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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 2014

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 2014 (the “Year”), together with the comparative figures for the year ended 31 December 2013, as follows:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	31 December 2014 HK\$	31 December 2013 HK\$
REVENUE	4	<u>2,009,770</u>	<u>5,589,483</u>
Net change in fair value of financial assets and liabilities at fair value through profit or loss	5	173,538,301	17,883,193
Other operating expenses		<u>(12,838,386)</u>	<u>(9,967,164)</u>
PROFIT BEFORE TAX	6	162,709,685	13,505,512
Income tax expenses	8	<u>(26,371,862)</u>	<u>(2,364,725)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		<u>136,337,823</u>	<u>11,140,787</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
— Basic (restated for 2013)		<u>0.36</u>	<u>0.03</u>
— Diluted (restated for 2013)		<u>0.36</u>	<u>0.03</u>

STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2014 HK\$	2013 HK\$
NON-CURRENT ASSETS			
Deferred tax assets		–	2,312,865
CURRENT ASSETS			
Prepayments and other receivables		15,539,372	659,426
Financial assets at fair value through profit or loss	<i>10</i>	443,068,858	56,797,281
Prepaid income tax		6,361,121	–
Cash and cash equivalents		12,199,764	201,849,766
Total current assets		477,169,115	259,306,473
CURRENT LIABILITIES			
Other payables		528,706	1,002,797
Amount due to a related company		80,000	350,000
Tax payable		–	5,938,469
Total current liabilities		608,706	7,291,266
NET CURRENT ASSETS		476,560,409	252,015,207
TOTAL ASSETS LESS CURRENT LIABILITIES			
		476,560,409	254,328,072
NON-CURRENT LIABILITY			
Deferred tax liabilities		24,068,997	–
Net assets		452,491,412	254,328,072
EQUITY			
Issued capital	<i>11</i>	51,510,000	30,300,000
Reserves		400,981,412	224,028,072
Total equity		452,491,412	254,328,072
NET ASSET VALUE PER SHARE		0.88	0.84

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, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands. The principal place of business of the Company is at Room 707, 7/F., New World Tower 1, 16–18 Queen’s Road Central, Central, Hong Kong with effect from 1 September 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 China Everbright Securities (HK) Limited (the “Investment Manager”).

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 Company has adopted the following revised standards and new interpretation for the first time for the current year’s financial statement.

Amendments to IFRS 10, IFRS 12 and IAS 27	<i>Investment entities</i>
Amendments to IAS 32 <i>Annual improvements</i> <i>2010–2012 cycle</i> <i>Annual improvements</i> <i>2011–2013 cycle</i>	<i>Offsetting financial assets and financial liabilities</i>

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Company, as it did not hold interest in any subsidiary company.

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’ and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. The amendments have no other impact on the Company, since the Company does not have any offsetting arrangements.

Annual Improvements 2010–2012 Cycle

In the 2010–2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 *Fair Value Measurement*. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Company.

Annual Improvements 2011–2013 Cycle

In the 2011–2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity’s first IFRS financial statements. This amendment to IFRS 1 has no impact on the Company, since the Company is an existing IFRS preparer.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The applicable 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

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The Company is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

In addition, the new Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the annual financial statements for the year ending 31 December 2015. The Company is in the process of making an assessment on the impact of this change.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Company is organized into business units based on the categories of investment. During the year ended 31 December 2014, the Company has two reportable operating segments as follows:

Listed securities	—	Investment in equity and debt securities listed on relevant stock exchanges
Unlisted securities	—	Investment in a private equity fund

During the year ended 31 December 2013, all of the Company's investments are equity and debt securities listed in relevant stock exchanges and the Company was organized into one main operating segment.

Further details of the Company's investments are included in Note 5.

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

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
For the year ended 31 December 2014			
Segment results	<u>175,416,026</u>	<u>22,087</u>	175,438,113
Bank interest income			109,958
Unallocated expenses			<u>(12,838,386)</u>
Profit before tax			<u>162,709,685</u>
	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
For the year ended 31 December 2013			
Segment results	<u>23,405,864</u>	<u>—</u>	23,405,864
Bank interest income			66,812
Unallocated expenses			<u>(9,967,164)</u>
Profit before tax			<u>13,505,512</u>

For the years ended 31 December 2014 and 2013, segment results represented the net gain on fair value of listed equity and debt securities classified as financial assets at fair value through profit or loss and the corresponding interest income as well as dividend income earned by each segment without the allocation of administrative expenses and interest income from bank deposits as well as investment manager's fees.

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

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

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
At 31 December 2014			
Assets:			
Financial assets at fair value through profit or loss	<u>405,546,771</u>	<u>37,522,087</u>	443,068,858
Unallocated assets			<u>34,100,257</u>
Total assets			<u>477,169,115</u>
Liabilities:			
Unallocated liabilities			<u>24,677,703</u>
Total liabilities			<u>24,677,703</u>
	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
At 31 December 2013			
Assets:			
Financial assets at fair value through profit or loss	<u>56,797,281</u>	<u>–</u>	56,797,281
Unallocated assets			<u>204,822,057</u>
Total assets			<u>261,619,338</u>
Liabilities:			
Unallocated liabilities			<u>7,291,266</u>
Total liabilities			<u>7,291,266</u>

For the purpose of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than prepayments and other receivables, prepaid income tax and cash and cash equivalent.

4. REVENUE

An analysis of revenue is as follows:

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Dividend income from listed equity securities	1,214,784	3,531,876
Interest income from listed debt securities	685,028	1,990,795
Bank interest income	109,958	66,812
	<u>2,009,770</u>	<u>5,589,483</u>

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

	Listed securities <i>HK\$</i>	Unlisted securities <i>HK\$</i>	Total <i>HK\$</i>
For the year ended 31 December 2014			
Net realized loss on financial assets at fair value through profit or loss	(12,437,353)	–	(12,437,353)
Net unrealized gain on financial assets at fair value through profit or loss	<u>185,953,567</u>	<u>22,087</u>	<u>185,975,654</u>
Total realized and unrealized gain included in profit or loss	<u>173,516,214</u>	<u>22,087</u>	<u>173,538,301</u>
	Listed securities <i>HK\$</i>	Unlisted securities <i>HK\$</i>	Total <i>HK\$</i>
For the year ended 31 December 2013			
Net realized gain on financial assets at fair value through profit or loss	17,916,272	–	17,916,272
Net unrealized loss on financial assets at fair value through profit or loss	<u>(33,079)</u>	<u>–</u>	<u>(33,079)</u>
Total realized and unrealized gain included in profit or loss	<u>17,883,193</u>	<u>–</u>	<u>17,883,193</u>

6. PROFIT BEFORE TAX

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

	2014	2013
	HK\$	HK\$
Investment management fee	960,000	4,200,000
Foreign exchange loss/(gain), net	359,401	(178,527)
Auditors' remuneration	342,250	304,500
Staff cost (excluding director's remuneration)	1,371,946	–
Minimum operating lease payments in respect of properties	295,723	–
Consultancy fee	1,892,000	–
Legal and professional fees	1,254,916	1,038,884
	<u>11,420,000</u>	<u>11,420,000</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 and is payable monthly in arrears.

The administration fee for the year was HK\$876,000 (2013: HK\$876,000). As at 31 December 2014, an administration fee of HK\$146,000 (2013: 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 (2013: Nil). As at 31 December 2014, no valuation fee was payable to the Administrator (2013: 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 and is payable monthly in arrears.

The custodian fee for the year was HK\$184,332 (2013: HK\$180,000). As at 31 December 2014, a custodian fee of HK\$32,399 (2013: HK\$15,000) was payable to the Custodian.

Management fee

Effective from 1 January 2014 and throughout the year, the Investment Manager is entitled to a management fee accruing monthly at the annual amount of HK\$960,000 and payable in arrears from 1 January 2014 to 31 December 2016.

The management fee for the year was HK\$960,000 (2013: HK\$4,200,000). As at 31 December 2014, a management fee of HK\$80,000 (2013: HK\$350,000) was payable to the Investment Manager.

8. TAXATION

The major component of income tax charge for the years ended 31 December 2014 and 2013 are:

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Current tax:		
Hong Kong profits tax	–	5,938,469
Less: adjustment over provision for 2013/14	(10,000)	–
PRC withholding tax	–	112,235
	(10,000)	6,050,074
Deferred tax	26,381,862	(3,685,979)
Tax charge for the year	<u>26,371,862</u>	<u>2,364,725</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:

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Profit before tax	<u>162,709,685</u>	<u>13,505,512</u>
Tax at the statutory tax rate of 16.5%	26,847,098	2,228,409
Income not subject to tax	(715,206)	(656,314)
Investment loss not deductible for tax	–	(3,240,737)
Expenses not deductible for tax	502,998	3,921,132
PRC withholding tax	–	112,235
Overprovision for 2013/14	(10,000)	–
Tax losses not recognised	<u>(253,028)</u>	<u>–</u>
Tax charge at the effective rate of 16.5%	<u>26,371,862</u>	<u>2,364,725</u>

Cayman Islands

Under the current Cayman Islands law, there are no income tax, corporation tax, capital gains tax or any other kinds of tax on profits or gains or tax in the nature of estate duty or inheritance tax currently in effect.

The Company received an undertaking from the Governor-in-Council of the Cayman Islands to the effect that, for a period of twenty years from the date of the undertaking, no law that is hereafter enacted in the Cayman Islands imposing any tax on income will be levied on the Company.

Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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 ended 31 December 2014 (2013: HK\$5,938,469).

PRC

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

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

During the year, the Company has raised approximately HK\$41.1 million, net of expenses, by way of rights issue of 151,500,000 rights shares to the qualifying shareholders at a subscription price of HK\$0.28 per rights share on the basis of one rights share for every two ordinary shares. The rights issue price represent a discount of 28% to the prevailing fair value at the date of rights issue. The effect of bonus element resulting from the rights issue has been included in the calculation of basic and diluted earnings per share and the prior period basic and diluted earnings per share are adjusted in order to provide a comparable basis.

The calculation of the basic and diluted earnings per share amount is based on the Company's profit for the year attributable to ordinary equity holders of HK\$136,337,823 (2013: HK\$11,140,787) and the weighted average number of ordinary shares in issue during the year of 374,302,502 (2013: 334,443,396 (restated) ordinary shares), as adjusted to reflect the rights issue and placement shares issued during the year. The Company had no potentially dilutive ordinary shares in issue during those years.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Listed equity securities:		
— Hong Kong	<u>405,546,771</u>	<u>31,613,970</u>
Listed debt securities:		
— Singapore	<u>—</u>	<u>25,183,311</u>
Investment in a private equity fund		
— The Cayman Islands	<u>37,522,087</u>	<u>—</u>
	<u>443,068,858</u>	<u>56,797,281</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.

The Company invested in a private equity fund which is not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Company uses its net asset value to determine its fair value as the Company determined that this is the fair price in which shareholders subscribe and redeem from the fund. The Company classifies the fair value of this investment as Level 3.

Net unrealised gain on financial assets at fair value through profit or loss of HK\$185,975,654 (2013: net unrealised loss of HK\$33,079) has been recognised in profit or loss.

11. ISSUED CAPITAL

	Number of shares	Nominal amount <i>HK\$</i>
Authorised:		
Ordinary shares as at 31 December 2013 (776,000,000 shares of HK\$0.1 each)	<u>776,000,000</u>	<u>77,600,000</u>
Ordinary shares as at 31 December 2014 (776,000,000 shares of HK\$0.1 each)	<u>776,000,000</u>	<u>77,600,000</u>
Issued and fully paid		
515,100,000 (2013: 303,000,000) ordinary shares of HK\$0.1 each	<u>515,100,000</u>	<u>51,510,000</u>

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 2013, 31 December 2013 and 1 January 2014	303,000,000	30,300,000	257,732,776	288,032,776
Rights issue	151,500,000	15,150,000	27,270,000	42,420,000
Placing shares	60,600,000	6,060,000	15,150,000	21,210,000
	515,100,000	51,510,000	300,152,776	351,662,776
Share issue expenses	–	–	(1,804,483)	(1,804,483)
At 31 December 2014	<u>515,100,000</u>	<u>51,510,000</u>	<u>298,348,293</u>	<u>349,858,293</u>

12. COMMITMENTS

During the year, the Company entered into a three-year tenancy agreement for the lease of its office premises. At 31 December 2014, the total future lease payments under the tenancy agreement falling due as follows:

	31 December 2014 <i>HK\$</i>	31 December 2013 <i>HK\$</i>
Within one year	582,120	–
In the second year	582,120	–
In more than two year	388,080	–
	<u>1,552,320</u>	<u>–</u>

13. EVENTS AFTER THE REPORTING PERIOD

(i) Appointment of Director

Mr. Huang Lianguai has been appointed as an additional Independent Non-executive Director the Company with effect from 17 February 2015.

(ii) Termination of subscription agreement

On 28 January 2015, the Company entered into a subscription agreement with a subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the subscriber has conditionally agreed to subscribe for 51,500,000 shares at the subscription price of HK\$0.35 per share. On 12 March 2015, the Company and the subscriber have entered into a deed of termination pursuant to which the parties agreed that the subscription agreement shall be terminated and be of no further force and effect.

FINANCIAL HIGHLIGHTS

During the Year, the Company maintained a long-term investment strategy in both public and private equity markets. The Company held eighteen investments in listed companies and one private equity fund in the Cayman Islands as of 31 December 2014, in which the largest one is in the information technology sector focusing on Hong Kong and Mainland China markets. The Company reported net profit attributable to shareholders of HK\$136,337,823 during the Year, which consisted of the net change of unrealized gain of HK\$185,975,654 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 2014, the Company reported an unaudited net asset value of approximately HK\$0.88 per share. The upswing was due to unrealized mark to market gain of HK\$185,975,654 taken on the investment positions in the portfolio offset by realized loss of HK\$12,437,353. 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 past year, the PRC Government deepened its structural reform aiming to create a healthy social environment for a sustainable yet efficient economic growth. According to the National Bureau of Statistics, China's gross domestic product (GDP) recorded an increase of 7.4% in 2014, slightly lower than 7.5% targeted by PRC Government in the beginning of 2014, however in line with the market expectation as the government has indicated that the PRC economy has entered into a new normal era featured with medium growth rates and economic structure optimization driven by technology advance and institutional innovations.

The benchmark Shanghai Composite Index jumped 53.35% from a year earlier, while Hang Seng Index edged up 1.23% in 2014. During the year, the Company adopted a timely and appropriate investment approach in response to the volatile market sentiment and complicated government policies, and to detect investment opportunities emerging from the sectors benefiting from the economic transformation in PRC, to obtain a substantial net asset appreciation. The Company will continue to implement its comprehensive risk management strategy with an aim to achieve stable returns on investments for our shareholders.

During the year, the Company has invested one private equity investment specialized in the development and operation of mobile games, which the Company believes will bring a sizeable long term return. In the near future, the Company will continue to look for further investment opportunity in private equity.

Thanks to the monetary easing, global economy is struggling to recover. The Company expects that the US Federal Reserve will be more cautious to raise interest rate. In addition, the PRC Government has lowered its 2015 GDP growth target at around 7%, focusing on quality over quantity as it overhauls its growth model. Therefore, the Company remains cautiously optimistic on the prospects of securities market 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 markets. With our professional investment and risk management team, we are confident to capture valuable investment opportunities to maximize profit for our shareholders.

INVESTMENT REVIEW

The Company held nineteen investments as of 31 December 2014, comprising eighteen equity securities listed in Hong Kong and one private equity fund in the Cayman Islands.

Pursuant to the requirements stipulated in Rule 21.12 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), the Company discloses its ten largest investments and all individual investments with value exceeding 5% of the Company’s gross assets with brief description of the investee companies as follows:

At 31 December 2014

Listed equity securities — Hong Kong

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee’s capital owned	Cost	Market value	Unrealized gain/(loss) recognized	Net asset attributable to the Company	Dividend received/receivable during the year	% of gross assets of the Company
				HK\$’000	HK\$’000	HK\$’000	(Note 2)	HK\$’000	
(a) Finsoft Corporation	The Cayman Islands	173,650,000 ordinary shares of HK\$0.0005 each (Note 4)	4.34%	32,125	209,248	177,123	HK\$2.62 million	–	43.85
(b) China Mobile Games and Cultural Investment Limited	The Cayman Islands	300,006,000 ordinary shares of HK\$0.01 each	12.02%	33,682	57,601	23,919	HK\$29.31 million	–	12.07
(c) Town Health International Medical Group Limited	Bermuda	22,236,000 ordinary shares of HK\$0.01 each	0.44%	28,191	27,128	(1,063)	HK\$5.26 million	–	5.69
(d) BBI Life Sciences Corporation	The Cayman Islands	11,079,000 ordinary shares of HK\$0.01 each	2.11%	19,584	18,502	(1,082)	RMB10.43 million	–	3.88
(e) Jun Yang Solar Power Investments Limited	Bermuda	100,500,000 ordinary shares of HK\$0.01 each	2.26%	18,741	18,090	(651)	HK\$26.34 million	–	3.79
(f) Nanjing Sinolife United Company Limited	The People’s Republic of China	10,000,000 H shares of RMB 0.1 each	1.19%	21,075	15,900	(5,175)	RMB7.47 million	–	3.33
(g) DX.com Holdings Limited	The Cayman Islands	100,000,000 ordinary shares of HK\$0.01 each	1.78%	17,252	13,100	(4,152)	HK\$3.08 million	–	2.75
(h) Hong Kong Education (Int’l) Investments Limited	The Cayman Islands	60,000,000 ordinary shares of HK\$0.1 each	3.68%	7,339	7,020	(319)	HK\$10.68 million	–	1.47
(i) New Ray Medicine International Holding Limited	Bermuda	14,288,000 ordinary shares of HK\$0.01 each	1.49%	8,030	7,001	(1,029)	HK\$4.52 million	–	1.47

Private Equity Fund — The Cayman Islands

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 gross assets of the Company
(j) Hydra Capital SPC	The Cayman Islands	3,750	16.74%	37,500	37,522	22	HK\$37.52 million	–	7.86

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	Net asset attributable to the Company	Dividend received/receivable during the year	% of gross assets of the Company
Dongjiang Environmental Company Limited	The People's Republic of China	389,450 H shares of RMB1.00 each	0.17%	7,159	9,970	(2,453)	RMB3.72 million	163	3.81
DX.com Holdings 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	–	2.72
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	2.41
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	2.24
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	0.90

Listed debt securities — Singapore

Name of issuer	Place of incorporation	Quantity	Cost	Market value	Unrealized gain/(loss) recognized	Yield per annum (%)	Maturity date	Interest	
								received/ accrued during the year	% of gross assets of the Company
			HK\$'000	HK\$'000	(Note 3) HK\$'000			HK\$'000	
Chaowei Power Holdings Limited	The Cayman Islands	10,000,000	12,248	12,779	(37)	7.25	24 September 2017	919	4.88
China WindPower Group Limited	Bermuda	9,800,000	10,396	12,404	1,549	6.375	4 April 2014	792	4.74

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 2013.
- (4) The number of shares represented the shares that would have been subdivided with effected date on 17 February 2015.

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

- (a) Finsoft Corporation (“Finsoft”) is principally engaged in the provision of financial trading software solutions and provision of referral business. The audited profit attributable to shareholders of Finsoft for the year was approximately HK\$11,319,000 and the audited net assets attributable to the shareholders of Finsoft as at 31 December 2014 was approximately HK\$60,267,000. The fair value of the investment in Finsoft is based on quoted market bid prices.
- (b) China Mobile Games and Cultural Investment Limited (“CMGC”) is principally engaged in investment in mobile games, provision of IT services, money lending business, medical diagnostic and health check services, and securities and property investments business. The unaudited loss attributable to shareholders of CMGC for the six months ended 30 June 2014 was approximately HK\$10,763,000 and the unaudited net assets attributable to shareholders of CMGC as at 30 June 2014 was approximately HK\$243,840,000. The fair value of the investment in CMGC is based on quoted market bid prices.
- (c) Town Health International Medical Group Limited (“Town Health”) is principally engaged in investment in healthcare business including medical institutions operation and pharmaceutical distribution in Hong Kong and China. The unaudited profit attributable to shareholders of Town Health for the six months ended 30 June 2014 was approximately HK\$45,157,000 and the unaudited net assets attributable to shareholders of Town Health as at 30 June 2014 was approximately HK\$1,196,375,000. The fair value of the investment in Town Health is based on quoted market bid prices.

- (d) BBI Life Sciences Corporation (“BBI”) is principally engaged in the provision of DNA synthesis products and services in China and North America. The audited profit attributable to shareholders of BBI for the year was approximately RMB33,290,000 and the audited net assets attributable to shareholders of BBI as at 31 December 2014 was approximately RMB494,111,000. The fair value of the investment in BBI is based on quoted market bid prices.
- (e) Jun Yang Solar Power Investments Limited (“Jun Yang”) is principally engaged in solar energy business with a current focus on development, construction, operation and maintenance of power station projects, money lending business and assets investment. The unaudited profit attributable to shareholders of Jun Yang for the six months ended 30 June 2014 was approximately HK\$120,956,000 and the unaudited net assets attributable to shareholders of Jun Yang as at 30 June 2014 was approximately HK\$1,165,267,000. The fair value of the investment in Jun Yang is based on quoted market bid prices.
- (f) Nanjing Sinolife United Company Limited (“Nanjing Sinolife”) is principally engaged in the sale of nutritional supplements and health food products in China. The audited profit attributable to shareholders of Nanjing Sinolife for the year ended 31 December 2014 was approximately RMB107,873,000 and the audited net assets attributable to shareholders of Nanjing Sinolife as at 31 December 2014 was approximately RMB627,956,000. The fair value of the investment in Nanjing Sinolife is based on quoted market bid prices.
- (g) DX.com Holdings Limited (“DX.com”) is principally engaged in e-commerce and provision of online sales platform, as well as professional IT contract and maintenance services business. The unaudited loss attributable to shareholders of DX.com for the six months ended 31 December 2014 was approximately HK\$29,115,000 and the unaudited net assets attributable to shareholders of DX.com as at 31 December 2014 was approximately HK\$172,774,000. The fair value of the investment in DX.com is based on quoted market bid prices.
- (h) Hong Kong Education (Int’l) Investments Limited (“HKEI”) is principally engaged in the provision of private educational services which consists of pre-school, secondary school, and tertiary education, as well as language and skills training, and other ancillary business including investment in securities, property investments and money lending business. The unaudited loss attributable to shareholders of HKEI for the six months ended 31 December 2014 was approximately HK\$11,944,000 and the unaudited net assets attributable to shareholders of HKEI as at 31 December 2014 was approximately HK\$290,098,000. The fair value of the investment in HKEI is based on quoted market bid prices.
- (i) New Ray Medicine International Holding Limited (“New Ray”) is principally engaged in pharmaceutical distribution in China. The audited profit attributable to shareholders of New Ray for the year ended 31 December 2014 was approximately HK\$29,681,000 and the audited net assets attributable to shareholders of New Ray as at 31 December 2014 was approximately HK\$303,191,000. The fair value of the investment in New Ray is based on quoted market bid prices.

- (j) Hydra Capital SPC (“Hydra Capital”) is an exempted company incorporated with limited liability and registered as a segregated portfolio company under the laws of the Cayman Islands established for the purpose of making investments on behalf of its portfolio holders. Hydra Capital has engaged a manager to make day-to-day decisions regarding the management of its investments. The manager has appointed an investment manager to manage and invest the assets of the investment portfolio on a discretionary basis. The investment manager is a company incorporated in Hong Kong with limited liability principally engaged in the provision of investment advisory, funds dealing, introducing broker and asset management services. The investment portfolio of Hydra Capital is currently focused on making investments in internet-related and mobile-application-related industries. The fair value of the investment in Hydra Capital is stated as net asset value.

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>
China Culiangwang Beverages Holdings Ltd	9,209
Finsoft Corporation	8,290
Dongjiang Environment Company Ltd	3,943

Top three realized loss for the Year

Name of investment	Realized loss <i>HK\$'000</i>
DX.com Holdings Limited	18,342
AMCO United Holding Limited	8,490
Bonjour Holdings Limited	7,139

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Company has obtained stock borrowing facilities since 2011. As at 31 December 2014, the Company did not have any stock borrowings (31 December 2013: 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 2014, the gearing ratio, defined as total borrowings divided by shareholders’ equities, was nil (31 December 2013: Nil). The Company did not have any borrowing as at 31 December 2014 (31 December 2013: Nil).

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the Year (2013: 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 2014 (31 December 2013: 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. On 20 September 2014, a total 151,500,000 ordinary shares of HK\$0.1 each ("Rights Shares") were issued at a price of HK\$0.28 per share for a total cash consideration, excluding the related issue expenses, for approximately HK\$42.4 million. On 23 November 2014, a total of 60,600,000 ordinary shares of HK\$0.1 each were placed at a price of HK\$0.35 per share (the "Placing Shares") for a total cash consideration, excluding the related issue expenses, for approximately HK\$21.2 million. The capital of the Company comprises only ordinary shares.

RIGHTS ISSUE

During the year, the Company has raised approximately HK\$41.1 million, net of expenses, by way of the rights issue of 151,500,000 Rights Shares to the qualifying shareholders at a subscription price of HK\$0.28 per Rights Share on the basis of one Rights Share for every two ordinary shares. The Company used the net proceeds from the rights issue for investment in information technology and healthcare sectors in line with its ordinary course of business.

Details of the aforesaid Rights Issue can be referred to the announcement dated 12 August 2014, 21 August 2014 and 23 September 2014 as well as the Listing document dated 29 August 2014.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

During the year, the Company has raised approximately HK\$20.3 million, net of expenses, by way of entering the placing agreement with the placing agent, to place 60,600,000 Placing Shares to 6 placees who and whose ultimate beneficial owners are independent third parties at a price of HK\$0.35 per Placing Share under the general mandate granted to the Directors at the annual general meeting of the Company held on 28 May 2014. The Company used the net proceeds from the placing of new shares for investment in information technology and life science sectors in line with its ordinary course of business.

Details of the placing of new shares under general mandate can be referred to the announcement dated 11 November 2014.

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

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

CAPITAL EXPENDITURE AND COMMITMENT

Save as disclosed in note 12 to the financial statements, as at 31 December 2014, the Company made no capital expenditure or any other commitments (2013: Nil).

MATERIAL ACQUISITION AND DISPOSAL

During the Year, the Company did not acquire or dispose of any subsidiaries or associated companies (2013: Nil).

USE OF PROCEEDS

The Company has nineteen investments as of 31 December 2014, comprising equities securities listed in Hong Kong and a private equity fund. The largest one held by the Company is in the information technology sector focusing in the Hong Kong and Mainland China market.

The rest of the net proceeds gained will be applied by the Board and China Everbright Securities (HK) Limited (the "Investment Manager") in making investments according to the investment objective, policies and restrictions of the Company and the requirements of the Articles of Association of the Company, the Listing Rules and the investment management agreement. Any proceeds not deployed are placed in bank deposits or invested in money market instruments or money market funds.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Company had four full-time employees (31 December 2013: Nil). All of the Company's employees were based in Hong Kong.

The Company establishes its remuneration policy by making reference to the prevailing market conditions and a performance-based reward system. The policy is periodically reviewed. Apart from mandatory provident fund, salaries increment 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 Year was approximately HK\$1,371,946 (31 December 2013: Nil).

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.

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 2014, 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 year ended 31 December 2014, 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 allows 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. Currently, Mr. Doyle Ainsworth Dally, who is an Independent Non-executive Directors of the Company, have no specific term of appointment but he is subject to retirement by rotation at least once every three years. As such, even though Mr. Dally is not appointed for a specific term, his term of office is the period up to his retirement by rotation which is accordance with code provision A.4.2 of the CG Code. The Company considers that sufficient measures have been taken to serve the purpose of this code provision.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code of 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 ended 31 December 2014.

AUDIT COMMITTEE

The Audit Committee currently comprises of four Independent Non-executive Directors, namely Mr. Lam Chun Ho (being the chairman with professional qualifications in accountancy), Mr. Doyle Ainsworth Dally, Mr. Faris Ibrahim Taha Ayoub and Mr. Huang Liangkuai.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee held two meetings to review interim and annual financial results and reports in respect of the year ended 31 December 2014 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors, and arrangements for employees to raise concerns about possible improprieties. The Audit Committee also met the external auditors twice without the presence of the Executive Directors.

The Audit Committee has reviewed the annual results and this announcement of the Company for the year.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Company's results for the year ended 31 December 2014 have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Company's financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

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

Hong Kong, 27 March 2015

As at the date of this announcement, the Directors of the Company are Mr. Craig Blaser LINDSAY, Mr. GU Xu and Mr. CHAN Cheong Yee as executive Directors; and Mr. LAM Chun Ho, Mr. Doyle Ainsworth DALLY, Mr. Faris Ibrahim Taha AYOUB and Mr. HUANG Lianguai as independent non-executive Directors.