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## **CHINA NEW ECONOMY FUND LIMITED**

### **中國新經濟投資有限公司**

*(Incorporated in the Cayman Islands as an exempted company with limited liability)*

**(Stock code: 80)**

## **VOLUNTARY ANNOUNCEMENT: PLACING OF NOTES**

This is a voluntary announcement made by the Company in relation to the Placing of Notes.

On 11 March 2016 (after trading hours), the Company, as the issuer, entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to act as placing agent for the purposes of arranging the Placee(s) on a best efforts basis to subscribe for the Notes with an aggregate principal amount of up to HK\$100,000,000 during the Placing Period.

### **PLACING AGREEMENT**

**Date:** 11 March 2016

**Parties:**

**Issuer:** the Company as issuer

**Placing Agent:** Convoy Asset Management Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, notwithstanding the Company is interested in about 0.63% of the shareholding in Convoy Financial Holdings Limited, which is the ultimate holding company of the Placing Agent, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

### **Placing of Notes**

Pursuant to the Placing Agreement, the Placing Agent has agreed to act as a placing agent (either by itself or through its sub-placing agents) for the purpose of arranging Placee(s) on a best efforts basis to subscribe for the Notes with an aggregate principal amount of up to HK\$100,000,000 during the Placing Period.

**Placee(s)**

The Notes will be placed to the Placee(s) which will be independent professional, institutional or private investor(s), and who and whose ultimate beneficial owners are Independent Third Parties.

**Placing Period**

The period commences from 14 March 2016 and ends on 14 April 2016, both days inclusive (the “**Placing Period**”).

**Conditions of the Placing Agreement**

Completion of the Placing Agreement is conditional upon the following conditions being fulfilled:

- (i) none of the representations, warranties and undertakings of the Company contained in the Placing Agreement having been breached in any material respect (or if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect;
- (ii) all necessary consent, approval and authorisation for the Placing and the issue of the Notes having been obtained by the Company; and
- (iii) a notice of Completion having been served by the Placing Agent to the Company.

In the event that no notice of Completion has been served by the Placing Agent on or before the third Business Day after the last day of the Placing Period, all obligations of the Placing Agent and the Company shall cease and neither of them shall have any claim against the other in relation thereto (save in respect of any antecedent breach of any obligation under the Placing Agreement).

**Force majeure**

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the last day of the Placing Period if:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing of Notes; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing of Notes; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or make it inadvisable or inexpedient for the Placing of Notes to proceed; or

- (4) any statement contained in the previous announcements of the Company has become or been discovered to be untrue, incorrect or misleading in any material respect which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing of Notes.

## PRINCIPAL TERMS OF THE NOTES

The principal terms of the Notes are summarised below:

Issuer:	the Company
Principal amount:	up to HK\$100,000,000
Issue price:	100% of the principal amount of the Notes
Maturity date:	on the date falling on the second anniversary of the date of issue of the Notes (or, if that is not a Business Day, the first Business Day thereafter) (the “ <b>Maturity Date</b> ”)
Interest rate:	7.5% per annum payable every three months
Early redemption by the Company:	The Company shall have the right to early redeem from the Noteholder any outstanding amount of the Notes at any time after the first twelve months from the date of issuance of the Notes by serving at least three months’ prior written notice on the Noteholder with the total amount proposed to be redeemed from the Noteholder specified therein, redeem Notes (in whole or in part) at 100% of the principal amount of such Notes plus any accrued interest.
Early redemption by the Noteholder:	The Noteholder shall have the right to request for early redemption of any outstanding amount of the Notes at any time after the first eighteen months from the date of issuance of the Notes by serving at least three months’ prior written notice on the Company with the total amount proposed to be redeemed specified therein, in which event the Company shall redeem the Notes (in whole or in part) at 100% of the principal amount of such Notes plus any accrued interest.
Form and denomination:	in registered form and in minimum denomination of HK\$600,000 each with an integral multiple of HK\$100,000 thereafter

Status: The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the Notes shall, subject to any obligations preferred by mandatory provisions of law, rank at least equally with all its other present and future direct, unconditional, unsecured and unsubordinated obligations of the Company. No application will be made for the listing of the Notes.

Transferability: The Notes may be transferrable in minimum principal amount of HK\$600,000 and may be transferred to any person. Save with the consent of the Stock Exchange, none of the Notes may be transferred to a connected person of the Company.

The terms of the Notes were determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market conditions.

## **REASONS FOR THE PLACING OF NOTES 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.

The Board considers that the Placing of Notes represents a suitable opportunity to raise funds for the Company for investment in line with its ordinary course of business as the Company has already utilized the fund from the latest rights issue exercise as intended in publicly listed enterprises in information technology, creative culture and healthcare sectors. Taking into account the low valuation of certain potential target companies brought about by the stock market volatility since the beginning of 2016, the Board consider it is a good entry point for medium and long term investment to further invest by raising the fund from the Placing of Notes. In addition, the Placing of Notes will not result in any dilution effect on the shareholding of the existing Shareholders.

In view of the above, the Directors are of the view that the Placing of Notes provides a good opportunity to strengthen the Company's financial position and the terms of the Placing of Notes are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. To facilitate the Placing of Notes and for long term development of the Company, the Board has amended and relaxed the borrowing restrictions such that the Company will not exceed aggregate borrowings of 100% of the latest available net asset value of the Company at the time of any borrowing.

## DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday or public holiday and any day on which a tropical cyclone warning signal 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 hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	has the meaning ascribed to it under the paragraph headed “Maturity Date” in the section headed “Principal terms of the Notes”
“Noteholder”	a person in whose name the Notes are registered in the register of Noteholders
“Notes”	the two-year 7.5% coupon unlisted and unsecured notes to be placed pursuant to the Placing Agreement
“Placee(s)”	independent professional, institutional or private investor(s) selected and procured by the Placing Agent to subscribe for the Notes pursuant to the Placing Agreement

“Placing Agent”	Convoy Asset Management Limited, acting as the placing agent for the Placing of Notes under the Placing Agreement and a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 11 March 2016 and entered into between the Company and the Placing Agent in relation to the Placing of Notes
“Placing of Notes”	the proposed placing of the Notes pursuant to the terms of the Placing Agreement
“Placing Period”	has the meaning ascribed to it under the paragraph headed “Placing Period” in the section headed “Placing Agreement”
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**China New Economy Fund Limited**  
**GU Xu**  
*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 11 March 2016

*As at the date of this announcement, the Board comprises Mr. GU Xu and Mr. CHAN Cheong Yee as executive Directors; Mr. LAM Chun Ho, Mr. Faris Ibrahim Taha AYOUB and Mr. HUANG Liangkuai as independent non-executive Directors.*