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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)

RESULTS OF THE RIGHTS ISSUE OF UP TO 347,061,698 RIGHTS SHARES ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE

Reference is made to the prospectus of China New Economy Fund Limited (the “**Company**”) dated 21 April 2020 (the “**Prospectus**”) in connection with the Rights Issue. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

RESULTS OF THE RIGHTS ISSUE

The Board is pleased to announce that at 4:00 p.m. on Thursday, 7 May 2020, being the latest time for acceptance and payment for the Rights Shares and for application and payment for the excess Rights Shares:

- (i) 7 valid acceptances of provisional allotments under the PALs were received for a total of 119,410,873 Rights Shares, representing approximately 34.4% of the maximum number of 347,061,698 Rights Shares being offered under the Rights Issue; and
- (ii) 7 valid applications for excess Rights Shares under the EAFs were received for a total of 133,676,657 Rights Shares, representing approximately 38.5% of the maximum number of 347,061,698 Rights Shares being offered under the Rights Issue.

In aggregate, 14 valid acceptances and applications in respect of 253,087,530 Rights Shares have been accepted and applied for, representing approximately 72.9% of the maximum number of 347,061,698 Rights Shares offered under the Rights Issue.

Based on the above results, the Rights Issue was under-subscribed by 93,974,168 Rights Shares, representing approximately 27.1% of the maximum number of 347,061,698 Rights Shares offered under the Rights Issue.

All conditions set out in the Prospectus have been fulfilled. The gross proceeds raised from the Rights Issue are approximately HK\$40.5 million before deducting professional fees and other expenses. The net proceeds of the Rights Issue will be applied in accordance with the proposed use of proceeds set out in the section headed “Letter from the Board – Reasons for the Rights Issue and use of proceeds” in the Prospectus, i.e. first be applied towards repayment of margin payable to a broker and settlement of interest expenses in its entirety and the remaining sum will be applied for investment and working capital of the Company on a pro-rata basis proportional to the proposed allocation.

EXCESS APPLICATION

Based on the number of valid acceptances referred to above, 227,650,825 Rights Shares were available for subscription under the EAFs, and a total number of 133,676,657 excess Rights Shares were applied for under the EAFs. The number of excess Rights Shares available for subscription under the EAFs was sufficient to satisfy all valid applications. The allocation of the excess Rights Shares will be made to the Qualifying Shareholders who applied for the excess Rights Shares pursuant to the principles set out in the section headed “Letter from the Board – Rights Issue – Application for excess Rights Shares” in the Prospectus.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and after the completion of the Rights Issue is set out below:

Name of Shareholder	Immediately before completion		Immediately after completion of	
	of the		the	
	Rights Issue		Rights Issue	
	<i>Number</i>	<i>Approximate</i>	<i>Number</i>	<i>Approximate</i>
	<i>of Shares</i>	<i>%</i>	<i>of Shares</i>	<i>%</i>
Public Shareholders	347,061,698	100.00	600,149,228	100.00
Total	347,061,698	100.00	600,149,228	100.00

DESPATCH OF SHARE CERTIFICATES AND COMMENCEMENT OF DEALINGS IN THE RIGHTS SHARES AND THE BONUS SHARES

It is expected that the share certificates for the Rights Shares in respect of the valid acceptances of the Rights Shares under the PALs and the excess applications, will be despatched to those relevant Qualifying Shareholders’ registered addresses (as shown on the register of members of the Company) on or before Friday, 15 May 2020 by ordinary post at their own risk. Dealings in the fully-paid Rights Shares are expected to commence on the Stock Exchange at 9:00 a.m. on Monday, 18 May 2020.

ARRANGEMENT ON ODD LOT TRADING

In order to facilitate the trading of odd lots (if any) of the Shares, the Company has appointed Gransing Securities Company Limited as an agent to provide matching services, on a best effort basis, to the Shareholders who wish to acquire odd lots of the Shares to make up full board lot, or to dispose of their holding of odd lot of the Shares during the period from Monday, 18 May 2020 to Monday, 8 June 2020 (both dates inclusive). Holders of Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility should contact Gransing Securities Company Limited at Unit 2508, 25/F, Cosco Tower, 183 Queen's Road Central, Hong Kong or at telephone number (852) 3162 6888 during office hours (i.e. 9:00 a.m. to 5:00 p.m.) of such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. Shareholders are recommended to consult their professional advisers if they are in doubt about the above odd lot arrangement.

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

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 11 May 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.