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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)**

### **(1) PROPOSED SHARE CONSOLIDATION; (2) PROPOSED CHANGE IN BOARD LOT SIZE; AND (3) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON THE RECORD DATE**

#### **PROPOSED SHARE CONSOLIDATION**

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every four (4) issued and unissued Existing Shares of par value HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.04.

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 divided into 100,000,000,000 Existing Shares of HK\$0.01 each, of which 1,388,246,794 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased between the date of this announcement and the date of the EGM, immediately after the Share Consolidation becoming effective but before the completion of the Rights Issue, the authorised share capital of the Company will become HK\$1,000,000,000 divided into 25,000,000,000 Consolidated Shares of HK\$0.04 each, of which 347,061,698 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM.

#### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 20,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 20,000 Existing Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

## **PROPOSED RIGHTS ISSUE**

The Board proposes, subject to, amongst others, the Share Consolidation becoming effective, to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) Consolidated Share held on the Record Date at the Subscription Price of HK\$0.16 per Rights Share, to raise gross proceeds of approximately HK\$55.5 million before expenses (assuming no further issue or repurchase of Shares on or before the Record Date), by way of the Rights Issue of 347,061,698 Rights Shares to the Qualifying Shareholders.

The Company will provisionally allot to the Qualifying Shareholders one (1) Rights Share in nil-paid form for every one (1) Consolidated Share in issue and held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Excluded Shareholders.

The estimated net proceeds from the Rights Issue, if fully subscribed, after deducting all necessary expenses are estimated to be approximately HK\$54.6 million (assuming no further issue or repurchase of Shares on or before the Record Date). Details of the use of proceeds are set out in the paragraph headed “Reasons for and benefits of the Rights Issue and use of proceeds” under the section headed “Proposed Rights Issue” in this announcement. The Rights Issue is conditional upon, among other things, the Share Consolidation having become effective.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event there is an undersubscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly.

## **WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES, THE CONSOLIDATED SHARES AND NIL-PAID RIGHTS SHARES**

The Rights Issue is conditional upon fulfilment of the conditions set out in the paragraph headed “Conditions of the Rights Issue” under the section headed “Proposed Rights Issue” of this announcement, including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or potential investors contemplating selling or purchasing the Existing Shares, the Consolidated Shares and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

## **LISTING RULES IMPLICATIONS**

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the issued shares of the Company by more than 50%, the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, the Company does not have any controlling shareholder and none of the Directors and the chief executive of the Company and their respective associates holds any Existing Share. Accordingly, no Shareholder shall abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM and no Director shall abstain from voting in favour of the Rights Issue at the meeting of the Board.

## **GENERAL**

A circular containing, among other things, (i) further details of the Share Consolidation, the Change in Board Lot Size and the Rights Issue; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 16 March 2020.

Subject to the fulfilment of certain conditions of the Rights Issue including the approval of the Shareholders at the EGM and upon the Share Consolidation becoming effective, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL and EAF to the Excluded Shareholders.

## **PROPOSED SHARE CONSOLIDATION**

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every four (4) issued and unissued Existing Shares into one (1) Consolidated Share. As none of the Shareholders or their respective associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution relating to the Share Consolidation at the EGM.

## **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the following:

- (i) the passing of the ordinary resolution(s) by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the Listing Rules to effect the Share Consolidation; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

The Share Consolidation will become effective on the second Business Day immediately following the fulfillment of the above conditions.

## **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 divided into 100,000,000,000 Existing Shares of HK\$0.01 each, of which 1,388,246,794 Existing Shares have been issued and are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective and on the basis that no further Existing Shares will be allotted, issued or repurchased prior thereto, the authorised share capital of the Company will become HK\$1,000,000,000 divided into 25,000,000,000 Consolidated Shares of HK\$0.04 each, of which 347,061,698 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company's articles of association. No fractional Consolidated Shares will be issued by the Company to the Shareholders. Any fractional entitlements of Consolidated Shares will be aggregated, sold and retained for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

## **Adjustments in relation to the other securities of the Company**

As at the date of this announcement, there are outstanding share options for subscription of an aggregate of 41,647,401 Existing Shares under the share option scheme adopted by the Company on 28 May 2015. The Share Consolidation may lead to adjustments to the exercise price and/or the number of Consolidated Shares falling to be issued upon exercise of the outstanding share options pursuant to the terms and conditions of the share option scheme and the Listing Rules. The Company will make further announcement(s) on such adjustments as and when appropriate.

Save for the aforementioned share options, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares as at the date of this announcement. The Company also has no intention to issue or grant any convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares on or before the Record Date.

## **Odd lots arrangements and matching services**

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will procure an arrangement with an agent to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares on a best effort basis. Further details in respect of the odd lots arrangements will be set out in the circular to be issued by the Company.

Holder of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

## **Exchange of share certificates**

Subject to the Share Consolidation having become effective, Shareholders may, during the specified period, submit the existing share certificates for the Existing Shares to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Consolidated Shares (whichever is higher) but are not acceptable for trading, settlement and registration.

The new share certificates for the Consolidated Shares will be issued in red colour in order to distinguish them from the existing share certificates in green colour.

### **Listing and Dealings**

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares in issue arising from the Share Consolidation and all necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 20,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 20,000 Existing Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective. Based on the closing price of HK\$0.055 per Existing Share (equivalent to the theoretical closing price of HK\$0.22 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$1,100; (ii) the estimated value of each existing board lot of Consolidated Shares would be HK\$4,400 assuming the Share Consolidation has become effective; and (iii) the estimated value per board lot of 10,000 Consolidated Shares would be HK\$2,200 assuming that the Change in Board Lot Size had also been effective. The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

### **REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities.

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019, the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade. As at the date of this announcement, the closing price of each Existing Share is HK\$0.055, with a board lot size of 20,000 Existing Shares, the Existing Shares are trading under HK\$1,100 per board lot.

The Existing Shares have been constantly traded below HK\$1.00 for the past few years. In order to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes to implement the Share Consolidation and the Change in Board Lot Size. It is expected that the Share Consolidation and the Change in Board Lot Size will increase the value of each board lot of the Consolidated Shares to more than HK\$2,000. The Board believes the Share Consolidation and the Change in Board Lot Size will not have

any material adverse effect on the financial position of the Company nor result in change in the relative rights of the Shareholders and are in the interests of the Company and the Shareholders as a whole.

## **PROPOSED RIGHTS ISSUE**

The Board proposes, subject to, amongst others, the Share Consolidation becoming effective, the Rights Issue with the terms set out as follows:

### **Issue statistics**

Basis of the Rights Issue	:	One (1) Rights Share for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.16 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.157 per Rights Share
Number of Shares in issue as at the date of this announcement	:	1,388,246,794 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	:	347,061,698 Consolidated Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	347,061,698 Rights Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	HK\$13,882,467.92 (assuming no Shares are issued or repurchased on or before the Record Date)
Total number of Consolidated Shares in issue upon completion of the Rights Issue	:	694,123,396 Consolidated Shares (assuming no Shares are issued or repurchased on or before the Record Date)

Gross proceeds from the Rights Issue : Approximately HK\$55.5 million before expenses (assuming no Shares are issued or repurchased on or before the Record Date)

Right of excess applications : Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

Assuming no Shares are issued or repurchased on or before the Record Date, the 347,061,698 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 100% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and 50% of the total number of issued Consolidated Shares as enlarged by the issue of the Rights Shares.

### **Undertakings**

The Company has not received any information or irrevocable undertaking from any substantial shareholder of their intention in relation to the Rights Shares to be provisionally allotted to them under the Rights Issue as at the date of this announcement.

### **The Subscription Price**

The Subscription Price of HK\$0.16 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, upon an application of excess Rights Shares, or when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 27.3% to the theoretical closing price of HK\$0.220 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.055 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 25.7% to the theoretical closing price of HK\$0.215 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.054 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 27.3% to the average theoretical closing price of approximately HK\$0.220 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.055 per Existing Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;



- (iv) a discount of approximately 15.8% to the theoretical ex-rights price of approximately HK\$0.19 per Consolidated Share (taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.055 per Existing Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) the net asset value of the Company of approximately HK\$0.16 per Consolidated Share based on the unaudited net asset value per Share of HK\$0.04 as at 31 January 2020 and 347,061,698 Consolidated Shares assuming the Share Consolidation has become effective.

The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules and taking into account the Share Consolidation) for the Rights Issue are approximately HK\$0.19 per Share, HK\$0.215 per Share and 12.8%, respectively. The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Subscription Price was determined with reference to the average closing price of HK\$0.215 (taking into account the effect of the Share Consolidation) per Existing Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to the Last Trading Day, the financial conditions of the Company, current market conditions and the reasons and benefits of Rights Issue as discussed in the paragraph headed “Reasons for and benefits of the Rights Issue and use of proceeds” under the section headed “Proposed Rights Issue” in this announcement. The Directors consider that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Status of the Rights Shares**

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank pari passu in all respects among themselves and with the Consolidated Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a Shareholder as at the close of business on the Record Date and not be an Excluded Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Consolidated Shares (together with the relevant share certificate(s)) must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong

Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 9 April 2020.

It is expected that the last day of dealings in the Consolidated Shares on a cum-rights basis is Tuesday, 7 April 2020, and the Consolidated Shares will be dealt with on an ex-rights basis from Wednesday, 8 April 2020.

Subject to the Share Consolidation having become effective and the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL and the EAF) to the Excluded Shareholders for their information only.

### **Closure of register of members**

The register of members of the Company will be closed from Tuesday, 14 April 2020 to Monday, 20 April 2020 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of the Consolidated Shares will be registered during the above book closure period.

### **Basis of provisional allotments**

The Rights Shares will be allotted on the basis of one (1) Rights Share (in nil-paid form) for every one (1) Consolidated Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Acceptance for all or any part of a Qualifying Shareholder’s provisional allotment should be made only by duly completing a PAL and lodging the same with a cheque or a banker’s cashier order for the sum payable for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

### **Rights of Overseas Shareholders (if any)**

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will comply with Rule 13.36(2)(a) of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional

allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest cent) to the Excluded Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold entitlements of the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders.

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.**

#### **Application for the excess Rights Shares**

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders and for any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares.

Application for excess Rights Shares can be made only by duly completing and signing the EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the excess Rights Shares being applied for with the Registrar by 4:00 p.m. on Thursday, 7 May 2020.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis on the principle that any excess Rights Shares will be allocated to the applying Qualifying Shareholders on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application. No reference will be made to the Rights Shares comprised in acceptance by the PAL or the number of Shares held by Qualifying Shareholders. No preference will be given to topping up odd lots to whole board lots.

If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under PALs is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under their own names prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

### **Certificates of the Rights Shares and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent on or about Friday, 15 May 2020 by ordinary post to those entitled thereto, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be sent on or about Friday, 15 May 2020 by ordinary post to the applicants, at their own risk, to their registered addresses.

### **Fractional entitlement to the Rights Shares**

On the basis of the entitlement to subscribe one (1) Rights Share for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements of the Consolidated Shares to the Rights Shares will arise from the Rights Issue.

### **Taxation**

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Excluded Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance

and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **Non-underwritten basis**

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event there is an undersubscription of the Rights Issue, any unsubscribed Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The legal adviser of the Company has confirmed that there are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive has been obtained. Accordingly, the Rights Issue will be made on the term that the Company will provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder for his entitlement under the PAL or for excess Rights Shares under the EAF will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (1) the passing of the necessary resolutions by the Shareholders (or as the case may be, the Independent Shareholders) at the EGM approving, among other things, (i) the Share Consolidation; and (ii) the Rights Issue, including the allotment and issue of the Rights Shares (in their nil-paid and fully paid forms) on or before the Prospectus Posting Date;
- (2) the Share Consolidation having become effective by no later than the Prospectus Posting Date;

- (3) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Prospectus Posting Date;
- (4) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date; and
- (5) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms).

The conditions precedent set out in paragraphs (1) to (5) are incapable of being waived by the Company. If the conditions precedent set out in the above paragraphs are not satisfied by the Latest Time for Acceptance, the Rights Issue will not proceed.

#### **REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS**

The Company is an investment company listed under Chapter 21 of the Listing Rules. The investment objective of the Company is to achieve long-term capital appreciation through investing globally in both private and publicly listed 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.

Assuming that there is no change in the number of issued Shares on or before the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full, the gross proceeds from the Rights Issue will be approximately HK\$55.5 million. The net proceeds from the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK\$0.9 million) are estimated to be approximately HK\$54.6 million (assuming no further issue or repurchase of Shares on or before the Record Date), which are intended to be applied in following manner:

##### *Investment in line with its ordinary course of business:*

The Company intends to apply approximately HK\$42.3 million, being approximately 77.5% of the net proceeds, for investment (including but not limited to the medical and telecommunication sector) in line with its ordinary course of business.

As the Company is an investment company listed under Chapter 21 of the Listing Rules, the principal business activity of the Company is the making of investments and the investment objective of the Company is to achieve long-term returns through capital appreciation and dividend. It is the priority of the Company to ensure that it has sufficient funds for investment in the event that any attractive investment opportunities arise.

In view of the outbreak of novel coronavirus pneumonia in Wuhan which has spread to different parts of the world and intensified the current uncertainties and market sentiment in the financial market in Hong Kong after the political conflicts, the Board is of the view that it would be in the best interest of the Company to prepare and raise sufficient funds at this time to capture any investment opportunities as and when they arise because downward volatility can often present good entry points to invest in good quality investments at attractive low prices. The Board considered that when the outbreak of the novel coronavirus pneumonia is eventually brought under control, a good entry point to invest would present itself. As there is an approximately two-month lead time for the Company to raise funds, the Company would not be able to raise funds in time to capture such investment opportunities if the fund-raising exercise is conducted in two to three months' time.

As the Company does not currently have sufficient funds to capture any potential attractive investment opportunities, without a fund-raising exercise, in the event that any such attractive investment opportunities arise in the near future, the Company may miss out on the good entry points in the market to reap the benefits of these investment opportunities in the long term.

For the six months ended 30 June 2019, payments for purchase of financial assets at fair value through profit or loss of the Company were approximately HK\$38 million, illustrating that the proposed allocation of HK\$42.3 million for the use of proceeds of making prospective investments is within a reasonable range with the amount of funds historically applied by the Company in making investments and in line with the budgeted sum for investments of the Company in a half-year.

At present, the Board has not identified any particular potential investments or opportunities nor is it in negotiation in relation thereof, but considers the proposed allocation of the net proceeds in the amount of approximately HK\$42.3 million to be sufficient for fund mobilisation in the event that any investment opportunities arise based on the historical investment trends of the Company.

*Repayment of margin payable to a broker and settlement of interest expenses:*

The Company intends to apply approximately HK\$6.8 million, being approximately 12.5% of the net proceeds, for repayment of margin payable to a broker and settlement of interest expenses. The margin payable was borrowed for the purpose of capturing investment opportunities in listed equity securities in the construction and telecommunication industries as the Company had insufficient cash at the time. The margin payable to the broker is unguaranteed and secured by certain pledges over assets of the Company and with a 12% annual interest rate.

It is not uncommon for the Company to finance its funding needs by the borrowing of margins but this fund-raising method often incurs high interest expenses and is not practicable in catering to the long term and larger fund-raising needs of the Company. Since the publication of the interim report of the Company for the six months ended 30 June 2019, the Company has realised a portion of its investments to make repayment of the amount due to brokers of HK\$13 million and as at the date of this announcement, the remaining amount due was approximately HK\$6.8 million. As margins payable are of a fluctuating nature, the actual amount as at the latest practicable date for the purpose of the circular may be different.

*General working capital of the Company:*

The Company intends to apply approximately HK\$5.5 million, being approximately 10% of the net proceeds, for general working capital of the Company, such as administrative and other expenses, including but not limited to office rent, salaries and allowances and legal and professional fees. The proposed use of net proceeds of approximately HK\$5.5 million towards administrative and other expenses and legal and professional fees is budgeted to maintain liquidity in the working capital.

**Expected timeline for use of proceeds from the proposed Rights Issue**

As the Rights Issue will be on a non-underwritten basis, the actual amount of the net proceeds of the Rights Issue cannot be ascertained at this point but will in any event be first applied towards repayment of margin payable to a broker and settlement of interest expenses in its entirety (if sufficient to do so) and any remaining sum available will be to be applied towards investment in line with the ordinary course of business of the Company or its working capital.

Based on the financial budget, the net proceeds are expected to be utilised for the abovementioned proposed uses within 12 months. The intended uses of proceeds set out above will be adjusted on a pro rata basis according to the actual amount of the net proceeds received from the Rights Issue.

If the maximum number of Rights Shares to be allotted and issued under the Rights Issue are subscribed for and taken up in full, the net proceeds from the Rights Issue would satisfy the expected funding needs of the Company for the next 12 months, including the imminent funding needs of the Company for repayment of margin payable to a broker and settlement of interest expenses.

As at the date hereof, save for the Rights Issue, the Company does not have any plan to conduct further rights issue or other fund-raising activities. However, should any other funding needs or any potential investment opportunities or any change of the Company's current circumstances and existing business plans arise in the next 12 months, the Company may consider other funding methods to finance any such funding needs.



## **Alternative fund-raising methods considered**

The Company has considered fund raising by issuing debt security or debt financing but the Board considers that any further debt financing or borrowings would worsen the gearing ratio and incur further interest expenses of the Company and it is the intention of the Board to reduce the gearing ratio and interest expenses of the Company to a more favourable level to improve the rate of return of the Company's investment portfolio. Therefore, the Board has ruled out debt financing as a source for raising funds in this occasion.

The Board also considered the option of placing of new Shares, but taking into account (i) the engagement of a placing agent which would incur additional costs and expenses on the part of the Company; and (ii) the dilution of the interests of Shareholders without giving them the opportunity to take part in the exercise, it was not considered by the Board to be the most suitable fund-raising method for the Company. Further, the Board considered that a rights issue would be more favourable and attractive to the Shareholders than an open offer because it would allow Shareholders to have more flexibility in dealing with the Shares and the nil paid rights attaching thereto.

As the Company is an investment company listed under Chapter 21 of the Listing Rules, the investment objective of the Company is to achieve long-term returns through capital appreciation and dividend. Accordingly, the Directors do not consider realising the existing investments of the Company to satisfy its funding needs to be a priority when considering the various options of fund-raising methods. Further, in view of the outbreak of novel coronavirus pneumonia in Wuhan, which has intensified the current uncertainties and market sentiment in the financial market in Hong Kong after the political conflicts, the Board has encountered difficulties in seizing favourable opportunities to realise the investments held by the Company. However, in the event that any opportunity to realise the investments at favourable rates arise, the Board would give due consideration to the option of divestment.

Upon discussion with the investment manager of the Company, the Board considers that from a commercial perspective, this would not be an ideal time to realise the investments of the Company as it would be difficult to realise investments at prices favourable to the Company given the current market sentiment.

On the contrary, having considered other fund raising alternatives for the Company, such as issue of unlisted notes and placing of new Shares, and taking into account the benefits and cost of each of the alternatives, the Directors consider the Rights Issue to be a more suitable fund-raising method in the interests of the Company and its Shareholders as a whole as it would allow the Company to strengthen its capital structure without incurring debt financing cost, improve the financial position and provide additional financial resources for capturing suitable business expansion and opportunities to make investments at relatively low prices in order to yield long term appreciation when they arise.

The Rights Issue, when compared with other forms of equity fund raising, would offer the existing Shareholders the opportunity to subscribe for Rights Shares in proportion to their existing shareholdings in the Company without having their relative shareholdings being diluted and the Board considers that the terms of the Rights Issue are fair and reasonable and in the best interest of the Shareholders as a whole as it allows existing Shareholders to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Company and it will improve the capital base and gearing ratio of the Company. The Qualifying Shareholders are also able to further increase their interests in the Company through excess applications. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no further issue or repurchase of Shares from the date of this announcement up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Share Consolidation becoming effective; and (iii) immediately after completion of the Rights Issue:

### Immediately after completion of the Rights Issue

	As at the date of this announcement		Immediately after the Share Consolidation becoming effective		Immediately after completion of the Rights Issue assuming all Shareholders have taken up the Rights Shares	
	<i>No. of Existing Shares</i>	<i>Approximate %</i>	<i>No. of Consolidated Shares</i>	<i>Approximate %</i>	<i>No. of Consolidated Shares</i>	<i>Approximate %</i>
Public Shareholders	<u>1,388,246,794</u>	<u>100.00</u>	<u>347,061,698</u>	<u>100.00</u>	<u>694,123,396</u>	<u>100.00</u>
Total	<u><u>1,388,246,794</u></u>	<u><u>100.00</u></u>	<u><u>347,061,698</u></u>	<u><u>100.00</u></u>	<u><u>694,123,396</u></u>	<u><u>100.00</u></u>

## FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company did not conduct any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

## EXPECTED TIMETABLE OF THE SHARE CONSOLIDATION, THE CHANGE IN BOARD LOT SIZE AND THE RIGHTS ISSUE

The expected timetable for the Share Consolidation, the Change in Board Lot Size and the Rights Issue is set out below.

<b>Event</b>	<b>Date (Hong Kong time) 2020</b>
Publication of announcement in relation to the Share Consolidation and Rights Issue	Tuesday, 3 March
Despatch of Company's circular in relation to the Share Consolidation and Rights Issue to the Shareholders together with notice of EGM and proxy form for EGM	Monday, 16 March
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Monday, 30 March
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive)	From Tuesday, 31 March to Friday, 3 April
Latest time for lodging proxy forms for the EGM	10:00 a.m. on Wednesday, 1 April
Record date for attendance and voting at the EGM	Friday, 3 April
Expected date and time of the EGM to approve the proposed Share Consolidation and the Rights Issue	10:00 a.m. on Friday, 3 April
Announcement of the poll result of the EGM	Friday, 3 April
Register of members re-opens	Monday, 6 April
Effective date of the Share Consolidation	Tuesday, 7 April
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Tuesday, 7 April
Original counter for trading in Existing Shares in board lots of 20,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. Tuesday, 7 April

<b>Event</b>	<b>Date (Hong Kong time) 2020</b>
Temporary counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 7 April
First day of free exchange of existing share certificates for new share certificates for Consolidated Shares	9:00 a.m. on Tuesday, 7 April
Last day of dealings in the Consolidated Shares on a cum-entitlement basis relating to the Rights Issue	Tuesday, 7 April
First day of dealings in Consolidated Shares on an ex-entitlement basis relating to the Rights Issue	Wednesday, 8 April
Latest time for the Shareholders to lodge transfer documents of Consolidated Shares in order to be qualified for the Rights Issue	4:30 p.m. on Thursday, 9 April
Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive)	Tuesday, 14 April to Monday, 20 April
Record date for the Rights Issue	Monday, 20 April
Register of members of the Company re-opens	Tuesday, 21 April
Despatch of the Prospectus Documents (including the PAL, EAF and Prospectus) (in case of the Excluded Shareholders, the Prospectus only)	Tuesday, 21 April
First day of dealings in nil-paid Rights Shares	Thursday, 23 April
Original counter for trading in the Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new share certificates) reopens	9:00 a.m. on Thursday, 23 April
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences	9:00 a.m. on Thursday, 23 April
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Thursday, 23 April
Latest time for splitting the PAL	Monday, 27 April

<b>Event</b>	<b>Date (Hong Kong time) 2020</b>
Last day of dealing in nil-paid Rights Shares	Monday, 4 May
Latest time for acceptance of and payment for the Rights Shares and application for excess Rights Shares	4:00 p.m. on Thursday, 7 May
Latest time for the Rights Issue to become unconditional (being the first Business Day following the Latest Acceptance Date)	4:00 p.m. on Friday, 8 May
Announcement of allotment results of the Rights Issue	Monday, 11 May
Temporary counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Friday, 15 May
Parallel trading in Consolidated Shares (represented by both existing share certificates and new share certificates) ends	4:10 p.m. on Friday, 15 May
Designated broker ceases to provide matching services for odd lots of the Consolidated Shares	4:10 p.m. on Friday, 15 May
Despatch of share certificates for fully-paid Rights Shares and refund cheques (if any) in relation to wholly or partially unsuccessful applications for excess Rights Shares	Friday, 15 May
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Monday, 18 May
Latest time for free exchange of existing share certificates for new share certificates	4:30 p.m. on Tuesday, 19 May

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Rights Issue set out above and all dates and deadlines specified in this announcement are indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

## **EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if:

1. typhoon signal No. 8 (or above);
2. “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region; or
3. a “black” rainstorm warning
  - (i) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
  - (ii) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the “EXPECTED TIMETABLE OF THE SHARE CONSOLIDATION AND THE RIGHTS ISSUE” above may be affected. Announcement will be made by the Company in such event.

### **LISTING RULES IMPLICATIONS**

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the issued shares of the Company by more than 50%, the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, the Company does not have any controlling Shareholder and none of the Directors and the chief executive of the Company and their respective associates holds any Existing Share. Accordingly, no Shareholder shall abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM and no Director shall abstain from voting in favour of the Rights Issue at the meeting of the Board.

## **GENERAL**

A circular containing, among other things, (i) further details of the Share Consolidation, the Change in Board Lot Size and the Rights Issue; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 16 March 2020.

The Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL and EAF to the Excluded Shareholders.

## **WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES, THE CONSOLIDATED SHARES AND NIL-PAID RIGHTS SHARES**

The Rights Issue is conditional upon fulfilment of the conditions set out in the paragraph headed “Conditions of the Rights Issue” under the section headed “Proposed Rights Issue” of this announcement, including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or potential investors contemplating selling or purchasing the Existing Shares, the Consolidated Shares and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

## **DEFINITIONS**

In this announcement, the following expressions have the following meanings, unless the context requires otherwise:

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 20,000 Existing Shares to 10,000 Consolidated Shares

“Company”	China New Economy Fund Limited (stock code: 80), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$0.04 each in the share capital of the Company immediately following the Share Consolidation becoming effective
“controlling shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders or transferees of the nil-paid Rights Shares who wish to apply for excess Rights Shares
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, to approve, among other things, the Share Consolidation and the Rights Issue
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation having become effective
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	3 March 2020, being the last trading day of the Shares on the Stock Exchange before the release of this announcement



“Latest Time for Acceptance”	4:00 p.m. on Thursday, 7 May 2020 (or such other time and date as may be determined by the Company), being the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares
“Listing Committee”	has the meaning as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Tuesday, 21 April 2020 (or such other date as may be determined by the Company), being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Monday, 20 April 2020, the record date for the determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong

“Rights Issue”	the proposed issue by way of rights of one (1) Rights Share for every one (1) Consolidated Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions to be set out in the Prospectus Documents
“Rights Share(s)”	new Share(s) to be allotted and issued pursuant to the Rights Issue
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	the consolidation of every four (4) issued and unissued Existing Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.04
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.16 per Rights Share
“substantial shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

By order of the Board  
**China New Economy Fund Limited**  
**Gu Xu**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 3 March 2020

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