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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 2013

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 2013, together with the unaudited figures for the six months ended 30 June 2012.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

| | <i>Notes</i> | For the six months ended 30 June 2013 (Unaudited) HK\$ | For the six months ended 30 June 2012 (Unaudited) HK\$ |
|--|--------------|---|---|
| REVENUE | 4 | 3,609,146 | 239,524 |
| Net change in fair value of financial assets at fair value through profit or loss | 5 | 5,403,828 | 9,898,782 |
| Other operating expenses | | (4,677,084) | (4,780,043) |
| PROFIT BEFORE TAX | 6 | 4,335,890 | 5,358,263 |
| Income tax expense | 9 | (521,401) | — |
| PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | | <u>3,814,489</u> | <u>5,358,263</u> |
| EARNING PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | <i>10</i> | | |
| – Basic (HK cents) | | <u>1.26</u> | <u>1.77</u> |
| – Diluted (HK cents) | | <u>1.26</u> | <u>1.77</u> |

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

| | | 30 June 2013 (Unaudited) HK\$ | 31 December 2012 (Audited) HK\$ |
|--|-------------|--|--|
| | <i>Note</i> | | |
| CURRENT ASSETS | | | |
| Prepayment and other receivables | | 1,192,129 | 716,937 |
| Financial assets at fair value through profit or loss | <i>11</i> | 173,773,236 | 168,603,309 |
| Cash and cash equivalents | | 74,836,947 | 76,400,468 |
| Total current assets | | 249,802,312 | 245,720,714 |
| CURRENT LIABILITIES | | | |
| Other payables and accruals | | 556,023 | 745,329 |
| Amount due to a related company | | 350,000 | 414,986 |
| Tax payable | | 521,401 | – |
| Total current liabilities | | 1,427,424 | 1,160,315 |
| NET CURRENT ASSETS | | 248,374,888 | 244,560,399 |
| NON-CURRENT LIABILITY | | | |
| Deferred tax liabilities | | 1,373,114 | 1,373,114 |
| Net assets | | 247,001,774 | 243,187,285 |
| EQUITY | | | |
| Issued capital | | 30,300,000 | 30,300,000 |
| Reserves | | 216,701,774 | 212,887,285 |
| Total equity | | 247,001,774 | 243,187,285 |
| NET ASSET VALUE PER SHARE | | 0.82 | 0.80 |

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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 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 17/F, Chuang’s Tower, 30-32 Connaught Road Central, Central, Hong Kong.

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

The Company’s investment activities are managed by CITIC Securities International Investment Management (HK) Limited (the “Investment Manager”).

2.1 BASIS OF PREPARATION

The unaudited interim condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and the applicable disclosure requirements of Appendix 16 of the Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”). They have been prepared under the historical cost convention, except for the financial assets at fair value through profit or loss which have been measured at fair values. The interim condensed financial statements are presented in Hong Kong dollars (HK\$) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

The Company applies, for the first time in 2013, certain new standards and amendments that require restatement of previous financial statements. These include IFRS 10 *Consolidated Financial Statements*, IFRS 13 *Fair Value Measurement* and amendments to IAS 1 *Presentation of Financial Statements*. As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12 *Disclosure of Interest in Other Entities* would result in additional disclosures in the annual financial statements.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual financial statements of the Company or the interim condensed financial statements of the Company.

The nature and the impact of each new standard/amendment is described below:

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

The amendments to IAS 1 introduce a 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 now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the Company’s financial position or performance.

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

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

An opening statement of financial position (known as the ‘third balance sheet’) must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

IAS 32 Tax effects of distributions to holders of equity instruments (Amendment)

The amendment to IAS 32 *Financial Instruments: Presentation* clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed financial statements for the Company, as there is no tax consequences attached to cash or non-cash distribution.

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity’s previous annual financial statements for that reportable segment. The Company is organized into one main operating segment as reported to the chief operating decision maker. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial statement results from this segment are equivalent to the financial statement as a whole.

IFRS 7 Financial Instruments: Disclosures-Offsetting Financial Assets and Financial Liabilities-Amendments to IFRS 7

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would 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. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Company is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Company.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor’s returns. IFRS 10 had no impact on the currently held investments of the Company.

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed financial statements, unless significant events and transactions in the interim period requires that they are provided. In addition, the Company does not have any interest in subsidiaries, joint arrangements, associates or structured entities. Accordingly, IFRS 12 had no impact on the Company.

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 when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed financial statements period.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

| | |
|-------------------|--|
| IFRS 9 | <i>Financial Instruments</i> ¹ |
| IAS 32 Amendments | <i>Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32</i> ² |

¹ Effective for annual periods beginning on or after 1 January 2015

² Effective for annual periods beginning on or after 1 January 2014

The Company is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. Other than IFRS 9, management considers that these new and revised IFRSs are unlikely to have a significant impact on the Company's results of operations and financial positions.

3. OPERATING SEGMENT INFORMATION

During the periods ended 30 June 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, and debt securities listed on 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 interim condensed financial statements as a whole.

4. REVENUE

An analysis of revenue is as follows:

| | For the six months ended 30 June 2013 (Unaudited) <i>HK\$</i> | For the six months ended 30 June 2012 (Unaudited) <i>HK\$</i> |
|---|--|---|
| Dividend income from listed equity securities | 2,576,058 | 104,400 |
| Interest income from listed debt securities | 977,178 | 126,935 |
| Bank interest income | 55,910 | 8,189 |
| | <hr/> | <hr/> |
| | 3,609,146 | 239,524 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

| | For the six months ended 30 June 2013 (Unaudited) <i>HK\$</i> | For the six months ended 30 June 2012 (Unaudited) <i>HK\$</i> |
|--|--|---|
| Net realized (loss)/gain on financial assets at fair value through profit or loss | (5,606,466) | 485,350 |
| Net unrealized gain on financial assets at fair value through profit or loss | 11,010,294 | 9,413,432 |
| | <hr/> | <hr/> |
| | 5,403,828 | 9,898,782 |
| | <hr/> <hr/> | <hr/> <hr/> |

6. PROFIT BEFORE TAX

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

| | For the six months ended 30 June 2013 (Unaudited) HK\$ | For the six months ended 30 June 2012 (Unaudited) HK\$ |
|---|---|--|
| Directors' remuneration: | | |
| Fees | 242,438 | 232,770 |
| Other emoluments | — | — |
| | <hr/> | <hr/> |
| | 242,438 | 232,770 |
| | <hr/> | <hr/> |
| Investment management fee (<i>note 8</i>) | 2,100,000 | 2,455,055 |
| Auditor's remuneration | 143,250 | 126,000 |
| Foreign exchange (gain)/loss, net | (135,766) | 160,341 |
| | <hr/> <hr/> | <hr/> <hr/> |

7. INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend in respect of the current reporting period (30 June 2012: Nil).

8. FEES

Administration fee

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

| | |
|---|------------------|
| First HK\$800 million of net asset value | 0.14% per annum |
| Next HK\$1,200 million of net asset value | 0.125% per annum |
| On the remainder of net asset value | 0.11% 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 current period is HK\$438,000 (30 June 2012: HK\$438,000). As at 30 June 2013, an administration fee of HK\$73,000 (31 December 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 current period (30 June 2012: Nil). As at 30 June 2013, no valuation fee (31 December 2012: Nil) was payable to the Administrator.

Custodian fee

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

| | |
|---|------------------|
| First HK\$800 million of net asset value | 0.04% per annum |
| Next HK\$1,200 million of net asset value | 0.035% per annum |
| On the remainder of net asset value | 0.03% 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 current period is HK\$90,000 (30 June 2012: HK\$90,000). As at 30 June 2013, a custodian fee of HK\$15,000 (31 December 2012: HK\$15,000) was payable to the Custodian.

Management fee

Effective from 1 January 2013, 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 (30 June 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 current period is HK\$2,100,000 (30 June 2012: HK\$2,455,055). As at 30 June 2013, a management fee of HK\$350,000 (31 December 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 current period (30 June 2012: Nil). As at 30 June 2013, no performance fee (31 December 2012: 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 earning.

Cayman Islands

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

Hong Kong

Hong Kong profits tax of HK\$521,401 (30 June 2012: Nil) have been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the current period (30 June 2012: 16.5%). No provision for Hong Kong profits tax had been made as the Company did not generate any assessable profit in Hong Kong during the period ended 30 June 2012.

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

For presentation purposes, deferred tax assets and liabilities as at 30 June 2013 have been offset in the interim condensed statement of financial position. The deferred tax assets arising from recognized tax losses and the deferred tax liabilities arising from unrealized investment valuation gains amounted to HK\$106,855 (31 December 2012: HK\$492,638) and HK\$1,479,969 (31 December 2012: HK\$1,865,752), respectively.

PRC

No provision was made for taxation in the interim condensed financial statements as the Company did not generate any PRC sourced income during the current period (30 June 2012: Nil).

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

The calculation of basic earning per share is based on the Company's profit for the current period attributable to the ordinary equity holders of HK\$3,814,489 (30 June 2012: HK\$5,358,263) and the weighted average number of ordinary shares in issue during the current period of 303,000,000 (30 June 2012: 303,000,000 ordinary shares). No adjustment has been made to the basic earning per share amount presented for the period ended 30 June 2013 in respect of a dilution as the Company had no dilutive ordinary shares in issue during the period (30 June 2012: Nil).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 30 June 2013 (Unaudited) HK\$ | 31 December 2012 (Audited) HK\$ |
|------------------------------------|--|--|
| Listed equity securities: | | |
| – Hong Kong | 143,835,200 | 122,449,720 |
| – The United States | – | 16,291,412 |
| | <hr/> 143,835,200 <hr/> | <hr/> 138,741,132 <hr/> |
| Listed debt securities – Singapore | 29,938,036 | 29,862,177 |
| | <hr/> 173,773,236 <hr/> <hr/> | <hr/> 168,603,309 <hr/> <hr/> |

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

Movement in net unrealized gain on financial assets held for trading of HK\$11,010,294 has been recognized in profit or loss in the interim condensed statement of comprehensive income (30 June 2012: HK\$9,413,432).

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board of directors (“Directors”) of China New Economy Fund Limited (the “Company”), I am pleased to present the Company’s interim results for the six months ended 30 June 2013 (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 adopted a long-term investment strategy in both public and private equity markets. The Company held 16 investments in listed companies as of 30 June 2013, in which the largest one is in the information technology sector focusing on the Hong Kong and Mainland China markets. The Company reported net profit attributable to shareholders of HK\$3,814,489 during the Period, which consisted of the net unrealized gain of HK\$11,010,294 arising from the net mark to market gains taken on the investment positions in the portfolio.

The net asset value of the Company increased during the Period despite the slowdown in the Chinese economy and the rising volatility of the global stock market. As of 30 June 2013, the Company reported an unaudited net asset value of approximately HK\$0.82 per share. The upswing was due to net unrealized mark to market valuation of HK\$11,010,294 and offset by the net realized loss of HK\$5,606,466 taken on the investment positions in the portfolio. The Company will continue to monitor investments cautiously and expect a surge in its valuation as market conditions improve.

BUSINESS REVIEW

During the Period, the Chinese Government was dedicated to reforming its credit-backed growth model by tightening liquidity in the domestic market so as to achieve sustainable growth. Coupled with an uncertain global economy and weaker external demand, China experienced a progressive slowdown in economic growth. According to the data of the National Bureau of Statistics, in the first half of 2013, China’s gross domestic product (“GDP”) recorded an increase of 7.6% over the corresponding period the year before, representing a decline of 0.2% compared with the first half of 2012.

The Hong Kong economy and stock market were inevitably affected. In the first half of 2013, the Hang Seng Index and Heng Seng China Enterprises Index were down by 8.2% and 18.6% year-on-year respectively. Faced with the volatile stock market, the Company deployed a timely and appropriate investment approach in response to the ever-changing market sentiment and government policy so that net assets under its management during the Period recorded a slight increase. The most significant gain of our investment portfolio came from Dongjiang Environmental Company Limited (895.HK), amounting to HK\$3,354,580. Our held-to-maturity listed debt securities also contributed significantly to the Company’s revenue with attractive yields to maturity. The Company will continue its comprehensive risk management strategy with an aim to achieve stable returns on investments for shareholders.

During the Period, 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 attractive investment opportunities in private equity.

Details of the Company's financial assets at fair value through profit or loss are as follows:

At 30 June 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 Period | % of net assets of the Company |
|---|--|---|--|----------|--------------|-----------------------------------|---------------------------------------|--|--------------------------------|
| | | | | HK\$'000 | HK\$'000 | HK\$'000 | (Note 2) | HK\$'000 | |
| (a) Tencent Holdings Limited | The Cayman Islands | 70,000 ordinary shares of HK\$0.0001 each | 0.004% | 20,626 | 21,266 | 740 | RMB1.76 million | 46 | 8.61 |
| (b) EPRO Limited | The Cayman Islands | 33,000,000 ordinary shares of HK\$0.01 each | 0.648% | 24,750 | 15,510 | (1,650) | HK\$1.67 million | – | 6.28 |
| (c) Dongjiang Environmental Company Limited | The People's Republic of China (the "PRC") | 540,450 H shares of RMB1.00 each | 0.239% | 9,761 | 15,025 | 3,355 | RMB5.17 million | 182 | 6.08 |
| (d) PCCW Limited | Hong Kong | 3,824,000 ordinary shares of HK\$0.25 each | 0.053% | 12,662 | 13,766 | (94) | HK\$4.50 million | 654 | 5.57 |
| (e) China Mobile Limited | Hong Kong | 163,000 ordinary shares of HK\$0.1 each | 0.001% | 13,859 | 13,227 | (1,299) | RMB6.15 million | 290 | 5.36 |

| | Name of investee | Place of incorporation | Particular of issued shares held | Proportion | Cost | Market value | Unrealized gain/(loss) recognized (Note 1) | Net asset attributable to the Company (Note 2) | Dividend | % of net assets of the Company |
|-----|---------------------------------------|------------------------|---|-----------------------------|----------|--------------|---|---|---------------------------------------|--------------------------------|
| | | | | of investee's capital owned | | | | | received/receivable during the Period | |
| | | | | | HK\$'000 | HK\$'000 | HK\$'000 | | HK\$'000 | |
| (f) | SINOPEC Engineering (Group) Co., Ltd. | The PRC | 1,200,000 ordinary shares of RMB0.1 each | 0.027% | 12,362 | 12,480 | 118 | RMB5.39 million | – | 5.05 |
| (g) | Beijing Enterprises Holdings Limited | Hong Kong | 220,000 ordinary shares of HK\$0.1 each | 0.019% | 11,515 | 12,254 | 195 | HK\$7.47 million | 110 | 4.96 |
| (h) | HKT Trust and HKT Limited | Hong Kong | 1,450,000 ordinary shares of HK\$0.0005 each | 0.023% | 9,955 | 10,614 | (1,867) | HK\$6.92 million | 173 | 4.30 |
| (i) | Zhuzhou CSR Times Electric Co., Ltd. | The PRC | 450,000 H shares of RMB1.00 each | 0.042% | 10,033 | 8,775 | (1,258) | RMB2.57 million | 154 | 3.55 |
| (j) | NVC Lighting Holding Limited | The Cayman Islands | 3,500,000 ordinary shares of US\$0.0000001 each | 0.112% | 8,821 | 8,260 | (561) | RMB3.93 million | 53 | 3.34 |
| (k) | Wasion Group Holdings Limited | The Cayman Islands | 1,182,000 ordinary shares of HK\$0.01 each | 0.127% | 5,499 | 5,674 | 175 | RMB3.30 million | 360 | 2.30 |
| (l) | Techtronic Industries Company Limited | Hong Kong | 200,000 ordinary shares of HK\$0.1 each | 0.011% | 3,588 | 3,664 | 76 | US\$0.18 million | – | 1.48 |
| (m) | Kunlun Energy Company Limited | Bermuda | 242,000 ordinary shares of HK\$0.01 each | 0.003% | 3,643 | 3,320 | (1,873) | HK\$1.33 million | 196 | 1.34 |

Listed debt securities – Singapore

| Name of issuer | Place of incorporation | Quantity | Cost | Market value | Unrealized gain/(loss) recognized | Yield per annum | Maturity date | % of net assets of the Company | Interest received/ accrued during the Period |
|---|------------------------|------------|----------|--------------|-----------------------------------|-----------------|-------------------|--------------------------------|--|
| | | | | | | | | | |
| | | | HK\$'000 | HK\$'000 | (Note 1) HK\$'000 | (%) | | | HK\$'000 |
| (n) Chaowei Power Holdings Limited | The Cayman Islands | 10,000,000 | 12,248 | 11,905 | (905) | 7.25 | 24 September 2017 | 4.82 | 451 |
| (o) China WindPower Group Limited | Bermuda | 9,800,000 | 10,396 | 11,753 | 905 | 6.375 | 4 April 2014 | 4.76 | 386 |
| (p) Hero Asia Investment Limited (A wholly-owned subsidiary of China Longyuan Power Group Corporation Limited) | The PRC | 5,000,000 | 6,086 | 6,280 | 101 | 4.5 | 21 December 2013 | 2.54 | 140 |

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 | Net asset attributable to the Company | Dividend received/ receivable during the year | % of net assets of the Company |
|-------------------------------------|------------------------|---|--|----------|--------------|-----------------------------------|---------------------------------------|---|--------------------------------|
| | | | | | | | | | |
| | | | | HK\$'000 | HK\$'000 | (Note 3) HK\$'000 | (Note 2) HK\$'000 | HK\$'000 | |
| (i) 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 |
| (ii) 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 |

| | Name of investee | Place of incorporation | Particular of issued shares held | Proportion of investee's capital owned | Cost | Market value | Unrealized gain/(loss) recognized | Net asset attributable to the Company | Dividend received/receivable during the year | % of net assets of the Company |
|--------|--|------------------------|--|--|----------|--------------|-----------------------------------|---------------------------------------|--|--------------------------------|
| | | | | | HK\$'000 | HK\$'000 | HK\$'000 | (Note 2) | HK\$'000 | (Note 3) |
| (iii) | 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 |
| (iv) | 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 |
| (v) | 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 |
| (vi) | 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 |
| (vii) | 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 |
| (viii) | 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 |
| (ix) | 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 |

| Name of investee | Place of incorporation | Particular of issued shares held | Proportion of investee's capital owned | Cost | Market value | Unrealized gain/(loss) recognized | Net asset attributable to the Company | Dividend received/receivable during the year | % of net assets of the Company |
|--|------------------------|--|--|----------|--------------|-----------------------------------|---------------------------------------|--|--------------------------------|
| | | | | HK\$'000 | HK\$'000 | HK\$'000 | (Note 2) | HK\$'000 | |
| (x) 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 |
| (xi) 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 |
|-----------------------------------|------------------------|------------------------|--|----------|--------------|-----------------------------------|---------------------------------------|--|--------------------------------|
| | | | | HK\$'000 | HK\$'000 | HK\$'000 | (Note 2) | HK\$'000 | |
| (xii) NetEase, Inc. | The Cayman Islands | 18,000 | 0.014% | 8,279 | 5,935 | (2,344) | US\$0.35 million | – | 2.44 |
| (xiii) Renren Inc. | The Cayman Islands | 200,000 | 0.052% | 21,756 | 5,302 | 24,065 | US\$0.58 million | – | 2.18 |
| (xiv) 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 |
| (xv) Chaowei Power Holdings Limited | The Cayman Islands | 10,000,000 | 12,248 | 12,816 | 568 | 7.25 | 24 September 2017 | 5.27 | 243 |
| (xvi) China WindPower Group Limited | Bermuda | 9,800,000 | 10,396 | 10,855 | 459 | 6.375 | 4 April 2014 | 4.46 | 491 |
| (xvii) 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 Period.
- (2) The calculation of net assets attributable to the Company is based on the latest published quarterly/interim reports or annual report of the respective investments at the end of the respective 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) Tencent Holdings Limited (“Tencent”) is principally engaged in the provision of internet value-added services, mobile and telecommunication value-added services and online advertising services to users in the PRC. A dividend income of approximately HK\$46,000 was recognized in the interim condensed statement of comprehensive income of the Company during the Period. The unaudited profit attributable to shareholders of Tencent for the Period was approximately RMB6,821 million and the unaudited net assets attributable to shareholders of Tencent as at 30 June 2013 was approximately RMB46,628 million. The fair value of the investment in Tencent is based on quoted market bid prices.

- (b) EPRO Limited (“EPRO”) is principally engaged in provision of professional information technology contract services and maintenance services; and re-selling of hardware and software. No dividend income was received during the Period. The unaudited profit attributable to shareholders of EPRO for the three months period ended 31 March 2013 was approximately HK\$25 million and the unaudited net assets attributable to shareholders of EPRO as at 31 March 2013 was approximately HK\$257 million. The fair value of the investment in EPRO is based on quoted market bid prices.
- (c) Dongjiang Environmental Company Limited (“Dongjiang Environmental”) is principally engaged in environmental protection industry. A dividend income of approximately HK\$182,000 was recognized in the interim condensed statement of comprehensive income of the Company during the Period. The unaudited profit attributable to shareholders of Dongjiang Environmental for the Period was approximately RMB115 million and the unaudited net assets attributable to shareholders of Dongjiang Environmental as at 30 June 2013 was approximately RMB2,159 million. The fair value of the investment in Dongjiang Environmental is based on quoted market bid prices.
- (d) 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\$654,000 was recognized in the interim condensed statement of comprehensive income of the Company during the Period. The unaudited profit attributable to shareholders of PCCW for the Period 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.
- (e) China Mobile Limited (“China Mobile”) is principally engaged in the provision of mobile telecommunication and related services. A dividend income of approximately HK\$290,000 was recognized in the interim condensed statement of comprehensive income of the Company during the Period. The unaudited profit attributable to shareholders of China Mobile for the Period was approximately RMB63,078 million and the unaudited net assets attributable to shareholders of China Mobile as 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.
- (f) SINOPEC Engineering (Group) Co., Ltd. (“SINOPEC”) is principally engaged locally and overseas in (i) engineering, consulting and licensing, (ii) EPC Contracting, (iii) construction and (iv) equipment manufacturing in respect of oil refining, petrochemical engineering, storage and transportation. No dividend income was received during the Period. The unaudited profit attributable to shareholders of SINOPEC for the Period was approximately RMB2,265 million and the unaudited net assets attributable to shareholders of SINOPEC as at 30 June 2013 was approximately RMB19,907 million. The fair value of the investment in SINOPEC is based on quoted market bid prices.
- (g) Beijing Enterprises Holdings Limited (“Beijing Enterprises”) is a conglomerate and its principal businesses included (i) the distribution and sale of piped natural gas and the provision of related services in PRC; (ii) the production, distribution and sale of beer in PRC; (iii) the construction of sewage and water treatment plants and other infrastructural facilities and the provision of related services in PRC; and (iv) investment in transportation infrastructure in PRC. A dividend income of approximately HK\$110,000 was recognized in the interim condensed statement of comprehensive income of the Company during the Period. The audited profit attributable to shareholders of Beijing Enterprises for the year ended 31 December 2012 was approximately HK\$3,270 million and the audited net assets attributable to shareholders of Beijing Enterprise as at 31 December 2012 was approximately HK\$39,609 million. The fair value of the investment in Beijing Enterprises is based on quoted market bid prices.

- (h) HKT Trust and HKT Limited (“HKT”) is principally engaged in the provision of integrated telecommunications service. A dividend income of approximately HK\$173,000 was recognized in the interim condensed statement of comprehensive income of the Company during the Period. The unaudited profit attributable to shareholders of HKT for the Period was approximately HK\$1,189 million and the unaudited net assets attributable to shareholders of HKT as at 30 June 2013 was approximately HK\$30,613 million. The fair value of the investment in HKT is based on quoted market bid prices.
- (i) Zhuzhou CSR Times Electric Co., Ltd. (“Zhuzhou CSR”) is principally engaged in the sale and manufacture of train-borne electrical systems and electrical components. A dividend income of approximately HK\$154,000 was recognized in the interim condensed statement of comprehensive income of the Company during the Period. The unaudited profit attributable to shareholders of Zhuzhou CSR for the Period was approximately RMB400 million and the unaudited net assets attributable to shareholders of Zhuzhou CSR as at 30 June 2013 was approximately RMB6,183 million. The fair value of the investment in Zhuzhou CSR is based on quoted market bid prices.
- (j) NVC Lighting Holding Limited (“NVC”) is principally engaged in design, develop, produce, market and sell a variety of lighting products with a strong focus on energy-saving products through the laminate products, lamp products and lighting electronics products. A dividend income of approximately HK\$53,000 was recognized in the interim condensed statement of comprehensive income of the Company during the Period. The audited profit attributable to shareholders of NVC for the year ended 31 December 2012 was approximately RMB8 million and the audited net assets attributable to shareholders of NVC as at 31 December 2012 was approximately RMB3,512 million. The fair value of the investment in NVC is based on quoted market bid prices.
- (k) Wasion Group Holdings Limited (“Wasion”) is principally engaged in the development, manufacture and sale of electronic power, water, gas and heat meters and data collection terminals and providing energy efficiency solution services. A dividend income of approximately HK\$360,000 was recognized in the interim condensed statement of comprehensive income of the Company during the Period. The audited profit attributable to shareholders of Wasion for the year ended 31 December 2012 was approximately RMB323 million and the audited net assets attributable to shareholders of Wasion as at 31 December 2012 was approximately RMB2,596 million. The fair value of the investment in Wasion is based on quoted market bid prices.
- (l) Techtronic Industries Company Limited (“Techtronic”) is principally engaged in manufacturing and trading of electrical and electronic products. No dividend income was received during the Period. The unaudited profit attributable to shareholders of Techtronic for the Period was approximately US\$118 million and the unaudited net assets attributable to shareholders of Techtronic as at 30 June 2013 was approximately US\$1,636 million. The fair value of the investment in Techtronic is based on quoted market bid prices.
- (m) Kunlun Energy Company Limited (“Kunlun Energy”) is principally engaged in the exploration and production of crude oil and natural gas in the PRC, the Republic of Kazakhstan, the Sultanate of Oman, Peru, the Kingdom of Thailand, the Azerbaijan Republic and the Republic of Indonesia, and the sales of natural gas, LNG processing and terminal and transmission of natural gas in the PRC. A dividend income of approximately HK\$196,000 was recognized in the interim condensed statement of comprehensive income of the Company during the Period. The audited profit attributable to shareholders of Kunlun Energy for the year ended 31 December 2012 was approximately HK\$6,518 million and the audited net assets attributable to shareholders of Kunlun Energy as at 31 December 2012 was approximately HK\$44,422 million. The fair value of the investment in Kunlun Energy is based on quoted market bid prices.

- (n) 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 audited profit attributable to shareholders of Chaowei Power for the year ended 31 December 2012 was approximately RMB496 million and the audited net assets attributable to shareholders of Chaowei Power as at 31 December 2012 was approximately RMB2,167 million. The fair value of the investment in Chaowei Power is based on market bid prices.

- (o) China WindPower Group Limited (“China WindPower”) issued the CNY denominated guarantee bonds amounted to CNY750,000,000 and is listed on 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 arrears on 4 April and 4 October each year. The unaudited profit attributable to shareholders of China WindPower for the Period was approximately HK\$39 million and the unaudited net assets attributable to shareholders of China WindPower as 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.

- (p) Hero Asia Investment Limited is a wholly-owned subsidiary of China Longyuan Power Group Corporation Limited (“China Longyuan”), which has issued the CNY denominated bonds amounted to CNY690,000,000 and is listed on SGX on 21 December 2011 (“China Longyuan Bond”).

China Longyuan is principally engaged in wind and coal power generation and sale, coal trading and other related business in PRC. China Longyuan Bond has an interest rate of 4.50% per annum and the interests are payable semi-annually in arrears on 21 June and 21 December each year. The unaudited profit attributable to shareholders of China Longyuan for the Period was approximately RMB1,464 million and the unaudited net assets attributable to shareholders of China Longyuan as at 30 June 2013 was approximately RMB30,338 million. The fair value of the investment in China Longyuan Bond is based on quoted bid prices.

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

Top three realized gain for the Period

| Name of investment | Realized gain <i>HK\$'000</i> |
|--|---|
| China Longyuan Power Group Corporation Limited | 2,832 |
| TCL Multimedia Technology Holdings Limited | 2,615 |
| HKT Trust and HKT Limited | 1,810 |

Top three realized loss for the Period

| Name of investment | Realized loss <i>HK\$'000</i> |
|--------------------------------|----------------------------------|
| Renren Inc. | 17,429 |
| Digital China Holdings Limited | 762 |
| Netease, Inc. | 789 |

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Company has obtained stock borrowing facilities in 2011. As at 30 June 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 30 June 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 30 June 2013 (31 December 2012: Nil).

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend during the Period (30 June 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 at 30 June 2013 (31 December 2012: Nil).

CAPITAL STRUCTURE

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

As at 30 June 2013, the Company made no capital expenditure or any other commitment (31 December 2012: Nil).

MATERIAL ACQUISITION AND DISPOSAL

During the Period, the Company did not acquire or dispose of any subsidiaries or associated companies (31 December 2012: Nil).

USE OF PROCEEDS

The Company has 16 investments as at 30 June 2013, comprising equities securities and debt securities listed in Hong Kong and Singapore. The largest one held by the Company is in the information technology sector focusing on the Hong Kong and Mainland China markets.

The rest of the net proceeds gained will be applied by CITIC Securities International Investment Management (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 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 at 30 June 2013, the Company had no employees (31 December 2012: Nil) but four Executive Directors (31 December 2012: Three) and three Independent Non-Executive Directors (31 December 2012: Three). The Company does not have a share option scheme. Up to the date of this announcement, the Company has three Executive Directors and three Independent Non-Executive Directors.

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.

PROSPECTS

Structural reforms in the financial system initiated by the Chinese Government aimed at pursuing quality economic growth will inevitably further cool down the domestic economy in the second half of 2013. In addition to the uncertainty caused by the possibility of the withdrawal of quantitative easing measures in the United States, the Chinese and Hong Kong stock markets will be affected and continue to fluctuate. However, thanks to our experienced investment and risk management team, the Company is confident to turn adversity into opportunity by leveraging our market expertise.

Although more moderate economic growth in China is expected in the second half of the year, rebalancing efforts made by the Chinese Government not only could facilitate healthy and sustainable economic development in the long run, but also minimize potential risk resulting from over-investing. Steady United States economic recovery as well as encouraging consumer demand by the Chinese authorities will also serve as catalysts to boost the global economy. The Company is still cautiously optimistic about the outlook of the stock markets in Mainland China and Hong Kong.

We remain positive on the information technology (“IT”), telecommunication, new media and new energy sectors as they will continue to benefit from the Twelfth Five-Year Plan. The State Council issued a statement in July 2013 on details of accelerating the development of the energy-saving industry and promoting consumption of IT-related products and services. According to the statement, China will increase the market share of energy-saving products to over 50% by 2015 by encouraging public and private entities to actively participate in the energy-saving sector. With regard to the development of the IT industry, the government aims to achieve an annual growth rate of over 20% in IT-related consumption from 2013 to 2015. The Company believes that the above-mentioned policy is favorable to the IT, telecommunication, new energy and environmental protection-related sectors and their stock performance.

The Company will continue an investment strategy that focuses on Greater China and closely monitor changes in the global market. It wants to capture valuable investment opportunities to maximize profit for the shareholders.

OTHER INFORMATION

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

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

CORPORATE GOVERNANCE PRACTICES

The Company has applied most of the principles set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules. The Board is of the view that throughout the Period, the Company was in compliance with the code provisions as set out in the CG Code, save and except for code provision A.4.1 which states that the Non-executive Directors should be appointed for a specific term, subject to re-election.

None of the existing Independent Non-Executive Directors of the Company is 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 A.4.2 of the CG Code.

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 Period.

AUDIT COMMITTEE

The Audit Committee currently comprises three Independent Non-Executive Directors, namely Mr. Siu Kam Chau (being the chairman with professional qualifications in accountancy), Professor Xu Yangsheng, and Mr. Doyle Ainsworth Dally.

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 meet with the external auditors twice without the presence of the Executive Directors.

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

REVIEW OF INTERIM FINANCIAL INFORMATION

The unaudited interim financial information of the Company for the Period have been reviewed by the Company's auditors, Ernst & Young, in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The auditors' independent review report will be included in the Company's interim report for the Period which will be dispatched to the shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 22 August 2013

As at the date of this announcement, the Directors of the Company are Mr. LINDSAY Craig Blaser, Mr. GU Xu and Mr. CHAN Cheong Yee as executive directors; Mr. SIU Kam Chau, Professor XU Yangsheng and Mr. DALLY Doyle Ainsworth as independent non-executive directors.