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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)

ISSUE OF NEW SHARES UNDER GENERAL MANDATE SHARE SWAP BETWEEN CNE AND OPG

THE SHARE SWAP AGREEMENT

On 8 September 2020 (after trading hours), CNE and OPG entered into the Share Swap Agreement, pursuant to which, subject to fulfillment of the Conditions Precedent, both parties thereto have agreed, among others, that:

- (i) CNE shall subscribe for, and OPG shall allot and issue to CNE, 200,000,000 OPG Subscription Shares under the OPG General Mandate, representing approximately 20% of the existing issued share capital of OPG as at the date of this announcement and approximately 16.67% of the enlarged issued share capital of OPG immediately after issuing the OPG Subscription Shares (assuming that there will be no other change to the issued share capital of OPG between the date of this announcement and the Completion Date), credited as fully paid at a price of HK\$0.086 per OPG Subscription Share, for a total consideration of HK\$17,200,000; and
- (ii) OPG shall subscribe for, and CNE shall allot and issue to OPG, 86,000,000 CNE Subscription Shares under the CNE General Mandate, representing approximately 14.33% of the existing issued share capital of CNE as at the date of this announcement and approximately 12.53% of the enlarged issued share capital of CNE immediately after issuing the CNE Subscription Shares (assuming that there will be no other change to the issued share capital of CNE between the date of this announcement and the Completion Date), credited as fully paid at a price of HK\$0.2 per CNE Subscription Share, for a total consideration of HK\$17,200,000.

Completion of the OPG Subscription and the CNE Subscription shall take place simultaneously.

As Completion is subject to the satisfaction of the Conditions Precedent, the transactions contemplated under the Share Swap Agreement may or may not proceed. CNE Shareholders and its potential investors are advised to exercise caution when dealing in the CNE Shares.

I. THE SHARE SWAP AGREEMENT

On 8 September 2020 (after trading hours), CNE and OPG entered into the Share Swap Agreement, pursuant to which, subject to fulfillment of the Conditions Precedent, both parties thereto have agreed, among others, that:

- (i) CNE shall subscribe for, and OPG shall allot and issue to CNE, 200,000,000 OPG Subscription Shares under the OPG General Mandate, representing 20% of the existing issued share capital of OPG as at the date of this announcement and approximately 16.67% of the enlarged issued share capital of OPG immediately after issuing the OPG Subscription Shares (assuming that there will be no other change to the issued share capital of OPG between the date of this announcement and the Completion Date), credited as fully paid at a price of HK\$0.086 per OPG Subscription Share, for a total consideration of HK\$17,200,000; and
- (ii) OPG shall subscribe for, and CNE shall allot and issue to OPG, 86,000,000 CNE Subscription Shares under the CNE General Mandate, representing approximately 14.33% of the existing issued share capital of CNE as at the date of this announcement and approximately 12.53% of the enlarged issued share capital of CNE immediately after issuing the CNE Subscription Shares (assuming that there will be no other change to the issued share capital of CNE between the date of this announcement and the Completion Date), credited as fully paid at a price of HK\$0.2 per CNE Subscription Share, for a total consideration of HK\$17,200,000.

Completion of the OPG Subscription and the CNE Subscription shall take place simultaneously.

The Share Swap Agreement does not contain any restrictions which apply to the subsequent sale or disposal of the OPG Subscription Shares and the CNE Subscription Shares or any restrictions on the existing CNE Shareholders and OPG Shareholders to dispose of their CNE Shares and OPG Shares respectively. Furthermore, the entering into of the Share Swap Agreement does not restrict CNE and OPG from carrying out future fund raising activities by allotting and issuing new CNE Shares and OPG Shares, respectively.

To the best of the knowledge, information and belief of the CNE Directors, and having made all reasonable enquiries, OPG, CSG and their respective ultimate beneficial owner(s) are third parties independent of and not connected with CNE and any of its connected person(s).

THE OPG SUBSCRIPTION

Pursuant to the Share Swap Agreement, CNE agreed to subscribe for, and OPG agreed to allot and issue to CNE, 200,000,000 OPG Subscription Shares under the OPG General Mandate, for a total consideration of HK\$17,200,000, which represents 20% of the existing issued share capital of OPG as at the date of this announcement, and approximately 16.67% of the enlarged issued share capital of OPG immediately after issuing the OPG Subscription Shares (assuming that there will be no other change to the issued share capital of OPG between the date of this announcement and the Completion Date).

The OPG Subscription Shares, when issued and fully paid up, shall rank *pari passu* in all respects *inter se* and with all other OPG Shares then in issue.

OPG SUBSCRIPTION PRICE

The subscription price of HK\$0.086 per OPG Subscription Share represents:

- (i) a premium of approximately 10.26% over the closing price of HK\$0.078 per OPG Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 13.16% over the average closing price of approximately HK\$0.076 per OPG Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately preceding the Last Trading Day; and
- (iii) a premium of approximately 13.16% over the audited consolidated net asset value per OPG Share of approximately HK\$0.076 (based on the latest published audited net asset value of the OPG Group of approximately HK\$75,794,000 as at 31 March 2020 as extracted from its annual report for the year ended 31 March 2020 and 1,000,000,000 OPG Shares in issue as at 31 March 2020).

The OPG Subscription Price was determined after arm's length negotiations between CNE and OPG with reference to the recent market price of the OPG Shares, the initial conversion price of HK\$0.15 of the OPG Convertible Bonds as well as the net asset value per OPG Share as at 31 March 2020.

THE CNE SUBSCRIPTION

Pursuant to the Share Swap Agreement, OPG agreed to subscribe for, and CNE agreed to allot and issue to OPG, 86,000,000 CNE Subscription Shares under the CNE General Mandate, for a total consideration of HK\$17,200,000, which represents approximately 14.33% of the existing issued share capital of CNE as at the date of this announcement, and approximately 12.53% of the enlarged issued share capital of CNE immediately after issuing the CNE Subscription Shares (assuming that there will be no other change to the issued share capital of CNE between the date of this announcement and the Completion Date).

The CNE Subscription Shares, when issued and fully paid up, shall rank *pari passu* in all respects *inter se* and with all other CNE Shares then in issue.

CNE Subscription Price

The subscription price of HK\$0.2 per CNE Subscription Share represents:

- (i) a premium of approximately 15.61% over the closing price of HK\$0.173 per CNE Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 14.55% over the average closing price of HK\$0.1746 per CNE Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately preceding the Last Trading Day; and
- (iii) a premium of approximately 39.86% over the unaudited consolidated net asset value per CNE Share of approximately HK\$0.143 (based on the latest published unaudited net asset value of CNE of HK\$86,055,070 as at 30 June 2020 as extracted from its announcement of interim results for the six months ended 30 June 2020 and 600,149,228 CNE Shares in issue as at 30 June 2020).

The CNE Subscription Price was arrived at after arm's length negotiations between CNE and OPG with reference to the recent market price of the CNE Shares as well as the net asset value per CNE Share as at 30 June 2020.

Conditions Precedent

Completion is subject to and conditional upon:

- (i) the Listing Committee having granted (either unconditionally or subject only to conditions to which OPG shall not reasonably object) the approval for listing of, and permission to deal in, the OPG Subscription Shares;
- (ii) the Listing Committee having granted (either unconditionally or subject only to conditions to which CNE shall not reasonably object) the approval for listing of, and permission to deal in, the CNE Subscription Shares;
- (iii) CSG Shareholders having resolved and approved the Deemed Disposal at an extraordinary general meeting of CSG in accordance with the GEM Listing Rules; and
- (iv) any other necessary approval as may be required by applicable laws, rules or regulations (including but not limited to the GEM Listing Rules and the Listing Rules) for the OPG Subscription and the CNE Subscription having been obtained, if applicable.

If the Conditions Precedent are not fulfilled on or before 5:00 p.m. on 31 January 2021 (or such other date as may be agreed between CNE and OPG in writing), the Share Swap Agreement shall lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save for the liabilities arising from any antecedent breaches thereof.

Completion

Subject to the fulfilment of the Conditions Precedent, completion of the CNE Subscription and the OPG Subscription shall take place simultaneously on the Completion Date, at such place and at such time as CNE and OPG may agree, and the parties to the Share Swap Agreement shall perform its respective obligations set out in the Share Swap Agreement. No partial Completion shall be permitted.

Upon Completion, the OPG Subscription Price payable by CNE to OPG shall be set off against the CNE Subscription Price payable by OPG to CNE whereupon the payment obligation for the OPG Subscription Price by CNE and the payment obligation for the CNE Subscription Price by OPG shall be deemed to be fully released and discharged.

If any of the parties to the Share Swap Agreement fails to perform any of its obligations in any respect (including its obligations at Completion) under the Share Swap Agreement or breaches any of the terms or any of the representations, warranties and undertakings set out in the Share Swap Agreement in any material respect prior to Completion then, without prejudice to all and any other rights and remedies available at any time to the non-defaulting party (including but not limited to the right to damages for any loss suffered by the non-defaulting party), the non-defaulting party may, by notice either require the defaulting party to perform such obligations or, insofar as the same is practicable, remedy such breach, or to the extent it relates to the failure of the defaulting party to perform any of its obligations on or prior to Completion in any respect treat the defaulting party as having repudiated the Share Swap Agreement and rescind the same.

CNE GENERAL MANDATE

The CNE Subscription Shares will be allotted and issued pursuant to the CNE General Mandate and therefore the CNE Subscription is not subject to the CNE Shareholders' approval. Under the CNE General Mandate, CNE is authorised to issue up to 120,029,845 new CNE Shares (rounding down to the nearest integer) (representing approximately 20% of the total number of issued CNE Shares as at the date of the CNE AGM) until the revocation, variation or expiration of the CNE General Mandate. As at the date of this announcement, no CNE Shares has been allotted and issued under the CNE General Mandate.

Application for listing of CNE Subscription Shares

An application will be made by CNE to the Listing Committee for the listing of, and permission to deal in, the CNE Subscription Shares to be issued pursuant to the Share Swap Agreement.

NET PRICE PER CNE SUBSCRIPTION SHARE

As the CNE Subscription Price payable by OPG to CNE shall be set off against the OPG Subscription Price payable by CNE to OPG, no net proceeds will be receivable by CNE from the CNE Subscription. On such basis, the net price per CNE Subscription Share is not applicable.

Accordingly, there will be no net proceeds from the CNE Subscription as the consideration shall be settled by the issue of the OPG Subscription Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF CNE

The following table sets out the shareholding structure of CNE (i) as at the date of this announcement; and (ii) immediately upon Completion and the allotment and issue of the CNE Subscription Shares (assuming there is no other change in the shareholding structure of CNE between the date of this announcement and immediately before the allotment and issue of the CNE Subscription Shares):

Shareholders	(i) As at the date of this announcement		(ii) Immediately upon Completion and the allotment and issue of the CNE Subscription Shares	
	No. of CNE Shares	Approximate %	No. of CNE Shares	Approximate %
Other public CNE Shareholders	600,149,228	100	600,149,228	87.47
OPG	–	–	86,000,000	12.53
Total	<u>600,149,228</u>	<u>100</u>	<u>686,149,228</u>	<u>100</u>

INFORMATION ON CNE

CNE 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 the PRC China, Hong Kong, Macau and Taiwan.

INFORMATION ON THE OPG GROUP

The principal activity of OPG is investment holding, with its subsidiaries principally engaged in merchant acquiring business in providing a suite of comprehensive payment processing services to merchants of all sizes frequently visited by Chinese tourists in Thailand.

As at the date of this announcement, OPG is owned by, among others, Charm Act Group Limited (“**Charm Act**”) as to 32.5% and Straum Investments Limited (“**Straum**”), which is wholly-owned by Yu Chun Fai, as to 15.75%. Charm Act is wholly-owned by CSG. Each of Zhang Chang and Yan Dingui is indirectly interested in 16% and 5.62% of the shareholdings in CSG respectively.

FINANCIAL INFORMATION OF THE OPG GROUP

Set out below is the audited consolidated financial information of the OPG Group extracted from its audited consolidated financial statements for each of the two years ended 31 March 2019 and 2020 respectively prepared in accordance with the applicable accounting standards:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Loss before taxation	4,418,000	5,659,000
Loss after taxation	5,575,000	8,105,000

The audited aggregate net asset value of the OPG Group as at 31 March 2020 amounted to approximately HK\$75,794,000 as extracted from its annual report for the year ended 31 March 2020.

FUND RAISING ACTIVITIES OF CNE IN THE PAST TWELVE MONTHS

The following table summarises the fund raising activities by CNE in the past twelve months immediately prior to the date of this announcement:

Date(s) of announcement, circular and prospectus	Fund raising activities	Gross proceeds raised (approximately)	Intended use of proceeds (<i>Note</i>)	Actual use of proceeds as at the date of this announcement
3 March 2020, 16 March 2020, 3 April 2020, 11 May 2020	The issue of CNE Shares by way of rights by CNE (the “ Rights Issue ”)	HK\$40.5 million	(i) approximately 86% of the net proceeds for investment (including but not limited to the medical and telecommunication sectors) in line with its ordinary course of business; (ii) approximately 4% of the net proceeds for repayment of margin payable to a broker and settlement of interest expenses; and (iii) approximately 10% of the net proceeds for general working capital of CNE	CNE had applied such net proceeds from the Rights Issue for repayment of margin payable to brokers, working capital and investment (including but not limited to the medical and telecommunication sectors) in line with its ordinary course of business, according to the intended use on proceeds.

Save as disclosed above, CNE has not conducted any other fund raising activities in the past twelve months immediately prior to the date of this announcement.

Note:

Please refer to the prospectus of CNE dated 21 April 2020 in connection with the Rights Issue for details of CNE's intended use of proceeds from the Rights Issue.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SHARE SWAP AGREEMENT

The CNE Board considers that the share swap under the Share Swap Agreement represents a good opportunity to invest in OPG which is an established merchant acquirer in providing a suite of comprehensive payment processing services to merchants of all sizes frequently visited by Chinese tourists in Thailand.

The entering into of the Share Swap Agreement between CNE and OPG also allows CNE to participate in another investment in the new economy sector without use of additional proceeds or fund raising.

CNE and OPG is negotiating to establish strategic partnership for investment in the PRC. Further announcement(s) will be published by CNE and OPG as and when appropriate, if necessary, according to the Listing Rules and GEM Listing Rules (as the case may be).

Having considered the factors set out above, the CNE Directors are of the view that the OPG Subscription, the CNE Subscription and the terms of the Share Swap Agreement (including but not limited to the OPG Subscription Price and the CNE Subscription Price) are on normal commercial terms and are fair and reasonable and in the interests of CNE and the CNE Shareholders as a whole.

II. GENERAL

As Completion is subject to the satisfaction of the Conditions Precedent, the transactions contemplated under the Share Swap Agreement may or may not proceed. The CNE Shareholders and potential investors are advised to exercise caution when dealing in the CNE Shares.

DEFINITIONS

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

“Business Day(s)”	any day on which banks in Hong Kong are generally open for business (other than a Saturday, Sunday, public holiday or any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is in effect or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon);
“CNE”	China New Economy Fund Limited (中國新經濟投資有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 80);
“CNE AGM”	the annual general meeting of CNE held on 29 May 2020 in which the CNE Shareholders had approved, among other things, the CNE General Mandate;
“CNE Announcement”	the announcement dated 8 September 2020 published by CNE immediately following the execution of the Share Swap Agreement in connection with the OPG Subscription and the CNE Subscription;
“CNE Board”	the board of CNE Directors;
“CNE Director(s)”	director(s) of CNE;
“CNE General Mandate”	the general mandate granted by the CNE Shareholders at the CNE AGM to the CNE Directors to issue, allot and deal with additional CNE Shares not exceeding 20% of the total number of issued CNE Shares as at 29 May 2020;
“CNE Share(s)”	ordinary shares of HK\$0.04 each in the share capital of CNE;
“CNE Shareholder(s)”	holder(s) of CNE Shares;
“CNE Subscription”	the subscription of the CNE Subscription Shares by OPG pursuant to the Share Swap Agreement;

“CNE Subscription Price”	the total subscription price payable by OPG to CNE for the CNE Subscription pursuant to the Share Swap Agreement;
“CNE Subscription Share(s)”	86,000,000 CNE Shares to be allotted and issued by CNE under the CNE General Mandate to OPG pursuant to the Share Swap Agreement;
“CSG”	China Smartpay Group Holdings Limited (中國支付通集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (stock code: 8325), indirectly holding 325,000,000 OPG Shares through Charm Acts Group Limited, representing approximately 32.5% of the entire issued share capital of OPG as at the date of this announcement;
“CSG Board”	the board of CSG Directors;
“CSG Director(s)”	director(s) of CSG;
“Completion”	the simultaneous completion of the OPG Subscription and the CNE Subscription pursuant to the Share Swap Agreement;
“Completion Date”	a day falling within five (5) Business Days following the date on which the Conditions Precedent are fulfilled (or such other date as OPG and CNE may agree in writing);
“Conditions Precedent”	the conditions precedent to Completion as set out in the Share Swap Agreement;
“connected person(s)”	has the meaning as ascribed to it under the GEM Listing Rules or the Listing Rules (as the case may be);
“Deemed Disposal”	deemed disposal of the shareholding interest of CSG in OPG as a result of the dilution of the shareholding interest of CSG in OPG upon the allotment and issue of the OPG Subscription Shares following the OPG Subscription Completion;
“GEM”	GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Last Trading Day”	8 September 2020, being the last day on which the OPG Shares and CNE Shares were traded on the Stock Exchange prior to the date of this announcement;
“Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules or the Listing Rules (as the case may be);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“OPG”	Oriental Payment Group Holdings Limited (東方支付集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (stock code: 8613);
“OPG AGM”	the annual general meeting of OPG held on 27 August 2020 in which the OPG Shareholders had approved, among other things, the OPG General Mandate;
“OPG Board”	the board of OPG Directors;
“OPG Convertible Bonds”	the convertible bonds of OPG in an aggregate principal amount of HK\$11,850,000 placed to not less than six places upon and subject to the terms and conditions of the placing agreement dated 10 June 2020 entered into between OPG and the placing agent. Upon conversion of such convertible bonds in full, an aggregate of 79,000,000 OPG Shares is expected to be allotted and issued by OPG at the initial conversion price of HK\$0.15 per OPG Share;
“OPG Director(s)”	director(s) of OPG;
“OPG General Mandate”	the general mandate granted by the OPG Shareholders at the OPG AGM to the OPG Directors to issue, allot and deal with additional OPG Shares not exceeding 20% of the total number of issued OPG Shares as at 27 August 2020;
“OPG Group”	OPG and its subsidiaries;
“OPG Share(s)”	ordinary shares of HK\$0.01 each in the share capital of OPG;

“OPG Shareholder(s)”	holder(s) of OPG Shares;
“OPG Subscription”	the subscription of the OPG Subscription Shares by CNE pursuant to the Share Swap Agreement;
“OPG Subscription Price”	the total subscription price payable by CNE to OPG for the OPG Subscription pursuant to the Share Swap Agreement;
“OPG Subscription Share(s)”	200,000,000 OPG Shares to be allotted and issued by OPG under the OPG General Mandate to CNE pursuant to the Share Swap Agreement;
“PRC”	the People’s Republic of China which shall, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share Swap Agreement”	a conditional agreement dated 8 September 2020 entered into between OPG and CNE in relation to the OPG Subscription and the CNE Subscription;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 8 September 2020

As at the date of this announcement, the CNE Board comprises Mr. GU Xu and Mr. CHAN Cheong Yee as executive directors; Mr. WANG Dingben and Mr. CHOW Yeung Tuen Richard as non-executive directors; Mr. LEUNG Wai Lim, Mr. SUN Boquan and Mr. CHONG Ching Hoi as independent non-executive directors.