201,728
Tax losses utilized from previous period	–	(461,715)
PRC withholding tax	112,235	–
Tax charge at the effective rate of 16.5%	<u><u>2,364,725</u></u>	<u><u>1,373,114</u></u>

Cayman Islands

Under the current Cayman Islands law, there is 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 has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax had been made as the Company did not generate any assessable profits in Hong Kong during the Year (2012: Nil).

PRC

PRC withholding tax expense was incurred on dividend income received by the Company during the Year.

9. EARNING PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earning per share amount is based on the Company's profit for the year attributable to ordinary equity holders of HK\$11,140,787 (2012: HK\$4,808,320) and the weighted average number of ordinary shares in issue during the year of 303,000,000 (2012: 303,000,000 ordinary shares). No adjustment has been made to the basic earning per share amount presented for the years ended 31 December 2013 and 2012 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during those years.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Listed equity securities:		
– Hong Kong	31,613,970	122,449,720
– The United States	–	16,291,412
	<u>31,613,970</u>	<u>138,741,132</u>
Listed debt securities:		
– Singapore	25,183,311	29,862,177
	<u>56,797,281</u>	<u>168,603,309</u>

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

Net unrealized loss on financial assets at fair value through profit or loss of HK\$33,079 (2012: net unrealized gain of HK\$27,838,630) has been recognized in profit or loss in the statement of comprehensive income.

11. EVENT AFTER THE REPORTING PERIOD

(i) Change in directors and secretary

Mr. Faris Ibrahim Taha Ayoub had been appointed as Independent Non-executive Director of the Company and Mr. Tai Man Hin Tony had tendered his resignation as Independent Non-executive Director of the Company with effect from 1 February 2014. Mr. Tai Man Hin Tony has been appointed as the Company Secretary with effect from 1 February 2014.

(ii) Change in Investment Manager

The Company had early terminated the investment management agreement with CITIC Securities International Investment Management (HK) Limited effective on 31 December 2013 and entered into a new investment management agreement with China Everbright Securities (HK) Limited (the “Agreement”) which was effective from 1 January 2014 to 31 December 2016.

Under the Agreement, China Everbright Securities (HK) Limited was entitled to a management fee accruing monthly at the annual amount of HK\$960,000 and payable monthly in arrears from 1 January 2014 onwards.

Further details of the Agreement were set out in the announcement of the Company dated 18 December 2013.

(iii) Change in place of operation

The principal place of business in Hong Kong was relocated to 3/F Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin with effect from 1 February 2014.

FINANCIAL HIGHLIGHTS

During the Year, the Company maintained a long-term investment strategy in both public and private equity markets. The Company held seven investments in listed companies as of 31 December 2013, in which the largest one is in the manufacturing sector focusing on Hong Kong and Mainland China markets. The Company reported net profit attributable to shareholders of HK\$11,140,787 during the Year, which consisted of the net realized gain of HK\$17,916,272 taken on the investment positions in the portfolio.

The net asset value of the Company increased during the Year despite the slowdown in the China economy and the tapering of the US Federal Reserve's monetary stimulus programme. As of 31 December 2013, the Company reported an unaudited net asset value of approximately HK\$0.84 per share. The upswing was due to realized gains of HK\$17,916,272 taken on the investment positions in the portfolio offset by unrealized mark to market loss of HK\$33,079. The Company will continue to monitor investments cautiously and expect a surge in its valuation as market conditions improve.

BUSINESS REVIEW AND PROSPECT

During the Year, the PRC Government pressed ahead with its economic structural reform aiming to achieve a more steady yet sustainable growth. According to the National Bureau of Statistics, China's gross domestic product recorded an increase of 7.7% in 2013, same with the revised gross domestic product growth rate in 2012.

The benchmark Shanghai Composite Index ended 2013 by declining 6.75% from a year earlier. Hang Seng Index edged up 2.9% in 2013. During the Year, the Company deployed a timely and appropriate investment approach in response to the changing market sentiment and government policies, net assets under management recorded a mild increase. Our held-to-maturity listed debt securities also contributed significantly to the Company's revenue with attractive yields to maturity. The Company will continue to implement its comprehensive risk management strategy with an aim to achieve stable returns on investments for shareholders.

During the Year, the Company has not made any private equity investment as the valuation is not considered to be attractive. Nevertheless, the Company will continue to look for good investment opportunities in private equity.

As global economic recovery is on track, market sentiment has been improving modestly at the onset of 2014. The Company believes that the tapering of the US Federal Reserve's monetary stimulus programme will only be implemented gradually. In addition, rebalancing efforts made by the Chinese Government could facilitate healthy and sustainable economic development in the long run, and minimize potential risk resulting from over-investing. Steady US economic recovery as well as encouraging domestic consumption by the Chinese authorities will also serve as catalysts to boost the global economy.

The Company remains cautiously optimistic about the outlook of the stock markets in China and Hong Kong.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Review

Following the successful listing (the “Listing”) of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 6 January 2011 (the “Listing Date”), the Company held seven investments in listed companies as of 31 December 2013, comprising five equity securities listed in Hong Kong and two debt securities listed in Singapore.

Details of the Company’s investments in listed companies are as follows:

At 31 December 2013

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 (Note 1)	Net asset attributable to the Company (Note 2)	Dividend received/receivable during the year	% of net assets of the Company
				HK\$’000	HK\$’000	HK\$’000		HK\$’000	
(a) Dongjiang Environmental Company Limited	The People’s Republic of China (the “PRC”)	389,450 H shares of RMB1.00 each	0.17%	7,159	9,970	(2,453)	RMB3.72 million	163	3.92
(b) DX.com Holdings Limited (Formerly known as EPRO Limited)	The Cayman Islands	33,000,000 ordinary shares of HK\$0.01 each	0.65%	24,826	7,128	(17,698)	HK\$1.56 million	–	2.80
(c) PCCW Limited	Hong Kong	1,824,000 ordinary shares of HK\$0.25 each	0.025%	6,476	6,293	91	HK\$2.15 million	833	2.47
(d) China Mobile Limited	Hong Kong	73,000 ordinary shares of HK\$0.1 each	0.0004%	6,288	5,858	(730)	RMB2.75 million	418	2.30
(e) Wasion Group Holdings Limited	The Cayman Islands	500,000 ordinary shares of HK\$0.01 each	0.054%	2,425	2,365	(60)	RMB1.41 million	360	0.93

Listed debt securities – Singapore

Name of issuer	Place of incorporation	Quantity	Cost	Market value	Unrealized gain/(loss) recognized (Note 1)	Yield per annum (%)	Maturity date	% of net assets of the Company	Interest received/accrued during the year
			HK\$'000	HK\$'000	HK\$'000				HK\$'000
(f) Chaowei Power Holdings Limited	The Cayman Islands	10,000,000	12,248	12,779	(37)	7.25	24 September 2017	5.02	919
(g) China WindPower Group Limited	Bermuda	9,800,000	10,396	12,404	1,549	6.375	4 April 2014	4.88	792

At 31 December 2012

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 (Note 3)	Net asset attributable to the Company (Note 2)	Dividend received/receivable during the year	% of net assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
EPRO Limited	The Cayman Islands	33,000,000 ordinary shares of HK\$0.01 each	0.63%	24,750	17,160	(7,590)	HK\$1.81 million	–	7.06
Digital China Holdings Limited	Bermuda	1,100,000 ordinary shares of HK\$0.10 each	0.10%	13,820	14,542	722	HK\$7.69 million	159	5.98
Lenovo Group Limited	Hong Kong	2,000,000 ordinary shares of HK\$0.025 each	0.02%	12,193	14,020	1,827	US\$0.50 million	290	5.77
PCCW Limited	Hong Kong	4,024,000 ordinary shares of HK\$0.25 each	0.06%	12,484	13,682	1,198	HK\$4.97 million	78	5.63
Kunlun Energy Company Limited	Bermuda	800,000 ordinary shares of HK\$0.01 each	0.01%	11,377	12,928	1,551	HK\$4.00 million	–	5.32
HKT Trust and HKT Limited	Hong Kong	1,595,000 ordinary shares of HK\$0.0005 each	0.02%	9,500	12,026	2,503	HK\$7.69 million	542	4.95

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
				<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>(Note 2)</i>	<i>HK\$'000</i>	
China Longyuan Power Group Corporation Limited	The PRC	2,000,000 H shares of RMB1.00 each	0.02%	10,502	10,700	198	RMB6.48 million	–	4.40
China Mobile Limited	Hong Kong	113,000 ordinary shares of HK\$0.1 each	0.0006%	9,530	10,198	668	RMB4.07 million	–	4.19
Dongjiang Environmental Company Limited	The PRC	310,300 H shares of RMB1.00 each	0.26%	7,990	9,899	2,276	RMB5.44 million	191	4.07
Beijing Enterprises Holdings Limited	Hong Kong	120,000 ordinary shares of HK\$0.1 each	0.01%	5,510	6,054	544	HK\$4.06 million	84	2.49
Tencent Holdings Limited	The Cayman Islands	5,000 ordinary shares of HK\$0.0001 each	0.0003%	1,341	1,241	(100)	HK\$0.11 million	–	0.51

American Depositary Shares (“ADS”) – The United States

Name of investee	Place of incorporation	Particular of ADS 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
				<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>(Note 2)</i>	<i>HK\$'000</i>	
NetEase, Inc.	The Cayman Islands	18,000	0.014%	8,279	5,935	(2,344)	US\$0.35 million	–	2.44
Renren Inc.	The Cayman Islands	200,000	0.052%	21,756	5,302	24,065	US\$0.58 million	–	2.18
Focus Media Holding Limited	The Cayman Islands	25,400	0.002%	3,857	5,054	1,197	US\$0.27 million	23	2.08

Listed debt securities – Singapore

Name of issuer	Place of incorporation	Quantity	Cost	Market value	Unrealized gain/(loss) recognized (Note 3)	Yield per annum (%)	Maturity date	% of net assets of the Company	Interest received/accrued during the year
			HK\$'000	HK\$'000	HK\$'000				HK\$'000
Chaowei Power Holdings Limited	The Cayman Islands	10,000,000	12,248	12,816	568	7.25	24 September 2017	5.27	243
China WindPower Group Limited	Bermuda	9,800,000	10,396	10,855	459	6.375	4 April 2014	4.46	491
Hero Asia Investment Limited (A wholly-owned subsidiary of China Longyuan Power Group Corporation Limited)	The PRC	5,000,000	6,094	6,191	97	4.5	21 December 2013	2.54	169

Notes:

- (1) The unrealized gain/(loss) represented the changes in fair value of the respective investments during the Year.
- (2) The calculation of net assets attributable to the Company is based on the latest published interim/annual reports of the respective investments at the end of each reporting periods.
- (3) The unrealized gain/(loss) represented the changes in fair value of the respective investments during the year ended 31 December 2012.

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

- (a) Dongjiang Environment Company Limited (“Dongjiang Environment”) is principally engaged in environmental protection industry. A dividend income of approximately HK\$163,000 was recognized in the statement of comprehensive income of the Company. The unaudited profit attributable to shareholders of Dongjiang Environment for the six months period ended 30 June 2013 was approximately RMB116 million and the unaudited net assets attributable to shareholders of Dongjiang Environment at 30 June 2013 was approximately RMB2,159 million. The fair value of the investment in Dongjiang Environment is based on quoted market bid prices.
- (b) DX.com Holdings Limited (“DX.com”) is principally engaged in the provision of professional information technology contract and maintenance services, E-commerce and provision of online sales platform. No dividend was received during the year ended 31 December 2013. The unaudited profit attributable to shareholders of DX.com for the six months period ended 31 December 2013 was approximately HK\$24 million and the unaudited net assets attributable to shareholders of DX.com at 31 December 2013 was approximately HK\$241 million. The fair value of the investment in DX.com is based on quoted market bid prices.

- (c) PCCW Limited (“PCCW”) is principally engaged in the provision of local, mobile and international telecommunications services, internet access services, interactive multimedia and pay-TV services. A dividend income of approximately HK\$833,000 was recognized in the statement of comprehensive income of the Company. The unaudited profit attributable to shareholders of PCCW for the six months period ended 30 June 2013 was approximately HK\$856 million and the unaudited net assets attributable to shareholders of PCCW as at 30 June 2013 was approximately HK\$8,562 million. The fair value of the investment in PCCW is based on quoted market bid prices.
- (d) China Mobile Limited (“China Mobile”) is principally engaged in the provision of mobile telecommunication and related services. A dividend income of approximately HK\$418,000 was recognized in the statement of comprehensive income of the Company. The unaudited profit attributable to shareholders of China Mobile for the six months period ended 30 June 2013 was approximately RMB63,128 million and the unaudited net assets attributable to shareholders of China Mobile at 30 June 2013 was approximately RMB758,085 million. The fair value of the investment in China Mobile is based on quoted market bid prices.
- (e) Wasion Group Holdings Limited (“Wasion”) is principally engaged in development, manufacture and sale of energy saving products. A dividend income of approximately HK\$360,000 was recognized in the statement of comprehensive income of the Company. The unaudited profit attributable to shareholders of Wasion for the six months period ended 30 June 2013 was approximately RMB168 million and the unaudited net assets attributable to shareholders of Wasion as at 30 June 2013 was approximately RMB2,636 million. The fair value of the investment in Wasion is based on quoted market bid prices.
- (f) Chaowei Power Holdings Limited (“Chaowei Power”) issued the USD settled convertible bonds amounted to RMB633,000,000 and is listed on Singapore Exchange Securities Trading Limited (“SGX”) on 25 September 2012 (“Chaowei Power Bond”).

Chaowei Power is principally engaged in manufacturing and sales of motive batteries and electrode plates. Chaowei Power Bond has a fixed rate interest of 7.25% per annum and the interests are payable semi-annually in arrear on 24 March and 24 September each year. The unaudited profit attributable to shareholders of Chaowei Power for the six months period ended 30 June 2013 was approximately RMB216 million and the unaudited net assets attributable to shareholders of Chaowei Power at 30 June 2013 was approximately RMB2,234 million. The fair value of the investment in Chaowei Power is based on market bid prices.

- (g) China WindPower Group Limited (“China WindPower”) issued the CNY denominated guarantee bonds amounted to CNY750,000,000 and is listed on Singapore Exchange Securities Trading Limited (“SGX”) on 5 April 2011 (“China WindPower Bond”).

China WindPower is principally engaged in engineering, procurement and construction of power plants, manufacture of equipment, operation and maintenance of power plants and investment in power plants. China WindPower Bond has a fixed rate interest of 6.375% per annum and the interests are payable semi-annually in arrear on 4 April and 4 October each year. The unaudited profit attributable to shareholders of China WindPower for the six months period ended 30 June

2013 was approximately HK\$39 million and the unaudited net assets attributable to shareholders of China WindPower at 30 June 2013 was approximately HK\$4,553 million. The fair value of the investment in China WindPower Bond is based on market bid prices.

The top three investments with realized gain and loss for the Year are summarized as below:

Top three realized gain for the Year

Name of investment	Realized gain <i>HK\$'000</i>
Tencent Holdings Limited	9,706
Zhuzhou CSR Times Electric Co., Ltd	4,541
BYD Company Limited	3,676

Top three realized loss for the Year

Name of investment	Realized loss <i>HK\$'000</i>
Renren Inc.	17,382
NVC Lighting Holding Limited	2,476
Digital China Holdings Limited	735

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Company has obtained stock borrowing facilities in 2011. As at 31 December 2013, the Company did not have any stock borrowings (31 December 2012: 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 31 December 2013, the gearing ratio, defined as total borrowings divided by shareholders' equities, was nil (31 December 2012: Nil). The Company did not have any borrowing as at 31 December 2013 (31 December 2012: Nil).

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the Year (2012: Nil).

CHARGES ON COMPANY'S ASSET AND CONTINGENT LIABILITIES

There were no other charges on the Company's assets or significant contingent liabilities as of 31 December 2013 (31 December 2012: 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 HK\$312,090,000. Since the Listing Date, there has been no change in the capital structure of the Company. The capital of the Company comprises only ordinary shares.

CAPITAL EXPENDITURE AND COMMITMENT

During the Year, the Company made no capital expenditure or any other commitments (2012: Nil).

MATERIAL ACQUISITION AND DISPOSAL

During the Year, the Company did not acquire or dispose of any subsidiaries or associated companies (2012: Nil).

USE OF PROCEEDS

The Company has seven investments as of 31 December 2013, comprising equities securities and debt securities listed in Hong Kong and Singapore. The largest one held by the Company is in the manufacturing sector focusing on the Hong Kong and Mainland China markets.

The rest of the net proceeds gained will be applied by China Everbright Securities (HK) Limited (the "New 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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (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

As of 31 December 2013, the Company had no employees (31 December 2012: Nil) but three Executive Directors (31 December 2012: Three) and four Independent Non-executive Directors (31 December 2012: Three).

FOREIGN CURRENCY FLUCTUATION

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

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

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

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 year ended 31 December 2013, the Company was in compliance with the code provisions as set out in the CG Code, save and except for the deviation from code provisions A.2.1 and A.4.1.

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 from 31 July 2013 to 31 December 2013, Mr. Craig Blaser Lindsay 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 four of them being Independent Non-executive Directors.

Code provision A.4.1 requires that non-executive directors should be appointed for a specific term and subject to re-election. Mr. Siu Kam Chau and Mr. Doyle Ainsworth Dally, the Independent Non-executive Directors of the Company are not appointed for a specific term. However, one-third of the Independent Non-executive Directors of the Company for the time being shall retire by rotation (provided that every Independent Non-executive Director shall be subject to retirement at least once every three years) and be eligible for re-election at the annual general meeting of the Company. As such, even though each Independent Non-executive Director is not appointed for a specific term, his term of office is the period up to his retirement by rotation which is in accordance with code provision A.4.2 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The Audit Committee currently comprises of four Independent Non-executive Directors, namely Mr. Siu Kam Chau (being the chairman with professional qualifications in accountancy), Mr. Doyle Ainsworth Dally, Mr. Arthur James Kay Stubbs and Mr. Faris Ibrahim Taha Ayoub.

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 a year and shall meet with the external auditors twice without the presence of the Executive Directors. The Audit Committee has reviewed the annual results of the Company for the Year.

CLOSURE OF REGISTER OF MEMBERS

The Board hereby announces that the register of members of the Company will be closed from Monday, 26 May 2014 to Wednesday, 28 May 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the attendance of the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 23 May 2014.

By order of the Board
China New Economy Fund Limited
Craig Blaser Lindsay
Chairman and Chief Executive Officer

Hong Kong, 27 March 2014

As at the date of this announcement, the Directors of the Company are Mr. LINDSAY Craig Blaser, Mr. CHAN Cheong Yee and Mr. GU Xu as executive directors, Mr. SIU Kam Chau, Mr. STUBBS Arthur James Kay, Mr. AYOUB Faris Ibrahim Taha and Mr. DALLY Doyle Ainsworth as independent non-executive directors.