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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 2021

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 2021 (the “Year”), together with the comparative figures for the year ended 31 December 2020, as follows:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$</i>	2020 <i>HK\$</i>
REVENUE	4	2,547,989	3,417,096
Net change in fair value of financial assets at fair value through profit or loss	5	7,181,427	(23,661,821)
Other operating expenses		(14,592,920)	(10,526,541)
OPERATING LOSS		(4,863,504)	(30,771,266)
Finance costs	6(a)	(116,735)	(335,425)
LOSS BEFORE TAX	6(b)	(4,980,239)	(31,106,691)
Income tax expense	8	—	—
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		(4,980,239)	(31,106,691)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
– Basic (restated for 2020)		(0.007)	(0.05)
– Diluted (restated for 2020)		(0.007)	(0.05)

STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 HK\$	2020 HK\$
NON-CURRENT ASSETS			
Right-of-use asset		890,036	71,411
Deposits		126,740	72,205
Total non-current assets		1,016,776	143,616
CURRENT ASSETS			
Prepayments and other receivables		2,939,686	4,420,933
Amounts due from brokers		240,723	500,226
Financial assets at fair value through profit or loss	10	109,354,628	70,545,419
Cash and cash equivalents		2,277,187	2,000,472
Total current assets		114,812,224	77,467,050
CURRENT LIABILITIES			
Other payables and accruals		1,168,447	1,761,306
Amounts due to brokers		–	4,659,540
Lease liability		387,578	77,107
Total current liabilities		1,556,025	6,497,953
NET CURRENT ASSETS		113,256,199	70,969,097
TOTAL ASSETS LESS CURRENT LIABILITIES		114,272,975	71,112,713
NON-CURRENT LIABILITIES			
Lease liability		536,982	–
Total non-current liabilities		536,982	–
NET ASSETS		113,735,993	71,112,713
EQUITY			
Issued capital	11	34,568,595	24,005,969
Reserves		79,167,398	47,106,744
Total equity		113,735,993	71,112,713
NET ASSET VALUE PER SHARE		0.13	0.12

NOTES

1. CORPORATION INFORMATION

The Company was incorporated in the Cayman Islands on 1 February 2010 under the Companies Law of the Cayman Islands as an exempted company with limited liability. The Company was established for the purpose of acting as a closed-ended investment company.

The Company's registered office is at P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands. The principal place of business of the Company is at 22/F., CS Tower, 50 Wing Lok Street, Sheung Wan, Hong Kong.

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

During the Year, the Company's investment activities are managed by Evergrande Securities (Hong Kong) Limited (the "Investment Manager"). China Everbright Securities (HK) Limited ceased to be the investment manager of the Company from 30 November 2020 and the Company appointed Evergrande Securities (Hong Kong) Limited as new investment manager of the Company effective on 1 January 2021.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as 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 "Listing Rules"). They have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss which have been measured at fair values. The financial statements are presented in Hong Kong dollars ("HK\$") except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current year, the Company has applied the following amendments to IFRSs for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to IFRSs in the current year has had no material impact on the Company's financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments ³
Amendments to IFRS 3	Reference to the Conceptual Framework ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments to Interpretation 5 (2020) ³
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to IAS 8	Definition of Accounting Estimates ³
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Company is organised into business units based on the categories of investments. During the years ended 31 December 2021 and 2020, the Company has two reportable operating segments as follows:

Listed securities – Investments in equity securities listed on relevant stock exchange

Unlisted securities – Investments in private equity securities, promissory notes and unlisted bond

The geographical analysis of Company's turnover and segment results by geographical areas for the years ended 31 December 2021 and 2020 is not presented as significant transactions of the Company are mainly based in Hong Kong.

Further details of the Company's investments are included in Note 5 and Note 10.

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

	Listed securities HK\$	Unlisted securities HK\$	Unallocated HK\$	Total HK\$
For the year ended 31 December 2021				
Segment revenue	<u>26,400</u>	<u>2,520,740</u>	<u>849</u>	<u>2,547,989</u>
Segment results	<u><u>11,551,998</u></u>	<u><u>(1,823,431)</u></u>	<u><u>–</u></u>	<u>9,728,567</u>
Bank interest income				849
Unallocated expenses				<u>(14,709,655)</u>
Loss before tax				<u><u>(4,980,239)</u></u>
	Listed securities HK\$	Unlisted securities HK\$	Unallocated HK\$	Total HK\$
For the year ended 31 December 2020				
Segment revenue	<u>587,675</u>	<u>2,544,027</u>	<u>285,394</u>	<u>3,417,096</u>
Segment results	<u><u>(18,404,062)</u></u>	<u><u>(2,126,057)</u></u>	<u><u>–</u></u>	<u>(20,530,119)</u>
Bank interest income				394
Government grants				285,000
Unallocated expenses				<u>(10,861,966)</u>
Loss before tax				<u><u>(31,106,691)</u></u>

For the years ended 31 December 2021 and 2020, the operating segments derived revenue from dividend income, interest income and income from profit guarantee earned from the investments held by the segments. Segment results represented the net change in fair values of listed equity securities, private equity securities promissory notes and unlisted bond classified as financial assets at fair value through profit or loss and the corresponding interest income, dividend income as well as income from profit guarantee earned by each segment without the allocation of administrative expenses, finance costs, interest income from bank deposits, government grants and the Investment Manager's fees.

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

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

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
As at 31 December 2021			
Segment assets:			
Financial assets at fair value through profit or loss	<u><u>31,872,545</u></u>	<u><u>77,482,083</u></u>	<u><u>109,354,628</u></u>
Unallocated assets			<u>6,474,372</u>
Total assets			<u><u>115,829,000</u></u>
Liabilities:			
Unallocated liabilities			<u>2,093,007</u>
Total liabilities			<u><u>2,093,007</u></u>
	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
As at 31 December 2020			
Segment assets:			
Financial assets at fair value through profit or loss	<u><u>32,690,419</u></u>	<u><u>37,855,000</u></u>	70,545,419
Unallocated assets			<u>7,065,247</u>
Total assets			<u><u>77,610,666</u></u>
Liabilities:			
Unallocated liabilities			<u>6,497,953</u>
Total liabilities			<u><u>6,497,953</u></u>

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

4. REVENUE

An analysis of revenue is as follows:

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Dividend income from listed equity securities	26,400	587,675
Interest income from promissory notes	1,112,521	924,027
Interest income from unlisted bond	908,219	–
Bank interest income	849	394
Income from profit guarantee (<i>Note (i)</i>)	500,000	1,620,000
Government grants (<i>Note (ii)</i>)	–	285,000
	<u>2,547,989</u>	<u>3,417,096</u>

Notes:

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

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

	Listed securities <i>HK\$</i>	Unlisted securities <i>HK\$</i>	Total <i>HK\$</i>
For the year ended 31 December 2021			
Net realised loss on financial assets at fair value through profit or loss	(38,421,137)	–	(38,421,137)
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	49,946,735	(4,344,171)	45,602,564
Total of net realised and unrealised gain/(loss) included in profit or loss	<u>11,525,598</u>	<u>(4,344,171)</u>	<u>7,181,427</u>

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
For the year ended 31 December 2020			
Net realised loss on financial assets at fair value through profit or loss	(31,974,470)	(1,142,084)	(33,116,554)
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	<u>12,982,733</u>	<u>(3,528,000)</u>	<u>9,454,733</u>
Total of net realised and unrealised loss included in profit or loss	<u><u>(18,991,737)</u></u>	<u><u>(4,670,084)</u></u>	<u><u>(23,661,821)</u></u>

6. LOSS BEFORE TAX

The Company's loss before tax is arrived at after charging:

	2021 HK\$	2020 HK\$
(a) Finance costs		
Interest on other borrowings	85,883	331,324
Interest on lease liability	<u>30,852</u>	<u>4,101</u>
	<u><u>116,735</u></u>	<u><u>335,425</u></u>
(b) Included in other operating expenses:		
Staff cost (excluding directors' remuneration and share-based payment)	3,232,366	3,132,616
Investment management fee (<i>Note 7</i>)	600,000	550,000
Foreign exchange (gain)/loss, net	(3,346)	24,094
Auditors' remuneration	550,000	500,000
Lease payments not included in the measurement of lease liability	53,704	17,204
Consultancy fee	700,000	–
Legal and professional fees	1,312,750	1,557,177
Commission and other charges	405,069	319,574
Depreciation of right-of-use asset	296,501	171,385
Equity-settled share-based payment	<u><u>2,893,000</u></u>	<u><u>284,000</u></u>

7. FEES

Administration fee

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

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

The administration fee for the Year is HK\$399,264 (2020: HK\$398,329). As at 31 December 2021, an administration fee of HK\$66,742 (2020: HK\$66,359) was payable to the Administrator.

Custodian fee

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

The custodian fee for the Year is HK\$150,469 (2020: HK\$150,866). As at 31 December 2021, a custodian fee of HK\$25,000 (2020: HK\$25,000) was payable to the Custodian.

Management fee

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

The Investment Manager is entitled to a monthly management fee of HK\$50,000 and payable monthly in advance.

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

The management fee for the Year is HK\$600,000 (2020: HK\$550,000). As at 31 December 2021, the management fee of HK\$50,000 (2020: Nil) was payable to the Investment Manager.

8. TAXATION

The major components of income tax charge for the years ended 31 December 2021 and 2020 are:

	2021	2020
	HK\$	HK\$
Current tax:		
Hong Kong Profits tax	–	–
Deferred tax	–	–
	<hr/>	<hr/>
Tax charge for the year	–	–
	<hr/> <hr/>	<hr/> <hr/>

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

The calculation of basic per share amount is based on the Company's loss of HK\$4,980,239 (2020: loss of HK\$31,106,691) for the Year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the Year of 760,466,052 (2020: 569,152,899 (restated) ordinary shares). The weighted average number of ordinary shares in issue have been adjusted to reflect retrospectively the impact of bonus element of the right issue completed on 25 February 2022.

No adjustment has been made to the basic loss per share for the years ended 31 December 2021 and 2020 in arriving at diluted loss per share as the outstanding share options of the Company had anti-dilutive effect for the years.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Listed equity securities – Hong Kong	27,141,692	25,761,027
Listed equity security – Australia	3,370,853	3,131,048
Suspended listed equity securities – Hong Kong	1,360,000	3,798,344
Investments in private equities – British Virgin Islands	18,682,000	14,068,000
Investments in private equities – Hong Kong	20,430,000	6,787,000
Investments in promissory notes	23,381,302	17,000,000
Investments in unlisted bond	14,988,781	–
	<u>109,354,628</u>	<u>70,545,419</u>

11. ISSUED CAPITAL

	Number of shares	Nominal amount <i>HK\$</i>
Issued and fully paid		
Ordinary shares of nominal amount HK\$0.04 each at 31 December 2021	864,214,887	34,568,595
Ordinary shares of nominal amount HK\$0.04 each at 31 December 2020	600,149,228	24,005,969

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

	Number of shares in issue	Issued capital <i>HK\$</i>	Share premium account <i>HK\$</i>	Total <i>HK\$</i>
At 1 January 2020	1,388,246,794	13,882,468	127,540,435	141,422,903
Share consolidation	(1,041,185,096)	–	–	–
Rights issue	253,087,530	10,123,501	30,370,503	40,494,004
At 31 December 2020 and 1 January 2021	600,149,228	24,005,969	157,910,938	181,916,907
Placing in May 2021	120,029,845	4,801,194	16,694,238	21,495,432
Placing in November 2021	144,035,814	5,761,432	17,453,655	23,215,087
At 31 December 2021	864,214,887	34,568,595	192,058,831	226,627,426

12. EVENTS AFTER REPORTING PERIOD

On 25 February 2022, the Company had raised an approximately HK\$74 million, net of expenses, by way of the rights issue of 432,107,443 rights shares to the qualifying shareholders at a subscription price of HK\$0.18 per rights share on the basis of one rights share for every two shares.

Save as disclosed above, there is no other significant event after the reporting period.

FINANCIAL HIGHLIGHTS

During the Year, the Company maintained a long-term investment strategy in both public and private equities. The Company held sixteen investments in Hong Kong-listed companies, one investment in Australia-listed company, six private equity securities investments, three promissory notes and one unlisted bond as of 31 December 2021. One of our major investments is in the financial services sector focusing on the Hong Kong market. The Company reported net loss attributable to shareholders of HK\$4,980,239 during the Year, which consisted of the net change in fair value gain of HK\$7,181,427 taken on the investment positions in the portfolio.

The investment performance of the Company during the Year is affected by the slowdown in the Chinese economy and the rising volatility of the global stock market due to the global pandemic. As at 31 December 2021, the Company reported an audited net asset value of approximately HK\$0.13 per share. The net gain is mainly attributable to both net unrealised gain of HK\$45,602,564 offsetted by net realised loss of HK\$38,421,137 on financial assets at fair value through profit or loss as a result of recent Hong Kong stock market volatility. The Company will continue to monitor investments cautiously due to recent uncertain market conditions.

BUSINESS REVIEW AND PROSPECT

During the Year, the outbreak of the coronavirus disease (the “COVID-19”) and its variant Omicron continue to spread out in the entire world. However, since the vaccine launched in 2021 and the vaccination rate has been increasing widely, the Company expects the worldwide confirmed COVID-19 cases will not increase drastically and the pandemic will have a moderate impact in the future.

China adopted strict public health measures since 2020 and achieved an effective results. China restored business activities in various industries in 2021 and the overall national economy is rebounding. According to the data of the National Bureau of Statistics of China, the gross domestic product (“GDP”) of China in year 2021 increased to RMB114,367 billion over the corresponding period, which represents an increase of 8.1% compared with the year 2020. The GDP of the first quarter of 2021 climbed 18.3% and slowed down to 7.9%, 4.9% and 4.0% in the rest of quarters in 2021 respectively on a year-to-year basis.

Hang Seng Index reduced 14.1% in year 2021. At the same time, Hang Seng Chinese Enterprises Index, which dropped 23.3%, performed worse than Hang Seng Index. On the other hand, the United States Federal Reserve Board (“U.S. Federal Reserve”) remained the interest rates at 0.25% since they cut the interest rates twice in 2020 by 1.5 percentage point in total. During the “Post COVID-19” period, U.S. inflation rate accelerates to a 40-Year high of 7.5% in December 2021.

The U.S. GDP grew at an annualized rate of 6.9% through the fourth quarter of last year, while the GDP increased 5.7% in 2021. The increase in GDP in 2021 reflected increases in all major subcomponents, led by nonresidential fixed investment, exports, residential fixed investment, and private inventory investment. Even though the Omicron is now the dominant version of the coronavirus in the U.S., the average daily COVID-19 cases and hospitalisations are continuing to fall, an indicator that the Omicron's hold is weakening across the world. It left lots of uncertainties in the market and these impacts may leave a big rebound potential for the GDP growth in U.S. straightly.

Since U.S. inflation rate accelerates to a 40-Year high, the Company expects it provided a huge room for U.S. Federal Reserve interest hike in 2022. The Company expects U.S. Federal Reserve may interest hike for 3 times and interest rate rise for 1.75 percentage point as total at most in 2022. The Company believes that the change in global monetary policies will escalate the volatility extremely in global equity market. However, the Company remains cautiously optimistic on the prospects of securities market in China and Hong Kong.

The focus of the Company is to invest in listed securities in short to medium terms and will continue to seek opportunities to invest in listed companies with high potential. During the Year, the Company has invested in Kingland Group Holdings Limited (1751.HK) ("Kingland"). Kingland is providing concrete demolition service in Hong Kong and Macau. Its services include removing pieces or sections of concrete from concrete structures and the demolition of the entire concrete structures or buildings through methods, such as core drilling, sawing and crushing.

The other focus of the Company is to invest in private equity securities and other unlisted investments in long term. The Company believes this strategy can diversify the risk of investments and will potentially bring greater return in long run with the upcoming reform alongside with listed investments in portfolio. During the Year, the largest investment in private equities is Gransing Financial Group Limited ("Gransing Financial") which is principally engaged in provision of quality brokerage, corporate finance, asset management, money lending and financial adviser services to institutional and individual investors in Hong Kong and Mainland China through its subsidiaries. With the enhancement of artificial intelligence ("A.I.") technology, Gransing Financial launched several new services including the online account opening services for new customers in Hong Kong and China. Gransing Financial's A.I. analyst would serve their clients with stock monitoring, investment strategies and stock scoring services.

The Company will continue to look for further investment opportunities in private equities focusing on health care (including High-Technology and Online Medical) as well as telecommunication (including Internet of Things) sectors. The Company will continue to deploy an investment strategy focusing on Greater China and other global major markets. With our professional investment and risk management team, we are confident to capture valuable investment opportunities to maximise profit for our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENT REVIEW

The Company held twenty-seven investments as of 31 December 2021, comprising sixteen equity securities in Hong Kong-listed companies, one equity security in Australia-listed company, six private equity securities, three promissory notes and one unlisted bond.

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

At 31 December 2021

Listed Equity Securities – Hong Kong

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee’s capital owned	Cost	Market value	Unrealised gain/(loss) recognised (Note 1)	Net asset attributable to the Company (Note 2)	Dividend received/receivable during the Year	% of gross assets of the Company
				HK\$’000	HK\$’000	HK\$’000		HK\$’000	
(a) Kingland Group Holdings Limited	The Cayman Islands	43,240,000 ordinary shares of HK\$0.01 each	5.36%	10,910	9,729	(1,181)	HK\$2.07 million	-	8.40
(b) InvesTech Holdings Limited	The Cayman Islands	2,129,700 ordinary shares of US\$0.01 each	2.53%	5,177	3,812	(1,365)	RMB8.80 million	-	3.29
(c) Beaver Group (Holding) Company Limited	The Cayman Islands	26,617,500 ordinary shares of HK\$0.1 each	9.86%	5,668	3,460	(2,208)	HK\$7.75 million	-	2.99

Listed Equity Security – Australia

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee’s capital owned	Cost	Market value	Unrealised gain/(loss) recognised (Note 1)	Net liability attributable to the Company (Note 2)	Dividend received/receivable during the Year	% of gross assets of the Company
				HK\$’000	HK\$’000	HK\$’000		HK\$’000	
(d) Crater Gold Mining Limited	Australia	35,000,000 Ordinary shares	2.85%	2,669	3,371	702	AUD(0.44) million	-	2.91

Private Equity Security – British Virgin Islands

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised <i>(Note 1)</i>	Net asset attributable to the Company <i>(Note 3)</i>	Dividend received/receivable during the Year	% of gross assets of the Company
				<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		<i>HK\$'000</i>	
(e) Gransing Financial Group Limited	British Virgin Islands	64 shares of USD1 each	18.08%	46,377	18,300	(28,077)	HK\$26.77 million	–	15.80

Private Equity Securities – Hong Kong

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised <i>(Note 1)</i>	Net asset attributable to the Company <i>(Note 3)</i>	Dividend received/receivable during the Year	% of gross assets of the Company
				<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		<i>HK\$'000</i>	
(f) iPro Financial Press Limited	Hong Kong	7,137 shares	19.90%	15,000	15,489	489	HK\$2.41 million	–	13.37
(g) Help U Credit Finance Limited	Hong Kong	37,000 shares	19.95%	19,000	4,868	(14,132)	HK\$13.30 million	–	4.20

Unlisted Bond – The Cayman Islands

Name of issuer	Place of incorporation	Cost	Market value	Unrealised gain/(loss) recognised <i>(Note 1)</i>	Yield per annum	Maturity date	Interest received/accrued during the Year	% of gross assets of the Company
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>		<i>HK\$'000</i>	
(h) Oriental Payment Group Holdings Limited	The Cayman Islands	15,000	14,989	(11)	10	24 May 2022	908	12.94

Promissory Notes – Hong Kong

Name of issuer	Place of incorporation	Cost	Market value	Unrealised gain/(loss) recognised (Note 1)	Yield per annum	Maturity date	Interest received/ accrued during the Year	% of gross assets of the Company
		HK\$'000	HK\$'000	HK\$'000	%		HK\$'000	
(i) Gransing Finance Limited	Hong Kong	11,500	11,499	(1)	8	8 February 2022	365	9.93
(j) iPro Financial Press Limited	Hong Kong	9,000	8,877	(123)	8	21 June 2022	20	7.66

At 31 December 2020

Listed Equity Securities – Hong Kong

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

Listed Equity Security – Australia

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised (Note 4)	Net liability attributable to the Company (Note 2)	Dividend received/receivable during the year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
Crater Gold Mining Limited	Australia	35,000,000 ordinary shares	2.85%	2,669	3,131	462	AUD(0.15) million	–	4.03

Private Equity Security – British Virgin Islands

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised (Note 4)	Net asset attributable to the Company (Note 3)	Dividend received/receivable during the year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
Gransing Financial Group Limited	British Virgin Islands	48 shares of USD1 each	15.53%	42,799	14,068	(28,731)	HK\$19.79 million	–	18.13

Private Equity Security – Hong Kong

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised (Note 4)	Net asset attributable to the Company (Note 3)	Dividend received/receivable during the year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
Help U Credit Finance Limited	Hong Kong	37,000 shares	19.95%	19,000	6,390	(12,610)	HK\$14.00 million	–	8.23

Promissory Note – Hong Kong

Name of investee	Place of incorporation	Cost	Market value	Unrealised gain/(loss) recognised (Note 4)	Yield per annum	Maturity date	Interest received/accrued during the year	% of gross assets of the Company
		HK\$'000	HK\$'000	HK\$'000	%		HK\$'000	
Gransing Finance Limited	Hong Kong	15,000	15,000	-	8	12 May 2021	766	19.33

Notes:

- (1) The unrealised gain/(loss) recognised represented the changes in fair value of the respective investments during the Year.
- (2) The calculation of net assets/(liability) attributable to the Company is based on the latest published interim/annual reports of the respective investments at the end of each reporting period.
- (3) The calculation of net assets attributable to the Company is based on the latest financial information/statements of the respective investments at the end of each reporting period.
- (4) The unrealised gain/(loss) recognised represented the changes in fair value of the respective investments during the year ended 31 December 2020.

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

- (a) Kingland Group Holdings Limited (“Kingland”), formerly Sing On Holdings Limited, is an investment holding company mainly as a subcontractor provides concrete demolition service in Hong Kong and Macau. The unaudited loss attributable to shareholders of Kingland for the six months ended 30 June 2021 was approximately HK\$19,692,000 and the unaudited net assets attributable to shareholders of Kingland as at 30 June 2021 was approximately HK\$38,607,000. Kingland remains cautious about the risk and uncertainty related to the outbreak of COVID-19 variants and will strive their best to seek opportunity to undertake more sizeable projects and to continuously strengthen cost control measure in order to generate more revenue and to reduce cost. The fair value of the investment in Kingland is based on quoted market bid prices.
- (b) InvesTech Holdings Limited (“InvesTech”) is a China-based company mainly provides network system integration solutions and sales of softwares. The unaudited loss attributable to shareholders of InvesTech for the six months ended 30 June 2021 was approximately RMB9,559,000 and the unaudited net assets attributable to shareholders of InvesTech as at 30 June 2021 was approximately RMB347,731,000. InvesTech would continue to develop its IT infrastructure system integration business to generate stable source of income and to expand their customer base for their Smart Office Software Solutions & PropTech Solutions. The fair value of the investment in InvesTech is based on quoted market bid prices.

- (c) Beaver Group (Holding) Company Limited (“Beaver”) is a foundation contractor primarily engaged in subcontracted bored piling works as well as other foundation works. The unaudited loss attributable to shareholders of Beaver for the six months ended 30 September 2021 was approximately HK\$10,719,000 and the unaudited net assets attributable to shareholders of Beaver as at 30 September 2021 was approximately HK\$78,621,000. Beaver will invest in the manpower and information system to enhance its operational capacity and efficiency in foundation and site formation works and bored piling works. The fair value of the investment in Beaver is based on quoted market bid prices.
- (d) Crater Gold Mining Limited (“Crater Gold Mining”) is principally engaged in producing gold and developing gold and base metal projects in Papua New Guinea and Australia. The unaudited loss attributable to shareholders of Crater Gold Mining for the six months ended 31 December 2021 was approximately AUD1,405,130 and the unaudited net liabilities attributable to shareholders of Crater Gold Mining as at 31 December 2021 was approximately AUD15,315,440. Crater Gold Mining is continuing to increase shareholder wealth through acquisition and development of world class mineral resources. The fair value of the investment in Crater Gold Mining is based on quoted market bid prices.
- (e) Gransing Financial Group Limited (“Gransing Financial”) is principally engaged in provision of quality brokerage, corporate finance, asset management, money lending and financial adviser services to institutional and individual investors in Hong Kong and Mainland China through its subsidiaries. With the enhancement of artificial intelligence (“A.I.”) technology, Gransing Financial launched several new services included the online opening account services for new customers in Hong Kong and China. Moreover, by the help of advanced intelligent technology, Gransing Financial’s A.I. analyst would serve their clients with stock monitoring, investment strategies and stock scoring services. All the above would improve Gransing Financial’s operation efficiency and earn more new potential clients. The fair value of the investment in Gransing Financial is based on valuation by independent valuer.
- (f) iPro Financial Press Limited (“iPro”) is principally engaged in financial printing services, production of announcements such as IPO prospectus and financial reports, and provision of venues for financial related forums. The fair value of the investment in iPro is based on valuation by independent valuer.
- (g) Help U Credit Finance Limited (“Help U”) is principally engaged in money lending business in Hong Kong. Help U is a licensed money lender and provides secured and unsecured loans to both individuals and corporations. The fair value of the investment in Help U is based on valuation by independent valuer.

- (h) Oriental Payment Group Holdings Limited (“Oriental Payment”) is an investment holding company mainly engaged in merchant acquiring business. Oriental Payment issued a 1-year bond to the Company which bond size is HK\$15 million, with coupon of 10% per year and will mature in May 2022. The fair value of the investment in the bond is based on valuation by independent valuer.
- (i) Gransing Finance Limited (“Gransing Finance”) is engaged in the provision of money lending. Gransing Finance is held by Gransing Financial and which is the sole shareholder of Gransing Finance. Gransing Finance issued a 6-month promissory note to the Company which note size is HK\$11.5 million, with coupon of 8% per year and will mature in February 2022. The fair value of the investment in the promissory note is based on valuation by independent valuer.
- (j) iPro Financial Press Limited (“iPro”) is principally engaged in financial printing services, production of announcements such as IPO prospectus and financial reports, and provision of venues for financial related forums. iPro issued a 6-month promissory note to the Company which note size is HK\$9 million, with coupon of 8% per year and will mature in June 2022. The fair value of the investment in the promissory note is based on valuation by independent valuer.

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

Top three realised gain for the Year

Name of investment	Realised gain <i>HK\$'000</i>
CROSSTEC Group Holdings Limited	2,316
China Telecom Corporation Limited	279
China Gas Industry Investment Holdings Company Limited	97

Top three realised loss for the Year

Name of investment	Realised loss <i>HK\$'000</i>
Town Health International Medical Group Limited	26,399
Lerado Financial Group Company Limited	9,004
InvesTech Holdings Limited	2,179

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Company has maintained a sufficient cash position which will allow it to capture opportunities with promising returns in both listed and private equities.

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

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the Year (2020: Nil).

CHARGES ON COMPANY'S ASSET AND CONTINGENT LIABILITIES

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

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

CAPITAL STRUCTURE

On the listing date on 6 January 2011, the Company completed a share placement and a total of 303,000,000 ordinary shares of HK\$0.1 each were placed at a price of HK\$1.03 per share for a total cash consideration, excluding the related issue expenses, for approximately HK\$312.1 million. Subsequent to the listing, the Company had acquired additional capital by completion of rights issue and placing of new shares under general mandate. As at 31 December 2021, the capital of the Company comprises of 864,214,887 ordinary shares of HK\$0.04 each.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 21 May 2021, the Company had raised approximately HK\$21.21 million, net of expenses, by way of entering into a placing agreement with the placing agent, to place 120,029,845 placing shares to not less than six placees which are professional investors and independent third parties. The placing shares are issued at a gross price of HK\$0.18 and net price of HK\$0.177 per placing share (closing price of the shares of the Company was HK\$0.204 as at the date of announcement) under the general mandate granted to the Directors at the annual general meeting of the Company held on 29 May 2020. Approximately HK\$19.09 million and HK\$2.12 million, representing approximately 90% and 10% of the net proceeds respectively, had utilised for the intended purpose towards investment in line with its ordinary course of business and general working capital of the Company. Details of the placing of new shares under general mandate can be referred to the announcements dated 28 April 2021 and 21 May 2021 respectively.

On 2 November 2021, the Company had raised approximately HK\$22.93 million, net of expenses, by way of entering into a placing agreement with the placing agent, to place 144,035,814 placing shares to not less than six placees which are professional investors and independent third parties. The placing shares are issued at a gross price of HK\$0.162 and net price of HK\$0.159 per placing share (closing price of the shares of the Company was HK\$0.204 as at the date of announcement) under the general mandate granted to the Directors at the annual general meeting of the Company held on 28 May 2021. Approximately HK\$18.34 million, and HK\$4.59 million, representing approximately 80% and 20% of the net proceeds respectively, had utilised for the intended purpose towards investment in line with its ordinary course of business and general working capital of the Company. Details of the placing of new shares under general mandate can be referred to the announcements dated 8 October 2021 and 2 November 2021 respectively.

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 (2020: Nil).

CAPITAL EXPENDITURE AND COMMITMENT

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

MATERIAL ACQUISITION AND DISPOSAL

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

USE OF PROCEEDS

The Company has twenty-seven investments as of 31 December 2021, comprising of equity securities listed in Hong Kong and Australia, private equity securities, promissory notes and unlisted bond. The largest one held by the Company is in the financial services sector focusing in the Hong Kong market.

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Company had seven full-time employees (31 December 2020: seven full-time employees). All of the Company's employees were based in Hong Kong.

The Company establishes its remuneration policy by making reference to the prevailing market conditions and a performance-based reward system. The policy is periodically reviewed. Apart from mandatory provident fund, salaries increment, discretionary bonuses and share options 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\$3,232,366 (31 December 2020: HK\$3,132,616).

FOREIGN CURRENCY FLUCTUATION

The Board believes that foreign exchange risks are minimal as the Company mainly uses the Hong Kong 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 2021, the Company was in compliance with the code provisions as set out in the CG Code, save and except for the deviation from code provision A.2.1.

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. During the Year, Mr. Gu Xu has been both the Chairman and Chief Executive Officer of the Company. He provides leadership to the Board and is responsible for the Company's business development and daily management generally. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same individual can provide the Company with strong and consistent leadership and 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 three of them being independent non-executive Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Mode 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 2021.

AUDIT COMMITTEE

The Audit Committee currently comprises four independent non-executive Directors, namely Mr. Chong Ching Hoi (being the chairman with professional qualifications in accountancy), Mr. Leung Wai Lim, Mr. Sun Boquan and Mr. Lam King.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, audit plan and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, risk management system, internal control or other matters of the Company. The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code.

The Audit Committee held two meetings during the year ended 31 December 2021 to review interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of risk management and internal control systems, scope of work and appointment of external auditors, and arrangements for employees to raise concerns about possible improprieties. The Audit Committee has reviewed the accounting principles and policies adopted by the Company and the annual results and audited financial statement for the Year.

The Audit Committee also met the external auditors once without the presence of the executive Directors during 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 2021 have been agreed by the Company's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Company's financial statements for the Year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standard on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standard on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

By Order of the Board
China New Economy Fund Limited
GU Xu

Chief Executive Officer and Executive Director

Hong Kong, 29 March 2022

As at the date of this announcement, the Board comprises Mr. GU Xu and Mr. CHAN Cheong Yee as executive Directors; Mr. HUANG Bin (Co-Chairman), Mr. CHOI Chit Sze Jackson (Co-Chairman), Mr. WANG Dingben, Mr. CHOW Yeung Tuen Richard and Mr. CHOI Koon Ming as non-executive Directors; and Mr. LEUNG Wai Lim, Mr. SUN Boquan, Mr. CHONG Ching Hoi and Mr. LAM King as independent non-executive Directors.