
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Forms of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China New Economy Fund Limited**, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying Forms of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Forms of Acceptance.

This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms and conditions of the Offers.

LONGLING CAPITAL LTD
(Incorporated in the British Virgin Islands with limited liability)

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)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL CASH OFFERS BY



**ON BEHALF OF LONGLING CAPITAL LTD
FOR ALL THE ISSUED SHARES IN
CHINA NEW ECONOMY FUND LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY LONGLING CAPITAL LTD AND PARTIES
ACTING IN CONCERT WITH IT)
AND
FOR ALL OUTSTANDING SHARE OPTIONS ISSUED BY
CHINA NEW ECONOMY FUND LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY LONGLING CAPITAL LTD AND PARTIES
ACTING IN CONCERT WITH IT) FOR CANCELLATION**

Joint financial advisers to the Offeror

Financial adviser to the Company



Joint independent financial advisers to the Independent Board Committee



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Kingston Securities containing, among other things, principal terms of the Offers is set out on pages 9 to 22 of this Composite Document. A letter from the Board is set out on pages 23 to 30 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offers is set out on pages 31 to 32 of this Composite Document. A letter from the Joint Independent Financial Advisers containing its recommendation to the Independent Board Committee in respect of the Offers and the principal factors considered by it in arriving at its recommendation is set out on pages 33 to 53 of this Composite Document.

The procedures for acceptance and other related information in respect of the Offers are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance. Forms of Acceptance should be received by the Registrar as soon as possible and in any event not later than 4:00 p.m. on Thursday, 28 August 2025 (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce, with the consent of the Executive, in accordance with the Takeovers Code).

7 August 2025

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EXPECTED TIMETABLE

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company as and when appropriate.

Event	Expected date (Note 1)
	2025
Offers open for acceptance	Thursday, 7 August
Closing Date (Note 2).	Thursday, 28 August
Latest time and date for acceptance of the Offers on the Closing Date (Notes 2 and 4)	By 4:00 p.m. on Thursday, 28 August
Announcement of the results of the Offers (or as to whether the Offers have been revised or extended) to be posted on the Stock Exchange's website (under the Company's list of announcements) and the Company's website (Note 2)	By 7:00 p.m. on Thursday, 28 August
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Offers on or before 4:00 p.m. on the Closing Date (Notes 3 and 4)	Monday, 8 September

Notes:

1. Dates and deadlines stated in this Composite Document and the Forms of Acceptance for events in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable will be announced as appropriate. All times and dates refer to Hong Kong local time.
2. In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offers will be at 4:00 p.m. on Thursday, 28 August 2025 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any extension of the Offers, which will contain a statement that the Offers will remain open until further notice. Beneficial owners of Shares who hold their Shares in CCASS directly as an Investor Participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of the Offer Shares for which the Share Offer is accepted) payable for the Shares and the Share Options tendered under the Offers will be posted to the accepting Shareholders and Optionholders by ordinary post at his/her/its own risk. Payment will be made as soon as possible, but in any event no later than 7 Business Days after the date of receipt of all relevant documents to render the acceptance complete and valid by the Registrar in accordance with the Takeovers Code.

EXPECTED TIMETABLE

4. If any severe weather condition is in force in Hong Kong:
- (a) at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offers and the latest date for despatch of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers will remain at 4:00 p.m. on the same Business Day and the latest date for despatch of remittances will remain on the same Business Day; or
 - (b) at any local time at or after 12:00 noon on the latest date for acceptance of the Offers and the latest date for despatch of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers will be rescheduled to 4:00 p.m. on the next Business Day and the latest date for despatch of remittances will be rescheduled to the next Business Day which does not have any of those warnings in force at 12:00 noon and/or thereafter (or another Business Day thereafter that does not have any severe weather condition at 12:00 noon or thereafter).

For the purpose of this Composite Document, “severe weather” refers to the scenario where Typhoon Signal No. 8 or above, a Black Rainstorm Warning (as issued by the Hong Kong Observatory), or the “Extreme Conditions” warning (as announced by the Hong Kong government) is in force in Hong Kong.

All references to dates and times contained in this Composite Document and the accompanying Forms of Acceptance refer to Hong Kong dates and times, unless otherwise stated.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Asian Capital”	Asian Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Company in relation to the Offers
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	28 August 2025, the closing date of the Offers which is 21 days after the date on which this Composite Document is posted (or any subsequent closing date as and may be announced by the Offeror and approved by the Executive)
“Company”	China New Economy Fund Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 80)
“Completion”	completion of the sale and purchase of the Sale Shares A, the Sale Shares B, the Sale Shares C, the Sale Shares D or the Sale Shares E (as the case may be), in accordance with the terms and conditions of the SP Agreement 1, the SP Agreement 2 or the SP Agreement 3 (as the case may be), which took place on 8 July 2025

DEFINITIONS

“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Offer Shareholders and the Optionholders in connection with the Offers in compliance with the Takeovers Code containing, among other things, details of the Offers (accompanied by the Forms of Acceptance) and the respective letters of advice from the Independent Board Committee and the Joint Independent Financial Advisers
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Encumbrance”	any claim, option, charge (fixed or floating), mortgage, lien, pledge, equity, adverse interest, encumbrance, right to acquire, right of pre-emption, right of first refusal, title retention or any other third party right, or other security interest or any agreement or arrangement having a similar effect or any agreement to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Form(s) of Acceptance”	the WHITE Form of Share Offer Acceptance and/or the PINK Form of Option Offer Acceptance
“Frontpage Capital”	Frontpage Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint independent financial advisers to the Independent Board Committee in relation to the Offers
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board comprising all non-executive Directors who have no direct or indirect interest in the Offers, namely Mr. Chen Shengjie, Mr. Choi Koon Ming, Ms. Xiao Ruimei, Mr. Sze Tak Chi, Mr. Sui Fuxiang and Mr. Tong Yun Lung, formed for the purpose of advising the Offer Shareholders and the Optionholders in respect of the Offers
“Joint Announcement”	the announcement jointly published by the Offeror and the Company dated 17 July 2025 in relation to, among others, the sale and purchase of the Sale Shares and the Offers
“Joint Independent Financial Advisers”	Frontpage Capital and Quam Capital
“Kingston CF”	Kingston Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being one of the joint financial advisers to the Offeror in relation to the Offers
“Kingston Securities”	Kingston Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Offers on behalf of the Offeror
“Last Trading Day”	4 July 2025, being the last trading day of the Shares immediately prior to the suspension of trading in the Shares pending the publication of the Joint Announcement
“Latest Practicable Date”	5 August 2025, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Mr. Cai”	Mr. Cai Wensheng

DEFINITIONS

“Octal Capital”	Octal Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Offeror in relation to the Offers
“Offer Period”	the period from 17 July 2025, being the date of the Joint Announcement, and ending on the Closing Date
“Offer Share(s)”	all the Shares in issue, other than those already owned or agreed to be acquired by the Offeror and parties in concert with it
“Offer Shareholder(s)”	Shareholder(s), other than the Offeror and parties acting in concert with it
“Offeror”	Longling Capital Ltd, a company incorporated in the British Virgin Islands with limited liability on 15 May 2009 and the entire issued share capital of which is directly beneficially owned by Mr. Cai, and the offeror under the Offers
“Offers”	collectively, the Share Offer and the Option Offer
“Option Offer”	the mandatory unconditional cash offer made by Kingston Securities, on behalf of the Offeror, for all the Share Options (other than those already owned or agreed to be acquired by the Offeror and parties in concert with it) for cancellation in accordance with Rule 13.5 of the Takeovers Code, and any subsequent revision of such offer
“Option Offer Price”	the price at which the Option Offer is made, being HK\$0.0001 per Share Option
“Optionholder(s)”	holder(s) of Share Option(s)
“Overseas Offer Shareholder(s)”	Offer Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“Overseas Optionholder(s)”	Optionholder(s) whose address(es), as shown on the register of optionholders of the Company, is/are outside Hong Kong

DEFINITIONS

“ PINK Form of Option Offer Acceptance”	the pink form of acceptance and cancellation of Share Options in respect of the Option Offer accompanying this Composite Document
“PRC”	the People’s Republic of China, which for the purpose of this Composite Document, excludes Hong Kong, Macau and Taiwan
“Quam Capital”	Quam Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint independent financial advisers to the Independent Board Committee in relation to the Offers
“Registrar”	Union Registrars Limited, the Hong Kong branch share registrar and transfer office of the Company, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, being the agent to receive the WHITE Forms of Share Offer Acceptance under the Share Offer
“Relevant Period”	the period commencing on 17 January 2025, being the date falling six months immediately preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Sale Shares”	Sale Shares A, Sale Shares B, Sale Shares C, Sale Shares D and Sale Shares E, and “Sale Share” means a Sale Share A, Sale Share B, Sale Share C, Sale Share D or Sale Share E
“Sale Shares A”	45,485,000 Shares sold by Vendor A and acquired by the Offeror pursuant to the terms and conditions of the SP Agreement 1, representing approximately 3.45% of the total number of Shares in issue as at the date of the Joint Announcement, and a “Sale Share A” means any of them
“Sale Shares B”	315,000,000 Shares sold by Vendor B and acquired by the Offeror pursuant to the terms and conditions of the SP Agreement 1, representing approximately 23.87% of the total number of Shares in issue as at the date of the Joint Announcement, and a “Sale Share B” means any of them

DEFINITIONS

“Sale Shares C”	61,150,000 Shares sold by Vendor C and acquired by the Offeror pursuant to the terms and conditions of the SP Agreement 2, representing approximately 4.63% of the total number of Shares in issue as at the date of the Joint Announcement, and a “Sale Share C” means any of them
“Sale Shares D”	129,640,000 Shares sold by Vendor D and acquired by the Offeror pursuant to the terms and conditions of the SP Agreement 2, representing approximately 9.82% of the total number of Shares in issue as at the date of the Joint Announcement, and a “Sale Share D” means any of them
“Sale Shares E”	117,898,595 Shares sold by Vendor E and acquired by the Offeror pursuant to the terms and conditions of the SP Agreement 3, representing approximately 8.93% of the total number of Shares in issue as at the date of the Joint Announcement, and a “Sale Share E” means any of them
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with par value of HK\$0.04 each in the share capital of the Company
“Share Offer”	the mandatory unconditional cash offer made by Kingston Securities, on behalf of the Offeror, for all the Shares (other than those already owned or agreed to be acquired by the Offeror and parties in concert with it), and any subsequent revision of such offer
“Share Offer Price”	the price at which the Share Offer is being made, being HK\$0.106 per Offer Share
“Share Option(s)”	the outstanding option(s) to subscribe for Share(s) with the exercise price of HK\$0.2759 per Share, which were granted pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted by the Shareholders at the extraordinary general meeting of the Company held on 28 May 2015 and has expired on 31 May 2025
“Shareholder(s)”	holder(s) of Share(s)

DEFINITIONS

“SP Agreement 1”	the sale and purchase agreement dated 5 July 2025 between Vendor A and Vendor B as vendors and the Offeror as purchaser in relation to the Sale Shares A and the Sale Shares B respectively
“SP Agreement 2”	the sale and purchase agreement dated 5 July 2025 between Vendor C and Vendor D as vendors and the Offeror as purchaser in relation to the Sale Shares C and the Sale Shares D respectively
“SP Agreement 3”	the sale and purchase agreement dated 5 July 2025 between Vendor E as vendor and the Offeror as purchaser in relation to the Sale Shares E
“SP Agreements”	the SP Agreement 1, the SP Agreement 2 and the SP Agreement 3
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor A”	Gold Bricks Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially owned by Luo Ga
“Vendor B”	Radiant Goldstone International Group Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially owned by Luo Ga
“Vendor C”	Concorde Renaissance China Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially owned by Luo Yan
“Vendor D”	Gold Pond International Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially owned by Luo Yan
“Vendor E”	Kingsway Lion Spur Technology Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of Sunwah Kingsway Capital Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 188)

DEFINITIONS

“Vendors”	Vendor A, Vendor B, Vendor C, Vendor D and Vendor E
“ WHITE Form(s) of Share Offer Acceptance”	the WHITE form(s) of acceptance and transfer of Shares in respect of the Share Offer accompanying this Composite Document
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

LETTER FROM KINGSTON SECURITIES

To the Offer Shareholders and the Optionholders

7 August 2025

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFERS BY



ON BEHALF OF

LONGLING CAPITAL LTD

FOR ALL THE ISSUED SHARES IN

CHINA NEW ECONOMY FUND LIMITED

**(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY LONGLING CAPITAL LTD AND PARTIES
ACTING IN CONCERT WITH IT)**

AND

FOR ALL OUTSTANDING SHARE OPTIONS ISSUED BY

CHINA NEW ECONOMY FUND LIMITED

**(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY LONGLING CAPITAL LTD AND PARTIES
ACTING IN CONCERT WITH IT) FOR CANCELLATION**

INTRODUCTION

Reference is made to the Joint Announcement.

On 17 July 2025, the Offeror and the Company jointly announced, among others, that on 5 July 2025:

- (1) Vendor A, Vendor B and the Offeror entered into the SP Agreement 1, pursuant to which (a) Vendor A has agreed to sell and the Offeror has agreed to purchase the Sale Shares A (being all the Shares held by Vendor A immediately before Completion), being 45,485,000 Shares representing approximately 3.45% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$4,821,410.00 (equivalent to HK\$0.106 per Sale Share A) and (b) Vendor B has agreed to sell and the Offeror has agreed to purchase the Sale Shares B (being all the Shares held by Vendor B immediately before Completion), being 315,000,000 Shares representing approximately 23.87% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$33,390,000.00 (equivalent to HK\$0.106 per Sale Share B);

LETTER FROM KINGSTON SECURITIES

- (2) Vendor C, Vendor D and the Offeror entered into the SP Agreement 2, pursuant to which (a) Vendor C has agreed to sell and the Offeror has agreed to purchase the Sale Shares C (being all the Shares held by Vendor C immediately before Completion), being 61,150,000 Shares representing approximately 4.63% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$6,481,900.00 (equivalent to HK\$0.106 per Sale Share C) and (b) Vendor D has agreed to sell and the Offeror has agreed to purchase the Sale Shares D (being all the Shares held by Vendor D immediately before Completion), being 129,640,000 Shares representing approximately 9.82% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$13,741,840.00 (equivalent to HK\$0.106 per Sale Share D); and
- (3) Vendor E and the Offeror entered into the SP Agreement 3, pursuant to which Vendor E has agreed to sell and the Offeror has agreed to purchase the Sale Shares E (being all the Shares held by Vendor E immediately before Completion), being 117,898,595 Shares representing approximately 8.93% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$12,497,251.07 (equivalent to HK\$0.106 per Sale Share E).

Immediately after Completion which took place on 8 July 2025 and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned in aggregate 669,173,595 Shares, representing approximately 50.71% of the total number of Shares in issue. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to make an appropriate offer for all the outstanding Share Options (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) for cancellation.

This letter sets out, among other things, the principal terms of the Offers, together with the information on the Offeror and the Offeror's intentions regarding the Company. Further details of the Offers are also set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" to the Offer Shareholders and the Optionholders and the "Letter from the Joint Independent Financial Advisers" to the Independent Board Committee as contained in this Composite Document.

LETTER FROM KINGSTON SECURITIES

THE OFFERS

Principal terms of the Offers

Kingston Securities, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offers on the following basis:

The Share Offer

For each Offer Share HK\$0.106 in cash

The Share Offer Price per Offer Share is the same as the purchase price per Sale Share of HK\$0.106 paid by the Offeror to the Vendors under the SP Agreements.

The Option Offer

For each Share Option HK\$0.0001 in cash

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 to the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise price of the Share Options and the Share Offer Price. Under the Option Offer, given that the exercise price of the outstanding Share Options of HK\$0.2759 per Share is above the Share Offer Price, the outstanding Share Options are out-of-money and the Option Offer Price for the cancellation of each outstanding Share Option is set at a nominal value of HK\$0.0001.

The Offers are unconditional in all respects.

The Share Offer is extended to all Offer Shareholders and the Option Offer is extended to all Optionholders (whether their respective Share Options are vested or not) in accordance with the Takeovers Code. Following acceptance of the Option Offer, the Share Options together with all rights attaching thereto will be entirely cancelled and renounced.

The procedures for acceptance and further details of the Offers are set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

Comparison of value

The Share Offer Price of HK\$0.106 per Offer Share represents:

- (a) a discount of approximately 69.71% to the closing price of HK\$0.350 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 19.10% over the closing price of HK\$0.089 per Share quoted on the Stock Exchange on 4 July 2025, being the Last Trading Day;

LETTER FROM KINGSTON SECURITIES

- (c) a premium of approximately 37.66% over the average closing price of approximately HK\$0.077 per Share quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 49.30% over the average closing price of approximately HK\$0.071 per Share quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a premium of approximately 51.43% over the average closing price of approximately HK\$0.070 per Share quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately 53.62% over the average closing price of approximately HK\$0.069 per Share quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Day;
- (g) a premium of approximately 130.43% over the audited net assets attributable to owners of the Company per Share of approximately HK\$0.046 as at 31 December 2024, calculated based on the Company's audited net assets attributable to owners of the Company of approximately HK\$60,859,422 as at 31 December 2024 and 1,319,700,274 Shares in issue as at the Latest Practicable Date; and
- (h) a premium of approximately 165.00% over the unaudited net asset value per Share of approximately HK\$0.04 as at 30 June 2025 as disclosed in the Company's announcement dated 14 July 2025 as required under the Listing Rules, calculated based on the Company's unaudited net assets attributable to owners of the Company of approximately HK\$56,510,125 and 1,319,700,274 Shares in issue as at 30 June 2025.

Highest and lowest Share Prices

The highest closing price of the Shares quoted on the Stock Exchange during the Relevant Period was HK\$0.455 per Share on 23 July 2025.

The lowest closing price of the Shares quoted on the Stock Exchange during the Relevant Period was HK\$0.062 per Share on 28 April, 29 April, 30 April, 2 May, 7 May and 8 May 2025.

Value of the Offers

On the basis of 1,319,700,274 Shares in issue as at the Latest Practicable Date and based on the Share Offer Price of HK\$0.106 per Offer Share, the entire issued share capital of the Company is valued at HK\$139,888,229.04.

LETTER FROM KINGSTON SECURITIES

On the basis of 650,526,679 Offer Shares and assuming there is no change in the total number of Shares in issue from the Latest Practicable Date up to the close of the Offers, the consideration payable by the Offeror under the Share Offer is approximately HK\$68,955,827.97.

On the basis of 4,015,163 Share Options as at the Latest Practicable Date and assuming that no Share Option is exercised, cancelled or lapsed from the Latest Practicable Date up to the close of the Offers, the consideration payable by the Offeror under the Option Offer for the cancellation of all outstanding Share Options is approximately HK\$401.52.

Accordingly, the Offers are valued at approximately HK\$68,956,229.49 in aggregate.

Assuming all of the Share Options are exercised by the Optionholders before the close of the Offers, 4,015,163 Shares will be issued and based on the Share Offer Price of HK\$0.106 per Offer Share, an additional sum of approximately HK\$425,607.28 will be payable by the Offeror under the Share Offer. Accordingly, the Offers are valued at approximately HK\$69,381,435.25 in aggregate on a fully-diluted basis.

As at the Latest Practicable Date, there are 1,319,700,274 Shares in issue and 4,015,163 outstanding Share Options, entitling the Optionholders to subscribe for an aggregate of 4,015,163 Shares at an exercise price of HK\$0.2759 per Share. Save as disclosed above, as at the Latest Practicable Date, the Company did not have any outstanding options, warrants, derivatives or other securities which are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) and had not entered into any agreement for the issue of such options, warrants, derivatives or other relevant securities which are convertible or exchangeable into Shares.

The Company confirmed that as at the Latest Practicable Date, (i) it had not declared any dividend which is not yet paid; and (ii) it did not have any intention to declare or pay any future dividend or make other distributions prior to and including the date of closing of the Offers. If, after the date of this Composite Document, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror reserves the right to reduce the Offer Price by an amount equal to the net amount of such dividend or other distribution, in which case any reference in the Joint Announcement, this Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

Financial resources available for the Offers

The maximum amount of cash payable by the Offeror in respect of full acceptances of the Offers is approximately HK\$69,381,435.25, assuming all of the Share Options are exercised by the Optionholders before the close of the Offers and there is no other change in the total number of Shares in issue from the Latest Practicable Date up to the close of the Offers. The Offeror intends to finance the consideration payable under the Offers with its internal cash resources, without any external financing.

LETTER FROM KINGSTON SECURITIES

Kingston CF, being one of the joint financial advisers to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable upon full acceptances of the Offers.

Closing of the Offers

In accordance with Rule 15.1 of the Takeovers Code, the Closing Date will fall on or after the 21st day from the date of this Composite Document.

Effect of accepting the Offers

Acceptance of the Share Offer by any Offer Shareholder will be deemed to constitute a warranty by such person that all Offer Shares sold by such person under the Share Offer are free from all Encumbrances and are sold together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of this Composite Document.

By accepting the Option Offer, Optionholders will result in the cancellation of their outstanding Share Options, together with all rights attaching thereto with effect from the date on which the Option Offer is made, being the date of this Composite Document.

Acceptance of the Offers will be irrevocable and will not be capable of being withdrawn, except as permitted under the Takeovers Code.

Settlement of consideration

Payment (after deducting the accepting Offer Shareholder's share of stamp duty) in cash in respect of acceptances of the Offers will be made as soon as possible but in any event no later than 7 Business Days after the date on which the duly completed Form(s) of Acceptance and the relevant documents of title of the Offer Shares or the Share Options (as the case may be) are received by the Registrar in respect of the Share Offer or the Company in respect of the Option Offer to render each such acceptance under the Offers complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a cent will be payable and the amount of cash consideration payable to any person who accepts the Offers will be rounded up to the nearest cent.

LETTER FROM KINGSTON SECURITIES

Hong Kong Stamp duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the amount payable to the relevant Offer Shareholder(s) on acceptance of the Share Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of the accepting Offer Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

No stamp duty is payable in connection with the acceptance of the Option Offer.

Taxation Advice

Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with it, the Company, Kingston Securities, Kingston CF, Octal Capital, Asian Capital, the Joint Independent Financial Advisers, the Registrar, their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Overseas Offer Shareholders and Overseas Optionholders

The Offeror intends to make the Offers available to all Offer Shareholders and Optionholders, including those who are resident outside Hong Kong.

However, the availability of the Offers to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Offer Shareholders, overseas beneficial owners of Shares and Overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offers. It is the responsibility of Overseas Offer Shareholders, overseas beneficial owners of Shares and Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from the accepting Overseas Offer Shareholders and Overseas Optionholders in respect of such jurisdictions).

LETTER FROM KINGSTON SECURITIES

Based on the register of members and the register of Optionholders of the Company, there is no Overseas Shareholder or Overseas Optionholder as at the Latest Practicable Date.

Any acceptance by any Overseas Offer Shareholders, overseas beneficial owners of Shares and Overseas Optionholders will be deemed to constitute a representation and warranty from such Overseas Offer Shareholders, overseas beneficial owners of Shares or Overseas Optionholders, as applicable, to the Offeror that the local laws and requirements have been complied with. Overseas Offer Shareholders, overseas beneficial owners of Shares and Overseas Optionholders should consult their own professional advisers if in doubt.

INFORMATION ON THE COMPANY

The Company is an exempted company incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the Main Board of the Stock Exchange. The Company is a close-ended investment company listed pursuant to Chapter 21 of the Listing Rules. The principal investment objective of the Company is to achieve long-term capital appreciation through investing globally in both private and public enterprises that have demonstrated the ability to manufacture a product or deliver a service that is supported by the economies of Mainland China, Hong Kong, Macau and Taiwan. As at the Latest Practicable Date, the Company does not have any subsidiaries.

Your attention is also drawn to the information on the Company set out in the section headed “Information on the Company” in the “Letter from the Board” and Appendix III as contained in this Composite Document.

INFORMATION ON THE OFFEROR AND MR. CAI

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability on 15 May 2009 and its issued share capital as at the Latest Practicable Date comprised one share of US\$1.00 which was beneficially owned by Mr. Cai. The Offeror is principally engaged in the business of capital investments in the PRC and other countries.

Mr. Cai is the chairman and sole director of the Offeror. He is an entrepreneur and renowned investor in the internet and technology industry in the PRC. Mr. Cai is the co-chairman (聯席主席) of the Early-stage Investment Committee of the Asset Management Association of China (中國證券投資基金業協會早期投資專委會) and an honorary chairman of the Angel Investment Union (天使聯合匯). Angel Investment Union (天使聯合匯) (previously known as China Angel Investment Association (中國天使投資聯合會)) is the largest angel investor organization in China. It was founded in 2013 and currently has more than 220 angel investment governing units. Angel Investment Union provides growth space for investors, opportunities for entrepreneurs, development opportunities for entrepreneurs, and encourages more people to join the angel investment business. Mr. Cai has been appointed by the

LETTER FROM KINGSTON SECURITIES

Government of Hong Kong as a new non-official member of the Task Force on Promoting Web3 Development for a term of two years, with effect from 1 July 2025.

In 2004, Mr. Cai established 265.com Inc. (北京二六五科技有限公司), a company that provides site navigation services. 265.com Inc. was sold to Google in 2007. Since then, Mr. Cai has become an influential figure in the internet start-up community in the PRC.

Mr. Cai is the founder and currently a substantial shareholder of Meitu, Inc. (Hong Kong Stock Exchange Stock Code: 1357). He is also the single largest shareholder of China Financial Leasing Group Limited (Hong Kong Stock Exchange Stock Code: 2312). Mr. Cai has invested in various technology start-ups in the PRC, including Baofeng Group Co., Ltd (暴風集團股份有限公司) (formerly listed on the Shenzhen Stock Exchange with a stock code of 300431), 58.com Inc. (NYSE: WUBA) and Feiyu Technology International Company Ltd. (Hong Kong Stock Exchange Stock Code: 1022). Mr. Cai is also the founder and chairman of Longling Capital Co., Ltd. From January 2009 to October 2013, Mr. Cai was the chairman of 4399 Network Co., Ltd (四三九九網絡股份有限公司), a software enterprise that provides Internet gaming applications and information services. He was also appointed as a part-time professor at the School of Management, Xiamen University in September 2015. From May 2011 to November 2015, Mr. Cai served as a director of 58.com Inc. Mr. Cai also held directorships in Xiamen Fei Bo Network Technology Co., Ltd (廈門飛博共創網絡科技股份有限公司) (National Equities Exchange and Quotations Stock Code: 834617) between June 2015 and October 2016, and TTG Fintech Limited (Australian Securities Exchange Ticker: TUP) between September 2012 and August 2017. Mr. Cai served as the chairman of Meitu, Inc. from July 2013 to June 2023.

As at the Latest Practicable Date, the Offeror was a controlling Shareholder holding 669,173,595 Shares (representing approximately 50.71% of the total number of Shares in issue) and therefore each of the Offeror and Mr. Cai was a connected person of the Company.

INTENTIONS OF THE OFFEROR REGARDING THE COMPANY

It is the Offeror's intention to further increase its interest in the Company pursuant to the Offers. As at the Latest Practicable Date, the Offeror intended to maintain the existing listed and unlisted equity investment business of the Company and also intended the Company to continue to invest in a diversified portfolio of financial products immediately after close of the Offers. In addition, it is intended that the Company will invest in licensed wealth management companies including licensed corporations to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, and will invest in various financial products such as global financial markets, bonds and financial derivatives. The Company will focus on investing in Crypto-AI technology companies in the PRC, Hong Kong and globally, and increase early-stage equity investments by the Company in companies or projects that are still in the research and development phase or in the early commercialisation of artificial intelligence (AI) technologies (including development of innovative algorithms, machine learning models and data-driven solutions) and Web3 industries (including new decentralisation and blockchain-based technologies and cryptocurrencies), in conjunction with the Hong Kong government's initiative to develop a digital asset financial centre, the Company will increase its investment in a diverse

LETTER FROM KINGSTON SECURITIES

digital asset portfolio, striving to build the Company into a comprehensive investment holding group. In addition to the above, the Offeror will review the Company's operations and business activities and formulate a long-term business strategy for the Company. Depending on the results of the review, the Offeror may explore other investment opportunities for the Company, seek to expand the Company's business and consider any equity, debt and other appropriate fund raising, to enhance the long-term growth potential of the Company. In the implementation of the aforesaid intentions regarding the Company, the Offeror will ensure that the Company will comply with the requirements under Chapter 21 of the Listing Rules (including the restrictions under Rules 21.04(3)(a) and (b) of the Listing Rules).

As at the Latest Practicable Date, (i) the Offeror had no intention to make material changes to the employment of the employees of the Company (except for certain proposed changes to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate, as mentioned below); (ii) the Offeror had no intention to dispose of or re-deploy the assets of the Company other than those in its ordinary course of business; and (iii) no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Company.

PROPOSED CHANGES IN COMPOSITION OF THE BOARD

As at the Latest Practicable Date, the Board comprised of one executive Director, namely Mr. Chan Cheong Yee, three non-executive Directors, namely Mr. Chen Shengjie, Mr. Choi Koon Ming and Ms. Xiao Ruimei, and three independent non-executive Directors, namely Mr. Sze Tak Chi, Mr. Sui Fuxiang and Mr. Tong Yun Lung.

Mr. Sze Tak Chi, Mr. Sui Fuxiang and Mr. Tong Yun Lung, being all the existing independent non-executive Directors, have expressed their intention to resign from their directorship after the appointment of the new independent non-executive Directors and the later of (a) the first date on which they are permitted to resign under the Takeovers Code, and (b) the date after the despatch of the interim report for the six months ended 30 June 2025.

As at the Latest Practicable Date, the Offeror intends to nominate Mr. Cai for appointment as a non-executive Director and Chairman of the Company (the biographical details of Mr. Cai are set out in the section headed "Information on the Offeror and Mr. Cai" on pages 16 to 17 of this letter) and Prof. Wang Yang, Ms. Hsieh Yafang and Mr. Li Jian Bin for appointment as independent non-executive Directors at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate:

LETTER FROM KINGSTON SECURITIES

Prof. Wang Yang (汪揚)

Prof. Wang Yang (汪揚), aged 62, is a professor in mathematics, specializing in blockchain technology, data science, and applied mathematics. Prof. Wang joined The University of Hong Kong as the Vice President for Institutional Advancement since 1 August 2025. He served as the head of the Department of Mathematics of the Hong Kong University of Science and Technology (“HKUST”) from August 2014 to October 2016, the dean of the School of Science from November 2016 to September 2020, the director of the HKUST Big Data for Biological Intelligence Laboratory and an associate director of the HKUST Big Data Institute from 2015 to 2025, as well as the Vice-President for Institutional Advancement from October 2020 to March 2025. Prof. Wang has been awarded the title of Chair Professor of Department of Mathematics at HKUST since August 2014. His other previous working experience includes consecutively serving as an assistant professor, an associate professor and a professor in mathematics, an adjunct professor of The Logistics Institute, an undergraduate director of the School of Mathematics, and an associate chair of the School of Mathematics at Georgia Institute of Technology from July 1989 to May 2007, serving as the department chair of Mathematics at Michigan State University from August 2007 to August 2014, and serving as a program director at the United States National Science Foundation from September 2006 to August 2007. Prof. Wang was appointed as an independent non-executive director of Xunfei Healthcare Technology Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code : 2506) since 6 December 2024 and an independent director of Antalpha Platform Holding Company, a company listed on NASDAQ (Nasdaq: ANTA) since 14 May 2025.

Prof. Wang was appointed as the Chief Scientific Advisor of the Institute of Web 3.0 Hong Kong on 11 April 2023 and is the Founding Advisor for Blockchain Academy and Chairman of the Academic Executive Committee for the Hong Kong Web3.0 Association. Prof. Wang has made significant contributions to advancing digital technologies education, including launching the popular Big Data Technology MSc program. He is an internationally respected scholar with over 150 research publications in areas like wavelets, machine learning, and supply chain management.

Prof. Wang obtained his bachelor’s degree in mathematics from the University of Science and Technology of China (中國科學技術大學) in the PRC in July 1983, and his Master of Science degree and Doctorate of Philosophy degree in mathematics from Harvard University in the United States in June 1988 and March 1990, respectively.

LETTER FROM KINGSTON SECURITIES

Ms. Hsieh Yafang (謝亞芳)

Ms. Hsieh Yafang, aged 52, is a senior media worker, a former senior presenter and anchor for a channel of Phoenix Satellite Television Holdings Limited. She has close to 30 years of journalist experience in the Mainland China, Taiwan and Hong Kong. Since 2010, Ms. Hsieh has served as the Secretary-General and Executive Vice President to the board of the Hong Kong alumni association of the Cheung Kong Business School and currently serves as the Executive President. She was an independent non-executive director of China VAST Industrial Urban Development Company Limited (a company previously listed on the Stock Exchange with stock code 6166 and delisted on 6 December 2022) from 10 November 2017 to 6 December 2022. Ms. Hsieh has more than 25 years of investment experience in the financial market.

Ms. Hsieh received her EMBA from Cheung Kong Business School in 2007 and her Bachelor of Art with focus in Japanese studies from Soochow University in Taiwan in 1996.

Mr. Li Jian Bin (李建濱)

Mr. Li Jian Bin (李建濱), aged 47, has over 23 years of experience in tax advisory, investment matters and financial management. From April 2020 to September 2023, he served as the Managing Partner at the Strategic Investment Department of Beijing Xiaomi Mobile Software Co., Ltd. (北京小米移動軟件有限公司), a subsidiary of Xiaomi Corporation, a company listed on the Main Board of the Stock Exchange (stock code : 1810), and prior to that, between December 2017 and April 2020, he was the Vice President of the Finance Department where he was responsible for optimizing the capabilities of the group's Finance Department, managing its tax matters and overseeing its merger and acquisition projects. From July 2001 to November 2017, he held various positions at PricewaterhouseCoopers Consultants (Shenzhen) Limited Beijing Branch (普華永道諮詢深圳有限公司北京分公司), where his last position was Tax and Commercial Advisory Partner. Mr. Li was appointed as an independent non-executive director of Chaoju Eye Care Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code : 2219) since 7 July 2021 and an independent non-executive director of Beijing Fourth Paradigm Technology Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code : 6682) since 16 July 2021.

Mr. Li obtained his bachelor's degrees in laws and economics from Peking University (北京大學) in Beijing, China in July 2001. He has been a member of The Chinese Institute of Certified Public Accountants since September 2010 and a member of the China Certified Tax Agents Association since March 2013 and received his PRC lawyer's practicing licence issued by the Ministry of Justice of the People's Republic of China in February 2007.

Each of Prof. Wang Yang, Ms. Hsieh Yafang and Mr. Li Jian Bin has confirmed that he or she meets the independence criteria as set out in Rule 3.13 of the Listing Rules.

LETTER FROM KINGSTON SECURITIES

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offers, the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offers. Each of the sole director of the Offeror and the proposed new independent non-executive Directors has jointly and severally undertaken to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that sufficient Shares will be in public hands after the close of the Offers. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Offer Share outstanding and not acquired under the Share Offer after the Closing Date.

ACCEPTANCE AND SETTLEMENT OF THE OFFERS

Your attention is drawn to the details regarding the procedures for acceptance and settlement of the Offers as set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

GENERAL

To ensure equality of treatment of all Offer Shareholders, those Offer Shareholders who hold the Offer Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owners separately. In order for beneficial owners of Offer Shares, whose investments are registered in the names of nominees, to accept the Share Offer, it is essential that they provide instructions of their intentions with regard to the Share Offer to their nominees.

All documents and remittances will be sent to the Offer Shareholders and/or Optionholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or, in case of joint Offer Shareholders and/or joint Optionholders, to the Offer Shareholder and/or Optionholder whose name appears first in the register of members and/or the register of Optionholders of the Company. None of the Offeror, parties acting in concert with it, the Company, Kingston Securities, Kingston CF, Octal Capital, Asian Capital, the Joint Independent

LETTER FROM KINGSTON SECURITIES

Financial Advisers, the Registrar, their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any persons involved in the Offers will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offers set out in the appendices to this Composite Document and the accompanying Form(s) of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the letter of advice by the Joint Independent Financial Advisers to the Independent Board Committee in respect of the Offers as set out in the “Letter from the Joint Independent Financial Advisers” contained in this Composite Document, before deciding whether or not to accept the Offers.

If you are in doubt about your position in connection with the Offers, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Chu, Nicholas Yuk-yui
Director

LETTER FROM THE BOARD

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)

Board of Directors

Executive Director:

Mr. CHAN Cheong Yee

Non-executive Directors:

Mr. CHEN Shengjie (*Chairman*)

Mr. CHOI Koon Ming

Ms. XIAO Ruimei

Independent Non-executive Directors:

Mr. SZE Tak Chi

Mr. SUI Fuxiang

Mr. TONG Yun Lung

Registered office:

P.O. Box 309

Ugland House

South Church Street

George Town

Grand Cayman KY1-1104

Cayman Islands

Principal Place of Business

in Hong Kong:

Room 1802B, 18/F.

Bank of America Tower

12 Harcourt Road

Admiralty, Hong Kong

7 August 2025

To the Offer Shareholders and the Optionholders

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFERS BY



金利豐證券
KINGSTON SECURITIES

ON BEHALF OF

LONGLING CAPITAL LTD

FOR ALL THE ISSUED SHARES IN

CHINA NEW ECONOMY FUND LIMITED

**(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY LONGLING CAPITAL LTD AND PARTIES
ACTING IN CONCERT WITH IT)**

AND

FOR ALL OUTSTANDING SHARE OPTIONS ISSUED BY

CHINA NEW ECONOMY FUND LIMITED

**(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY LONGLING CAPITAL LTD AND PARTIES
ACTING IN CONCERT WITH IT) FOR CANCELLATION**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Joint Announcement.

On 17 July 2025, the Offeror and the Company jointly announced, among others, that on 5 July 2025:

- (1) Vendor A, Vendor B and the Offeror entered into the SP Agreement 1, pursuant to which (a) Vendor A has agreed to sell and the Offeror has agreed to purchase the Sale Shares A (being all the Shares held by Vendor A immediately before Completion), being 45,485,000 Shares representing approximately 3.45% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$4,821,410.00 (equivalent to HK\$0.106 per Sale Share A) and (b) Vendor B has agreed to sell and the Offeror has agreed to purchase the Sale Shares B (being all the Shares held by Vendor B immediately before Completion), being 315,000,000 Shares representing approximately 23.87% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$33,390,000.00 (equivalent to HK\$0.106 per Sale Share B);
- (2) Vendor C, Vendor D and the Offeror entered into the SP Agreement 2, pursuant to which (a) Vendor C has agreed to sell and the Offeror has agreed to purchase the Sale Shares C (being all the Shares held by Vendor C immediately before Completion), being 61,150,000 Shares representing approximately 4.63% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$6,481,900.00 (equivalent to HK\$0.106 per Sale Share C) and (b) Vendor D has agreed to sell and the Offeror has agreed to purchase the Sale Shares D (being all the Shares held by Vendor D immediately before Completion), being 129,640,000 Shares representing approximately 9.82% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$13,741,840.00 (equivalent to HK\$0.106 per Sale Share D); and
- (3) Vendor E and the Offeror entered into the SP Agreement 3, pursuant to which Vendor E has agreed to sell and the Offeror has agreed to purchase the Sale Shares E (being all the Shares held by Vendor E immediately before Completion), being 117,898,595 Shares representing approximately 8.93% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$12,497,251.07 (equivalent to HK\$0.106 per Sale Share E).

LETTER FROM THE BOARD

Immediately after Completion which took place on 8 July 2025 and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned in aggregate 669,173,595 Shares, representing approximately 50.71% of the total number of Shares in issue. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to make an appropriate offer for all the outstanding Share Options (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) for cancellation.

Asian Capital has been appointed as financial adviser to the Company in respect of the Offers.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Company, the Offeror and the Offers; (ii) the recommendation of the Independent Board Committee to the Offer Shareholders and the Optionholders in respect of the Offers and as to acceptance of the Offers; and (iii) the letter from the Joint Independent Financial Advisers containing its advice and recommendation to the Independent Board Committee in respect of the Offers.

INDEPENDENT BOARD COMMITTEE AND JOINT INDEPENDENT FINANCIAL ADVISERS

The Independent Board Committee comprising all non-executive Directors who have no direct or indirect interest in the Offers, namely Mr. Chen Shengjie, Mr. Choi Koon Ming, Ms. Xiao Ruimei, Mr. Sze Tak Chi, Mr. Sui Fuxiang and Mr. Tong Yun Lung, has been established in accordance with Rules 2.1 and Rule 2.8 of the Takeovers Code to advise and give a recommendation to the Offer Shareholders and the Optionholders as to whether the Offers are fair and reasonable and as to the acceptance of the Offers.

Despite that (i) Mr. Chen Shengjie has multiple business relationships with Ms. Luo Yan (being the ultimate beneficial owner of Vendor C and Vendor D) and (ii) Mr. Choi Koon Ming is the brother of Mr. Choi Koon Shum (being the indirect controlling shareholder of Vendor E), given that Mr. Chen Shengjie and Mr. Choi Koon Ming were not nominated by, and do not act as nominees for, Ms. Luo Yan or Mr. Choi Koon Shum respectively, neither Mr. Chen Shengjie nor Mr. Choi Koon Ming is considered to have any direct or indirect interests in the Offers and therefore both of them are members of the Independent Board Committee.

Pursuant to Rule 2.1 of the Takeovers Code, Frontpage Capital and Quam Capital have been appointed as the Joint Independent Financial Advisers by the Company with approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offers and as to whether the Offers are, or are not, fair and reasonable so far as the Offer Shareholders and the Optionholders are concerned and as to the acceptance of the Offers.

LETTER FROM THE BOARD

THE OFFERS

Principal terms of the Offers

The terms of the Offers as set out in the “Letter from Kingston Securities” are extracted below. You are recommended to refer to the “Letter from Kingston Securities” as set out in this Composite Document and the Form(s) of Acceptance for further details.

Kingston Securities, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offers on the following basis:

The Share Offer

For each Offer Share HK\$0.106 in cash

The Share Offer Price per Offer Share is the same as the purchase price per Sale Share of HK\$0.106 paid by the Offeror to the Vendors under the SP Agreements.

As at the Latest Practicable Date, (a) no dividends or distributions have been declared but unpaid; and (b) there is no intention for the Company to make, declare or pay any dividends or distributions.

The Option Offer

For each Share Option HK\$0.0001 in cash

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 to the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise price of the Share Options and the Share Offer Price. Under the Option Offer, given that the exercise price of the outstanding Share Options of HK\$0.2759 per Share is above the Share Offer Price, the outstanding Share Options are out-of-money and the Option Offer Price for the cancellation of each outstanding Share Option is set at a nominal value of HK\$0.0001.

The Offers are unconditional in all respects.

The Share Offer is extended to all Offer Shareholders and the Option Offer is extended to all Optionholders (whether their respective Share Options are vested or not) in accordance with the Takeovers Code. Following acceptance of the Option Offer, the Share Options together with all rights attaching thereto will be entirely cancelled and renounced.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there are 1,319,700,274 Shares in issue and 4,015,163 outstanding Share Options, entitling the Optionholders to subscribe for an aggregate of 4,015,163 Shares at an exercise price of HK\$0.2759 per Share. Save as disclosed above, as at the Latest Practicable Date, the Company did not have any outstanding options, warrants, derivatives or other securities which are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) and had not entered into any agreement for the issue of such options, warrants, derivatives or other relevant securities which are convertible or exchangeable into Shares.

Further details regarding the Offers, including the terms and procedures for acceptance of the Offers are set out in the “Letter from Kingston Securities” and Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

INFORMATION ON THE COMPANY

The Company is an exempted company incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the Main Board of the Stock Exchange. The Company is a close-ended investment company listed pursuant to Chapter 21 of the Listing Rules. The principal investment objective of the Company is to achieve long-term capital appreciation through investing globally in both private and public enterprises that have demonstrated the ability to manufacture a product or deliver a service that is supported by the economies of Mainland China, Hong Kong, Macau and Taiwan. As at the Latest Practicable Date, the Company does not have any subsidiaries.

Your attention is drawn to Appendices II and III of this Composite Document which contain further financial and general information of the Company.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before Completion; and (ii) immediately after Completion and as at the Latest Practicable Date:

	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The Vendors				
Vendor A	45,485,000	3.45	—	—
Vendor B	315,000,000	23.87	—	—
Vendor C	61,150,000	4.63	—	—
Vendor D	129,640,000	9.82	—	—
Vendor E	117,898,595	8.93	—	—
 The Offeror and parties acting in concert with it (<i>Note 1</i>)	 —	 —	 669,173,595 (<i>Note 2</i>)	 50.71
 Other public Shareholders	 650,526,679	 49.29	 650,526,679	 49.29
	<u>1,319,700,274</u>	<u>100.00</u>	<u>1,319,700,274</u>	<u>100.00</u>

Notes:

1. The Offeror is a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially owned by Mr. Cai.
2. The 669,173,595 Shares are held directly by the Offeror.

INFORMATION ON THE OFFEROR AND MR. CAI

Your attention is drawn to the section headed “Information on the Offeror and Mr. Cai” in the “Letter from Kingston Securities” as set out in this Composite Document.

INTENTIONS OF THE OFFEROR AND THE BOARD REGARDING THE COMPANY

Your attention is drawn to the section headed “Intentions of the Offeror regarding the Company” in the “Letter from Kingston Securities” as set out in this Composite Document.

LETTER FROM THE BOARD

The Board is pleased to note that it is the Offeror's intention to further increase its interest in the Company pursuant to the Offers and as at the Latest Practicable Date, the Offeror intends to maintain the existing listed and unlisted equity investment business of the Company and also intends the Company to continue to invest in a diversified portfolio of financial products immediately after close of the Offers. In addition, it is intended that the Company will invest in licensed wealth management companies including licensed corporations to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, and will invest in various financial products such as global financial markets, bonds and financial derivatives. The Company will focus on investing in Crypto-AI technology companies in the PRC, Hong Kong and globally, and increase early-stage equity investments by the Company in companies or projects that are still in the research and development phase or in the early commercialisation of artificial intelligence (AI) technologies (including development of innovative algorithms, machine learning models and data-driven solutions) and Web3 industries, (including new decentralisation and blockchain-based technology and cryptocurrencies), in conjunction with the Hong Kong government's initiative to develop a digital asset financial centre, the Company will increase its investment in a diverse digital asset portfolio, striving to build the Company into a comprehensive investment holding group. In addition to the above, the Offeror will review the Company's operations and business activities and formulate a long-term business strategy for the Company. Depending on the results of the review, the Offeror may explore other investment opportunities for the Company, seek to expand the Company's business and consider any equity, debt and other appropriate fund raising, to enhance the long-term growth potential of the Company. In the implementation of the aforesaid intentions regarding the Company, the Offeror will ensure that the Company will comply with the requirements under Chapter 21 of the Listing Rules (including the restrictions under Rules 21.04(3)(a) and (b) of the Listing Rules).

The Board is also aware that as at the Latest Practicable Date, (i) the Offeror had no intention to make material changes to the employment of the employees of the Company (except for certain proposed changes to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate, as referred to below); (ii) the Offeror had no intention to dispose of or re-deploy the assets of the Company other than those in its ordinary course of business; and (iii) no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Company.

The Board is further aware of the Offeror's intentions to change the composition of the Board after the close of the Offers as mentioned in the section headed "Intentions of the Offeror regarding the Company" in the "Letter from Kingston Securities" as set out in this Composite Document.

The Board is willing to render reasonable co-operation with the Offeror if it considers that it is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offers, the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Board noted from the section headed “Maintaining the Listing Status of the Company” in the “Letter from Kingston Securities” contained in this Composite Document that the Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offers. Each of the sole director of the Offeror and the proposed new Directors has jointly and severally undertaken to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that sufficient Shares will be in public hands after the close of the Offers.

The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

RECOMMENDATION

Your attention is drawn to the “Letter from the Independent Board Committee” set out on pages 31 to 32 of this Composite Document and the “Letter from the Joint Independent Financial Advisers” set out on pages 33 to 53 of this Composite Document, which contain, among other things, their advice in relation to the Offers and the principal factors considered by them in arriving at their recommendation.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form(s) of Acceptance for further details in respect of the procedures for acceptance of the Offers.

Yours faithfully,
By order of the Board
China New Economy Fund Limited
Chan Cheong Yee
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee to the Offer Shareholders and the Optionholders in respect of the Offers for inclusion in this Composite Document.

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)

7 August 2025

To the Offer Shareholders and Optionholders

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFERS BY



金利豐證券
KINGSTON SECURITIES

ON BEHALF OF

LONGLING CAPITAL LTD

FOR ALL THE ISSUED SHARES IN

CHINA NEW ECONOMY FUND LIMITED

(OTHER THAN THOSE ALREADY OWNED OR AGREED

TO BE ACQUIRED BY LONGLING CAPITAL LTD AND PARTIES

ACTING IN CONCERT WITH IT)

AND

FOR ALL OUTSTANDING SHARE OPTIONS ISSUED BY

CHINA NEW ECONOMY FUND LIMITED

(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE

ACQUIRED BY LONGLING CAPITAL LTD AND PARTIES

ACTING IN CONCERT WITH IT) FOR CANCELLATION

INTRODUCTION

We refer to the Composite Document jointly issued by the Offeror and the Company dated 7 August 2025 (the “**Composite Document**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider and to advise the Offer Shareholders and the Optionholders as to whether or not the Offers are fair and reasonable and to make a recommendation as to the acceptance of the Offers.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Frontpage Capital and Quam Capital have been appointed as the Joint Independent Financial Advisers with our approval to advise us in respect of the above. Details of its advice and the principal factors taken into consideration in arriving at their recommendation are set out in the “Letter from the Joint Independent Financial Advisers” on pages 33 to 53 of the Composite Document.

We also wish to draw your attention to the “Letter from the Board”, the “Letter from Kingston Securities” and the additional information set out in the appendices to the Composite Document.

RECOMMENDATIONS

Taking into account the terms of the Offers and the advice from Frontpage Capital and Quam Capital, we consider that the Offers are fair and reasonable so far as the Offer Shareholders and the Optionholders are concerned. Accordingly, we recommend the Offer Shareholders and the Optionholders to accept the Offers. The Offer Shareholders and the Optionholders are recommended to read the full text of the “Letter from the Joint Independent Financial Advisers” set out in the Composite Document.

However, in view of the volatility of market conditions, for those Offer Shareholders and Optionholders who intend to accept the Offers, they are strongly reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period and (for the Offer Shareholders) consider selling their Shares in the open market and (for the Optionholders) consider exercising their Share Options and selling the Shares issued in the open market, instead of accepting the Offers, if the net proceeds (after costs and expenses payable by the Offer Shareholders and the Optionholders) from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offers.

Notwithstanding our recommendation, the Offer Shareholders and the Optionholders should consider carefully the terms of the Offers. In any case, the Offer Shareholders and the Optionholders are strongly advised that the decision to realize or to continue to hold their Shares and/or Share Options is subject to individual circumstances and investment objectives. If in doubt, the Offer Shareholders and the Optionholders should consult their own professional advisers for professional advice.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
China New Economy Fund Limited

Mr. Chen	Mr. Choi	Ms. Xiao	Mr. Sze	Mr. Sui	Mr. Tong
Shengjie	Koon Ming	Ruimei	Tak Chi	Fuxiang	Yun Lung
<i>Non-executive</i>	<i>Non-executive</i>	<i>Non-executive</i>	<i>Independent</i>	<i>Independent</i>	<i>Independent</i>
<i>Director</i>	<i>Director</i>	<i>Director</i>	<i>non-executive</i>	<i>non-executive</i>	<i>non-executive</i>
			<i>Director</i>	<i>Director</i>	<i>Director</i>

LETTER FROM JOINT INDEPENDENT FINANCIAL ADVISERS

Set out below is the full text of a letter from Frontpage Capital and Quam Capital, the Joint Independent Financial Advisers to the Independent Board Committee in respect of the Offers for the purpose of inclusion in the Composite Document.

FRONTPAGE 富比



7 August 2025

To the Independent Board Committee

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS
BY KINGSTON SECURITIES LIMITED ON BEHALF OF
LONGLING CAPITAL LTD
FOR ALL THE ISSUED SHARES IN
CHINA NEW ECONOMY FUND LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY LONGLING CAPITAL LTD AND
PARTIES ACTING IN CONCERT WITH IT) AND FOR ALL OUTSTANDING
SHARE OPTIONS ISSUED BY CHINA NEW ECONOMY FUND LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY LONGLING CAPITAL LTD AND PARTIES ACTING IN
CONCERT WITH IT) FOR CANCELLATION**

INTRODUCTION

We refer to our appointment as the joint independent financial advisers to the Independent Board Committee in respect of the Offers, details of which are set out in the Composite Document of the Company dated 7 August 2025 jointly issued by the Company and the Offeror in relation to the Offers of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

Reference is made to the joint announcement issued by the Company and the Offeror in relation to the Offers dated 17 July 2025 (the “**Joint Announcement**”). On 5 July 2025,

- (1) Vendor A, Vendor B and the Offeror entered into the SP Agreement 1, pursuant to which (a) Vendor A has agreed to sell and the Offeror has agreed to purchase the Sale Share A (being all the Shares held by Vendor A immediately before Completion), being 45,485,000 Shares representing approximately 3.45% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$4,821,410.00 (equivalent to HK\$0.106 per Sale Share A); and (b) Vendor B has

LETTER FROM JOINT INDEPENDENT FINANCIAL ADVISERS

agreed to sell and the Offeror has agreed to purchase the Sale Shares B (being all the Shares held by Vendor B immediately before Completion), being 315,000,000 Shares representing approximately 23.87% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$33,39,000.00 (equivalent to HK\$0.106 per Sale Share B);

- (2) Vendor C, Vendor D and the Offeror entered into the SP Agreement 2, pursuant to which (a) Vendor C has agreed to sell and the Offeror has agreed to purchase the Sale Shares C (being all the Shares held by Vendor C immediately before Completion), being 61,150,000 Shares representing approximately 4.63% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$6,481,900.00 (equivalent to HK\$0.106 per Sale Share C); and (b) Vendor D has agreed to sell and the Offeror has agreed to purchase the Sale Shares D (being all the Shares held by Vendor D immediately before Completion), being 129,640,000 Shares representing approximately 9.82% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$13,741,840.00 (equivalent to HK\$0.106 per Sale Share D); and
- (3) Vendor E and the Offeror entered into the SP Agreement 3, pursuant to which Vendor E has agreed to sell and the Offeror has agreed to purchase the Sale Shares E (being all the Shares held by Vendor E immediately before Completion), being 117,898,595 Shares representing approximately 8.93% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$12,497,251.07 (equivalent to HK\$0.106 per Sale Share E).

The Completion took place on 8 July 2025. Immediately prior to the Completion, the Offeror was not interested in the Company. Immediately following the Completion and as at the Latest Practicable Date, the Offeror, and parties acting in concert with him, became interested in 669,173,595 representing approximately 50.71% of the total number of Shares in issue. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to make an appropriate offer for all the outstanding Share Options (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) for cancellation.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all non-executive Directors, namely Mr. Chen Shengjie, Mr. Choi Koon Ming, Ms. Xiao Ruimei, Mr. Sze Tak Chi, Mr. Sui Fuxiang and Mr. Tong Yun Lung, has been established to make a recommendation to the Offer Shareholders and the Optionholders as to whether the Offers are fair and reasonable and as to the acceptance of the Offers.

Despite that (i) Mr. Chen Shengjie has multiple business relationships with Ms. Luo Yan (being the ultimate beneficial owner of Vendor C and Vendor D); and (ii) Mr. Choi Koon Ming

LETTER FROM JOINT INDEPENDENT FINANCIAL ADVISERS

is the brother of Mr. Choi Koon Shum (being the indirect controlling shareholder of Vendor E), given that Mr. Chen Shengjie and Mr. Choi Koon Ming were not nominated by, and do not act as nominees for, Ms. Luo Yan or Mr. Choi Koon Shum respectively, neither Mr. Chen Shengjie nor Mr. Choi Koon Ming is considered to have any direct or indirect interests in the Offers and therefore both of them will be members of the Independent Board Committee.

THE JOINT INDEPENDENT FINANCIAL ADVISERS

The Independent Board Committee has approved our appointment as the Joint Independent Financial Advisers in respect of the Offers pursuant to Rule 2.1 of the Takeovers Code. As the Joint Independent Financial Advisers, our role is to give an independent opinion to the Independent Board Committee as to whether (i) the Offers are fair and reasonable so far as the Offer Shareholders and Optionholders are concerned; and (ii) the Offers should be accepted.

As at the Latest Practicable Date, we did not have any relationships with or interests in the Company, the Offeror, or any of their respective controlling shareholders and any party acting, or presumed to be acting, in concert with any of them, and accordingly, are qualified to give independent advice to the Independent Board Committee. Save for our appointment as the Joint Independent Financial Advisers, we did not act as a financial adviser to the Company and the Offeror in the past two years prior to the Latest Practicable Date.

Pursuant to Rule 13.84 of the Listing Rules and Rule 2.6 of the Takeovers Code, and given that (i) remuneration for our engagement to opine on the Offers is at market level and not conditional upon the outcome of the Offer; (ii) no arrangement exists whereby we shall receive any fees or benefits from the Company (other than our said remuneration) or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms and approved by the Independent Board Committee, we are independent of the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them and can act as the Joint Independent Financial Advisers to the Independent Board Committee in respect of the Offers.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Composite Document; (ii) the information provided by the Directors and the management of the Company (the “**Management**”); (iii) the opinions expressed by and the representations of the Directors and the Management; and (iv) our review of the relevant public information, including but not limited to the historical share prices, financial results or reports and other announcements of the Company. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Composite Document were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Composite Document are true in all material respects at the time they were made and continue to be true in all material respects as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the

LETTER FROM JOINT INDEPENDENT FINANCIAL ADVISERS

Directors and the Management and those as set out or referred to in the Composite Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors and the Management. Should there be any material changes to the statements, information and/or representation affecting our opinion after the Latest Practicable Date, the Offer Shareholders and the Optionholders would be notified as soon as possible in compliance with Rule 9.1 of the Takeovers Code.

We have reviewed, among others, (i) the annual report of the Company for the year ended 31 December 2024 (the “**Annual Report 2024**”); (ii) the annual report of the Company for the year ended 31 December 2023 (the “**Annual Report 2023**”); (iii) the Joint Announcement; and (iv) other information contained or referred to in the Composite Document. We consider that we reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinions expressed by the Directors and the Management, nor have we conducted any in-depth investigation into the business, affairs, operations, financial results, financial position, financial forecast or future prospects of the Company.

PRINCIPAL TERMS OF THE OFFERS

Kingston Securities, on behalf of the Offeror, is making the Offers on the following basis:

For each Offer Share HK\$0.106 in cash

The Share Offer Price per Offer Share under the Share Offer is the same as the purchase price per Sale Share of HK\$0.106 paid by the Offeror to the Vendors under the SP Agreements.

For each Share Option HK\$0.0001 in cash

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 to the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise price of the Share Options and the Share Offer Price. Under the Option Offer, given that the exercise price of the outstanding Share Options of HK\$0.2759 is above the Share Offer Price, the outstanding Share Options are out-of-the-money and the Option Offer Price for the cancellation of each outstanding Share Option is set at a nominal value of HK\$0.0001.

The Offers are unconditional in all respects.

LETTER FROM JOINT INDEPENDENT FINANCIAL ADVISERS

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation in respect of the Offers, we have taken into account the following principal factors and reasons:

1. Information on the Company

1.1. Principal business of the Company

The Company is a close-ended investment company listed under Chapter 21 of the Listing Rules. The principal investment objective of the Company is to achieve long-term capital appreciation through investing globally in both private and public enterprises (including listed securities) 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.

1.2. Financial information of the Company

A summary of the financial information of the Company for the three financial years ended 31 December 2022 (“FY2022”), 2023 (“FY2023”) and 2024 (“FY2024”) as extracted from the Annual Report 2023 and Annual Report 2024 are set out below.

	FY2022	FY2023	FY2024
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	(audited)	(audited)	(audited)
Revenue	3,116,109	126,339	759,920
Net loss on financial assets at fair value through profit or loss	39,041,595	35,365,185	17,515,762
Loss and total comprehensive loss for the year attributable to ordinary equity holders of the Company	52,745,075	52,436,843	28,978,531

LETTER FROM JOINT INDEPENDENT FINANCIAL ADVISERS

	As at 31 December		
	2022	2023	2024
	HK\$	HK\$	HK\$
	(audited)	(audited)	(audited)
Total assets	149,407,330	95,243,209	65,116,985
– <i>Financial assets at fair value through profit or loss</i>	116,438,778	66,340,464	42,960,053
– <i>Cash and cash equivalents</i>	27,830,332	17,309,428	13,007,593
Total liabilities	7,132,534	5,405,256	4,257,563
Total equity	142,274,796	89,837,953	60,859,422

Comparison between FY2022 and FY2023

The revenue of the Company decreased from approximately HK\$3.1 million for FY2022 to approximately HK\$0.1 million for FY2023, representing a decrease of approximately 95.9%. According to the Annual Report 2023, the decrease in revenue of the Company was mainly attributable to the decreased revenue from (i) dividend income from unlisted equity securities; (ii) interest income from promissory notes; and (iii) interest earned from bonds. The Company's loss and total comprehensive loss for the year attributable to ordinary equity holders of the Company remained relatively stable at approximately HK\$52.7 million and HK\$52.4 million for FY2022 and FY2023 respectively. Loss recorded for both FY2022 and FY2023 were mainly due to the net loss recorded on financial assets at fair value through profit or loss, amounting to approximately HK\$39.0 million and HK\$35.4 million for FY2022 and FY2023 respectively. The investment performance of the Company for FY2022 and FY2023 was affected by the slow recovery of the Chinese economy after the global pandemic and the rising volatility of the global or China stock markets.

The total equity of the Company decreased from approximately HK\$142.3 million as at 31 December 2022 to approximately HK\$89.8 million as at 31 December 2023, representing a decrease of approximately 36.9%, which was mainly due to the decrease in the financial assets fair value through profit or loss of approximately HK\$50.1 million and the decrease in cash and cash equivalents of approximately HK\$10.5 million.

Comparison between FY2023 and FY2024

The revenue of the Company increased from approximately HK\$0.1 million for FY2023 to approximately HK\$0.8 million for FY2024, representing an increase of approximately 501.5%. According to Annual Report 2024, the increase in revenue of the Company was mainly attributable to the increase in the income from profit guarantee related to amounts received and receivable in respect of private equity investments in Hong Kong. The Company recorded loss and total comprehensive loss for the year attributable to ordinary equity holders of the Company of approximately

LETTER FROM JOINT INDEPENDENT FINANCIAL ADVISERS

HK\$52.4 million and HK\$29.0 million for FY2023 and FY2024 respectively, representing a significant decrease of approximately 44.7%. Such decrease in loss for FY2024 as compared to FY2023 was mainly due to the decrease in net loss on financial assets at fair value through profit or loss of approximately HK\$17.8 million, representing a decrease of approximately 50.5%.

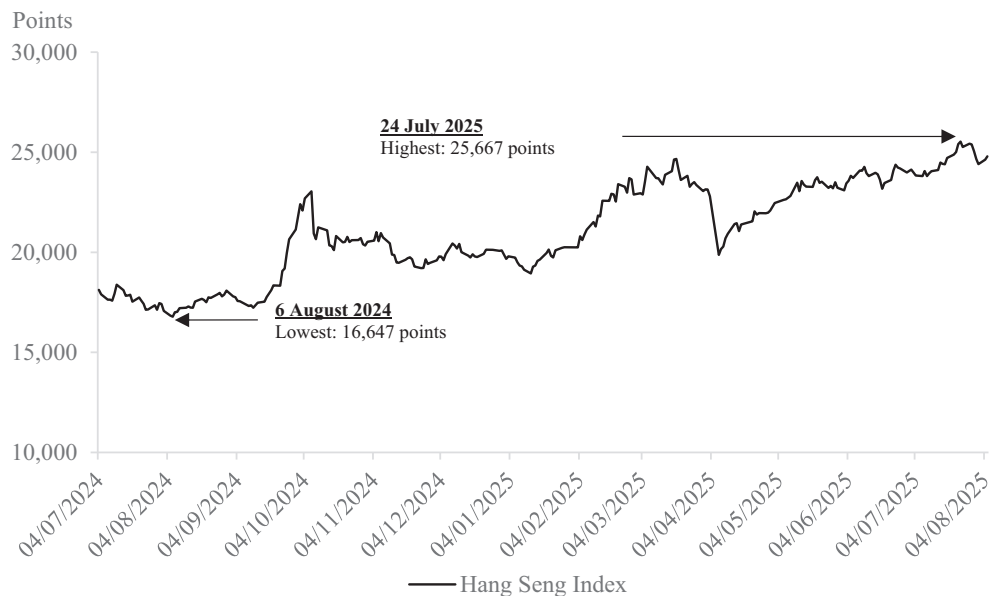
The total equity of the Company decreased from approximately HK\$89.8 million as at 31 December 2023 to approximately HK\$60.9 million as at 31 December 2024, representing a decrease of approximately 32.3%, which was mainly due to the decrease in financial assets at fair value through profit or loss of approximately HK\$23.4 million and the decrease in cash and cash equivalents of approximately HK\$4.3 million.

2. Outlook of the Company

According to the Company's investment objective, the Company invests globally in both private and public enterprises (including listed securities) 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. According to the Annual Report 2024, the Company's major investments as at 31 December 2024 included a listed company in Hong Kong, private companies with principal businesses in the financial industry in Hong Kong and/or Mainland China, as well as a limited partnership fund and a private fund company focusing on Hong Kong and/or Mainland China equity market. Based on the business nature and the investment strategy of the Company, the business performance of the Company is affected by the overall economic condition and financial market sentiment. According to the Annual Report 2024, the global investment market, in particular Mainland China and Hong Kong, faced numerous significant challenges throughout 2024. Firstly, China faced significant economic challenges, including issues in the real estate sector and fluctuating global trade conditions in 2024. According to the National Bureau of Statistics of China, the country's gross domestic product ("GDP") has recorded quarterly growth rates of 5.3%, 4.7%, 4.6% and 5.4% for the first, second, third and fourth quarter of 2024 respectively, on a year-over-year basis, reflecting the adjustments in economy in China. Moving on to 2025, while the GDP growth rate of China had remained steady at 5.4% for the first quarter of 2025, it had shown a decrease to 5.2% for the second quarter of 2025, on a year-over-year basis. Besides, according to Annual Report 2024, the prolonged period of high interest rates in the United States presented further economic challenges. Since the United States Federal Reserve Board announced 25 basis points cut to the federal funds rate in December 2024, bringing borrowing costs to the range of 4.25% to 4.5%, there has been no further rates cut announced up to July 2025. Moreover, the re-election of Donald Trump as the president of the United States has significantly impacted United States-China relations, directly influencing the performance of the Hong Kong stock market and the broader investment market. The persistence of uncertainties in the trade policies of the United States and its complicated monetary policy trajectory going forward may affect global financial conditions and investment sentiment.

LETTER FROM JOINT INDEPENDENT FINANCIAL ADVISERS

Given that the Company's major investments as at 31 December 2024 were either listed in Hong Kong or with principal businesses or investments relevant to the Hong Kong financial market, set out below is the chart showing the daily closing points of the Hang Seng Index (the "HSI") as quoted on the Stock Exchange during the period from 4 July 2024, being approximately one-year period before the Last Trading Day, up to and including the Latest Practicable Date (the "**Review Period**"), providing an overview of the Hong Kong financial market performance.



Source: the website of the Stock Exchange (www.hkex.com.hk)

The HSI experienced significant fluctuations during the Review Period. The HSI hit the lowest at 16,647 points on 6 August 2024, and then increased sharply in end September and early October 2024, reaching 23,100 points on 7 October 2024, which was possibly driven by the stimulus package announced by the Chinese regulatory authorities in late September 2024 aiming at revitalising the economy which included, among others, cuts in mortgage-debt servicing and provision of facilities for stock markets. The rising trend did not sustain thereafter and the HSI retreated to the level of around 19,000 points in mid-January 2025 before it started climbing up again in late January 2025, reaching around 24,000 points in mid-March 2025. The HSI dropped sharply in early April 2025, which was possibly due to the announcement of reciprocal tariff measures by the United States government. After that, the HSI has shown a strong recovery and rebounded to 24,903 points as at the Latest Practicable Date.

The Company incurred losses in FY2022, FY2023, and FY2024 consecutively, as outlined in the section headed "1.2 Financial information of the Company" above. Looking ahead, given that the investment sentiment and performance are sensitive to macro environment, the uncertain economic outlook in global markets poses challenges to the Company's business performance. Based on the above, we maintain a cautious view on the outlook of the Company in the near term.

3. Background information of the Offeror

3.1. The Offeror

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability on 15 May 2009 and its issued share capital as at the date of the Latest Practicable Date comprised one share of US\$1.00 which was beneficially owned by Mr. Cai. The Offeror is principally engaged in the business of capital investments in the PRC and other countries.

Mr. Cai is the chairman and sole director of the Offeror. He is an entrepreneur and renowned investor in the internet and technology industry in the PRC. Mr. Cai is the co-chairman (聯席主席) of the Early-stage Investment Committee of the Asset Management Association of China (中國證券投資基金業協會早期投資專委會) and an honorary chairman of the Angel Investment Union (天使聯合匯). Angel Investment Union was founded in 2013 and currently has more than 220 angel investment governing units. Angel Investment Union provides growth space for investors, development opportunities for entrepreneurs, and encourages more people to join the angel investment business. Mr. Cai has been appointed by the Government of Hong Kong as a new non-official member of the Task Force on Promoting Web3 Development for a term of two years, with effect from 1 July 2025.

In 2004, Mr. Cai established 265.com Inc. (北京二六五科技有限公司), a company that provides site navigation services. 265.com Inc. was sold to Google in 2007. Since then, Mr. Cai has become an influential figure in the internet start-up community in the PRC.

Mr. Cai is the founder and currently a substantial shareholder of Meitu, Inc. (Stock Exchange stock code: 1357). He is also the single largest shareholder of China Financial Leasing Group Limited (Stock Exchange stock code: 2312). Mr. Cai has invested in various technology start-ups in the PRC, including Baofeng Group Co., Ltd (暴風集團股份有限公司) (formerly listed on the Shenzhen Stock Exchange with a stock code of 300431), 58.com Inc. (NYSE: WUBA) and Feiyu Technology International Company Ltd. (Stock Exchange stock code: 1022). Mr. Cai is also the founder and chairman of Longling Capital Co., Ltd. From January 2009 to October 2013, Mr. Cai was the chairman of 4399 Network Co., Ltd (四三九九網絡股份有限公司), a software enterprise that provides Internet gaming applications and information services. He was also appointed as a part-time professor at the School of Management, Xiamen University in September 2015. From May 2011 to November 2015, Mr. Cai served as a director of 58.com Inc. Mr. Cai also held directorships in Xiamen Fei Bo Network Technology Co., Ltd (廈門飛博共創網絡科技股份有限公司) (National Equities Exchange and Quotations stock code: 834617) between June 2015 and October 2016, and TTG Fintech Limited (Australian Securities Exchange ticker: TUP) between September 2012 and August 2017. Mr. Cai served as the chairman of Meitu, Inc. from July 2013 to June 2023.

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As at the Latest Practicable Date, the Offeror was a controlling Shareholder holding 669,173,595 Shares (representing approximately 50.71% of the total number of Shares in issue) and therefore each of the Offeror and Mr. Cai was a connected person of the Company.

3.2. Intentions of the Offeror regarding the Company

It is the Offeror's intention to further increase its interest in the Company pursuant to the Offers. As at the Latest Practicable Date, the Offeror intended to maintain the existing listed and unlisted equity investment business of the Company and also intended the Company to continue to invest in a diversified portfolio of financial products immediately after close of the Offers. In addition, it is intended that the Company will invest in licensed wealth management companies including licensed corporations to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, and will invest in various financial products such as global financial markets, bonds and financial derivatives. The Company will focus on investing in Crypto-AI technology companies in the PRC, Hong Kong and globally, and increase early-stage equity investments by the Company in companies or projects that are still in the research and development phase or in the early commercialisation of artificial intelligence (AI) technologies (including development of innovative algorithms, machine learning models and data-driven solutions) and Web3 industries (including new decentralisation and blockchain-based technologies and cryptocurrencies), in conjunction with the Hong Kong's government's initiative to develop a digital asset financial centre, the Company will increase its investment in a diverse digital asset portfolio, striving to build the Company into a comprehensive investment holding group. In addition to the above, the Offeror will review the Company's operations and business activities and formulate a long-term business strategy for the Company. Depending on the results of the review, the Offeror may explore other investment opportunities for the Company, seek to expand the Company's business and consider any equity, debt and other appropriate fund raising options, to enhance the long-term growth potential of the Company. In the implementation of the aforesaid intentions regarding the Company, the Offeror will ensure that the Company will comply with the requirements under Chapter 21 of the Listing Rules (including the restrictions under Rules 21.04(3)(a) and (b) of the Listing Rules).

As at the Latest Practicable Date, (i) the Offeror has no intention to make material changes to the employment of the employees of the Company (except for certain proposed changes to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the offeror considers to be appropriate); (ii) the Offeror has no intention to dispose of or re-deploy the assets of the Company other than those in its ordinary course of business; and (iii) no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Company.

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Taking into consideration of the background and the intentions of the Offeror regarding the Company above, given that there is no intended change of the principal business of the Company being an investment company, and that the Company will continue to invest globally, including PRC and Hong Kong, while no investment or business opportunity had been identified as at the Latest Practicable Date, we maintain our cautious view on the outlook of the Company in the near term as discussed in the section headed “2. Outlook of the Company” above.

3.3. Proposed changes in composition of the Board

As at the Latest Practicable Date, the Board comprised one executive Director, namely Mr. Chan Cheong Yee, three non-executive Directors, namely Mr. Chen Shengjie, Mr. Choi Koon Ming and Ms. Xiao Ruimei, and three independent non-executive Directors, namely Mr. Sze Tak Chi, Mr. Sui Fuxiang and Mr. Tong Yun Lung.

Mr. Sze Tak Chi, Mr. Sui Fuxiang and Mr. Tong Yun Lung, being all the existing independent non-executive Directors, have expressed their intention to resign from their directorship after the appointment of the new independent non-executive Directors and the later of (a) the first date on which they are permitted to resign under the Takeovers Code, and (b) the date after the despatch of the interim report of the Company for the six months ended 30 June 2025.

As at the Latest Practicable Date, the Offeror intends to nominate Mr. Cai for appointment as a non-executive Director and the Chairman of the Company, and Prof. Wang Yang, Ms. Hsieh Yafang and Mr. Li Jian Bin for appointment as independent non-executive Directors, at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate:

Prof. Wang Yang (汪揚)

Prof. Wang Yang (汪揚), aged 62, is a professor in mathematics, specializing in blockchain technology, data science, and applied mathematics. Prof. Wang joined The University of Hong Kong as the Vice President for Institutional Advancement since 1 August 2025. He served as the head of the Department of Mathematics of the Hong Kong University of Science and Technology (“HKUST”) from August 2014 to October 2016, the dean of the School of Science from November 2016 to September 2020, the director of the HKUST Big Data for Biological Intelligence Laboratory and an associate director of the HKUST Big Data Institute from 2015 to 2025, as well as the Vice-President for Institutional Advancement from October 2020 to March 2025. Prof. Wang has been awarded the title of Chair Professor of Department of Mathematics at HKUST since August 2014. His other previous working experience includes consecutively serving as an assistant professor, an associate professor and a professor in mathematics, an adjunct professor of The Logistics Institute, an undergraduate director of the School of Mathematics, and an associate chair of the School of Mathematics at Georgia Institute of Technology from July 1989 to May

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2007, serving as the department chair of Mathematics at Michigan State University from August 2007 to August 2014, and serving as a program director at the United States National Science Foundation from September 2006 to August 2007. Prof. Wang was appointed as an independent non-executive director of Xunfei Healthcare Technology Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 2506) since 6 December 2024 and an independent director of Antalpha Platform Holding Company, a company listed on NASDAQ (Nasdaq: ANTA) since 14 May 2025.

Prof. Wang was appointed as the Chief Scientific Advisor of the Institute of Web 3.0 Hong Kong on 11 April 2023 and is the Founding Advisor for Blockchain Academy and Chairman of the Academic Executive Committee for the Hong Kong Web3.0 Association. Prof. Wang has made significant contributions to advancing digital technologies education, including launching the popular Big Data Technology MSc program. He is an internationally respected scholar with over 150 research publications in areas like wavelets, machine learning, and supply chain management.

Prof. Wang obtained his bachelor's degree in mathematics from the University of Science and Technology of China (中國科學技術大學) in the PRC in July 1983, and his Master of Science degree and Doctorate of Philosophy degree in mathematics from Harvard University in the United States in June 1988 and March 1990, respectively.

Ms. Hsieh Yafang (謝亞芳)

Ms. Hsieh Yafang, aged 52, is a senior media worker, a former senior presenter and anchor for a channel of Phoenix Satellite Television Holdings Limited. She has close to 30 years of journalist experience in the Mainland China, Taiwan and Hong Kong. Since 2010, Ms. Hsieh has served as the Secretary-General and Executive Vice President to the board of the Hong Kong alumni association of the Cheung Kong Business School and currently serves as the Executive President. She was an independent non-executive director of China VAST Industrial Urban Development Company Limited (a company previously listed on the Stock Exchange with stock code 6166 and delisted on 6 December 2022) from 10 November 2017 to 6 December 2022. Ms. Hsieh has more than 25 years of investment experience in the financial market.

Ms. Hsieh received her EMBA from Cheung Kong Business School in 2007 and her Bachelor of Art with focus in Japanese studies from Soochow University in Taiwan in 1996.

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Mr. Li Jian Bin (李建濱)

Mr. Li Jian Bin (李建濱), aged 47, has over 23 years of experience in tax advisory, investment matters and financial management. From April 2020 to September 2023, he served as the Managing Partner at the Strategic Investment Department of Beijing Xiaomi Mobile Software Co., Ltd. (北京小米移動軟件有限公司), a subsidiary of Xiaomi Corporation, a company listed on the Main Board of the Stock Exchange (stock code: 1810), and prior to that, between December 2017 and April 2020, he was the Vice President of the finance department where he was responsible for optimising the capabilities of the group's finance department, managing its tax matters and overseeing its merger and acquisition projects. From July 2001 to November 2017, he held various positions at PricewaterhouseCoopers Consultants (Shenzhen) Limited Beijing Branch (普華永道諮詢(深圳)有限公司北京分公司), where his last position was Tax and Commercial Advisory Partner. Mr. Li was appointed as an independent non-executive director of Chaoju Eye Care Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2219) since 7 July 2021 and an independent non-executive director of Beijing Fourth Paradigm Technology Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 6682) since 16 July 2021.

Mr. Li obtained his bachelor's degrees in laws and economics from Peking University (北京大學) in Beijing, China in July 2001. He has been a member of The Chinese Institute of Certified Public Accountants since September 2010 and a member of the China Certified Tax Agents Association since March 2013 and received his PRC lawyer's practicing licence issued by the Ministry of Justice of the People's Republic of China in February 2007.

Each of Prof. Wang Yang, Ms. Hsieh Yafang and Mr. Li Jian Bin has confirmed that he/she meets the independence criteria as set out in Rule 3.13 of the Listing Rules.

3.4. Listing status of the Company

The Stock Exchange has stated that if, at the close of the Offers, the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

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The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offers. Each of the sole director of the Offeror and the proposed new independent non-executive Directors has jointly and severally undertaken to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that sufficient Shares will be in public hands after the close of the Offers. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

3.5. Compulsory acquisition

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Offer Share outstanding and not acquired under the Share Offer after Closing Date.

4. Share Offer Price

4.1. Share Offer Price comparison

The Share Offer Price of HK\$0.106 per Offer Share is the same as the purchase price per Sale Share paid by the Offeror to the Vendors under the SP Agreements, which represents:

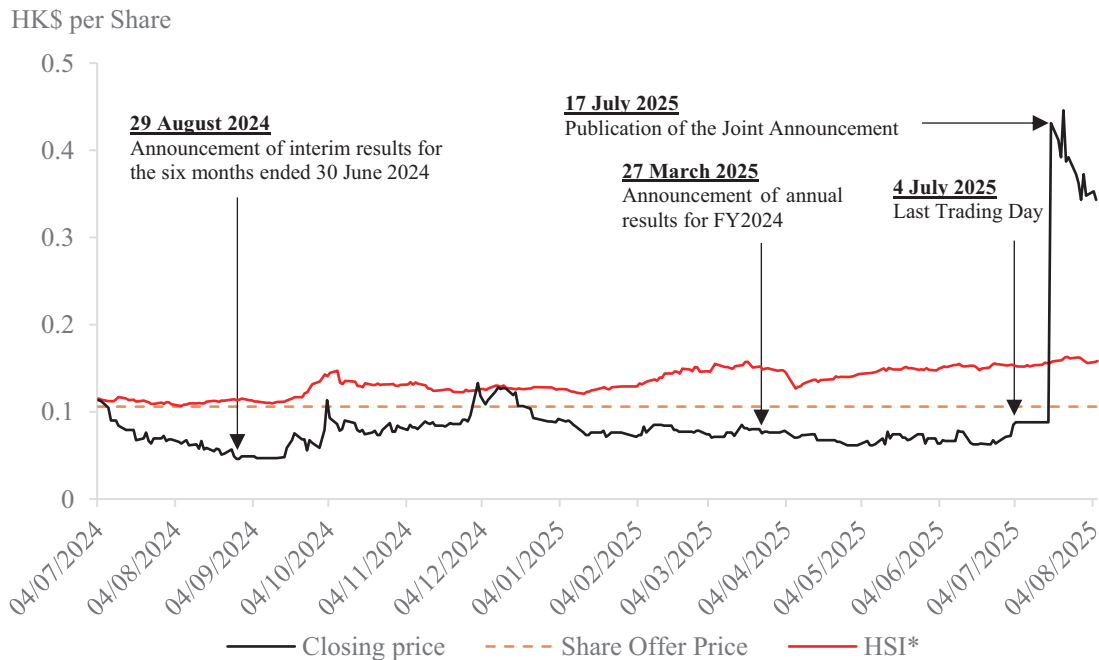
- (i) a discount of approximately 69.71% to the closing price of HK\$0.350 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 19.10% over the closing price of HK\$0.089 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (iii) a premium of approximately 37.66% over the average closing price of HK\$0.077 per Share based on the daily closing prices as quoted on the Stock Exchange for the five (5) consecutive trading days prior to and including the Last Trading Day;
- (iv) a premium of approximately 49.30% over the average closing price of HK\$0.071 per Share based on the daily closing prices as quoted on the Stock Exchange for the ten (10) consecutive trading days prior to and including the Last Trading Day;
- (v) a premium of approximately 51.43% over the average closing price of HK\$0.070 per Share based on the daily closing prices as quoted on the Stock Exchange for the thirty (30) consecutive trading days prior to and including the Last Trading Day;
- (vi) a premium of approximately 53.62% over the average closing price of HK\$0.069 per Share based on the daily closing prices as quoted on the Stock Exchange for the sixty (60) consecutive trading days prior to and including the Last Trading Day;

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- (vii) a premium of approximately 130.43% over the audited net assets attributable to owners of the Company per Share of approximately HK\$0.046 as at 31 December 2024, calculated based on the Company's audited net assets attributable to owners of the Company of approximately HK\$60,859,422 as at 31 December 2024 and 1,319,700,274 issued Shares as at the Latest Practicable Date; and
- (viii) a premium of approximately 165.00% over the unaudited net asset value per Share of approximately HK\$0.04 as at 30 June 2025 as disclosed in the Company's announcement dated 14 July 2025 as required under the Listing Rules, calculated based on the Company's unaudited net assets attributable to owners of the Company of approximately HK\$56,510,125 and 1,319,700,274 issued Shares as at 30 June 2025.

4.2. Historical price performance of the Shares

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the Review Period. We consider the length of the Review Period is sufficient and representative to provide a general overview of the recent market performance of the Shares, for conducting a reasonable comparison between the closing Share prices and the Share Offer Price.



Source: the website of the Stock Exchange (www.hkex.com.hk)

* HSI is rebased to the closing price of the Shares as at 4 July 2024

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From the beginning of the Review Period until the Last Trading Day (the “**Pre-Announcement Period**”), the closing price of the Shares fluctuated between the lowest of HK\$0.046 recorded on 28 and 29 August 2024 and the highest of HK\$0.135 recorded on 2 December 2024. The average closing price of the Shares during the Pre-Announcement Period is approximately HK\$0.077. The Share Offer Price of HK\$0.106 per Share represents a premium of approximately 37.4% over the average closing price per Share during the Pre-Announcement Period.

From the beginning of the Pre-Announcement Period to mid-September 2024, the closing price of the Shares exhibited a general downward trend. In end September 2024, the closing price of the Shares rebounded generally in line with the HSI. After reaching the highest during the Pre-Announcement Period at HK\$0.135 on 2 December 2024, the closing Share price turned into a downward trend until the end of the Pre-Announcement Period, while the HSI exhibited an upward trend during such period. During the Pre-Announcement Period, the Shares closed (i) above the Share Offer Price for 18 trading days, representing approximately 7.3% of total trading days during the Pre-Announcement Period; (ii) below the Share Offer Price for 227 trading days, representing approximately 92.3% of total trading days during the Pre-Announcement Period; and (iii) at the Share Offer Price for 1 trading day, representing approximately 0.4% of total trading days during the Pre-Announcement Period.

From the day when the trading of Shares resumed on 18 July 2025 until the Latest Practicable Date, the closing Share price fluctuated within a higher range between HK\$0.350 and HK\$0.455, which was likely associated with the market response to the Offers. There is no assurance that the closing price of the Shares will remain at the current level or continue to rise if the Offers close or lapse for any reason.

4.3. Historical trading volume of the Shares

The table below sets out the average daily trading volume of the Shares on a monthly basis during the Review Period and the respective percentages of the average daily trading volume of the Shares as compared to the total number of issued Shares.

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Month/Period	Total trading volume for the month/period (number of Shares)	Number of trading days in each month/period (days)	Average daily trading volume for the month/period (number of Shares) (Note 1)	Percentage of average daily trading volume to total number of the issued Shares %
2024				
July (from 4 July 2024)	56,160,000	20	2,808,000	0.21%
August	97,600,000	22	4,436,364	0.34%
September	99,416,500	19	5,232,447	0.40%
October	162,510,000	21	7,738,571	0.59%
November	92,997,500	21	4,428,452	0.34%
December	97,050,000	20	4,852,500	0.37%
2025				
January	46,340,000	19	2,438,947	0.18%
February	11,167,500	20	558,375	0.04%
March	87,745,000	21	4,178,333	0.32%
April	8,740,000	19	460,000	0.03%
May	30,520,000	20	1,526,000	0.12%
June	51,847,000	21	2,468,905	0.19%
July	588,299,288	13	45,253,791	3.43%
August (up to and including the Latest Practicable date)	19,750,000	3	6,583,333	0.50%

Source: the website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.
2. Based on 1,319,700,274 Shares in issue as at the Latest Practicable Date.

As illustrated in the above table, the daily trading volume of the Shares was generally low during the Review Period. From beginning of the Review Period to June 2025, the average trading volume of the Shares ranged from approximately 0.03% to approximately 0.59% of the total number of the issued Shares. We noted the higher average daily volume for July 2025, which we believe that the increase in trading volume of the Shares was possibly due to the market reaction to the publication of Joint Announcement. The improvement of liquidity of the Shares indicated that, without the Offers, the Shares were generally illiquid in the open market and that the higher level of trading volume may not be

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sustainable after the Offer Period. In view of the above, the Share Offer provides an opportunity for the Offer Shareholders to realise their investment in the Company for cash regardless of the number of Shares they hold without exerting downward pressure on the market price of the Shares.

4.4. Comparable company analysis

In order to assess whether the Share Offer Price is fair and reasonable, we have also assessed the Share Offer Price using the comparable company analysis based on price-to-book ratio (the “**P/B ratio**”), which is a commonly used benchmark in assessing the valuation of a company. Price-to-earnings ratio is not applicable given that the Company was loss-making in FY2024.

Based on the Share Offer Price of HK\$0.106 per Offer Share and the total number of Shares in issue of 1,319,700,274 as at the Latest Practicable Date, the implied market value of the Company is approximately HK\$139.9 million (the “**Implied Market Capitalisation**”). The P/B ratio of the Company implied by the Share Offer Price (the “**Implied P/B Ratio**”) is approximately 2.3 times based on the audited net asset value of the Company of approximately HK\$60.9 million as at 31 December 2024.

We have identified an exhaustive list of 13 comparable companies (the “**Comparable Companies**”) based on the following selection criteria: (i) companies are listed on the Stock Exchange; (ii) companies are defined as investment companies pursuant to Chapter 21 of the Listing Rules; and (iii) companies had a market capitalisation less than HK\$300.0 million as at the Latest Practicable Date, as tabulated below.

Offer Shareholders and Optionholders should note that despite of the aforesaid criteria, the scale of operation and future prospect of the Company are not exactly the same as those of the Comparable Companies, and we have not conducted any in-depth investigation into the businesses and operations of the Comparable Companies.

Company name	Stock code	Market capitalisation (HK\$'million) (Note 1)	P/B ratio (times) (Note 2)
China Development Bank International Investment Limited	1062	290.2	0.3
DT Capital Limited	356	196.9	3.2
China Innovation Investment Limited	1217	179.2	0.3
China SCI-Tech Industrial Investment Group Limited	339	127.4	N/A (Note 3)

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Company name	Stock code	Market capitalisation (HK\$'million) (Note 1)	P/B ratio (times) (Note 2)
Harbour Digital Asset Capital Limited	913	118.9	0.7
Goldstone Capital Group Limited	1160	75.9	11.2
Capital VC Limited	2324	70.7	0.2
UBA Investments Ltd.	768	58.5	0.6
Capital Realm Financial Holdings Group Limited	204	38.9	0.1
Shanghai International Shanghai Growth Investment Limited	770	32.2	3.4
Cocoon Holdings Limited	428	25.9	0.2
China Castson 81 Financial Co. Limited	810	24.8	0.8
Prosperity Investment Holdings Limited	310	12.1	N/A (Note 3)
		Maximum	11.2
		Minimum	0.1
		Average	1.9
		Median	0.6
The Company	80	139.9	2.3

Source: the website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. The market capitalisation of the respective Comparable Companies as at the Latest Practicable Date.
2. The P/B ratio is calculated based on the market capitalisation of the respective Comparable Companies as at the Latest Practicable Date divided by the net asset value of the respective Comparable Companies as disclosed in their respective latest published annual or interim results or reports prior to the Latest Practicable Date.
3. The Comparable Company recorded net liabilities in their latest published annual or interim results or reports and therefore the P/B ratio is not available.

As illustrated in the table above, the P/B ratios of the Comparable Companies ranged from approximately 0.1 times to approximately 11.2 times, with an average and median of approximately 1.9 times and 0.6 times respectively. The Implied P/B Ratio of approximately 2.3 times is within the range of the P/B ratios of the Comparable Companies and is higher than the average and median P/B ratios of the Comparable Companies.

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Therefore, from the perspective of comparable company analysis, we consider that the Share Offer Price is fair and reasonable.

4.5. Option Offer

As at the Latest Practicable Date, the Company had 4,015,163 outstanding Share Options with an exercise price of HK\$0.2759.

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 to the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise price of the Share Options and the Share Offer Price i.e. the “see-through” value. Under the Option Offer, given that the exercise price of the outstanding Share Options of HK\$0.2759 per Share is above the Share Offer Price, the outstanding Share Options are out-of-money and the Option Offer Price for the cancellation of each outstanding Share Option is set at a nominal value of HK\$0.0001. Given that the “see-through” value of the outstanding Share Options is zero, we consider that the Option Offer Price of HK\$0.0001 offered to the Optionholders is fair and reasonable so far as the Optionholders are concerned.

RECOMMENDATION

Having considered the factors and reasons set out in this letter, in particular,

- (a) the Share Offer Price is higher than the closing prices of the Shares on most of the trading days throughout the Review Period, and represents a premium of approximately 37.4% over the average closing price of the Shares during the Pre-Announcement Period;
- (b) the liquidity of the Shares was generally thin during the Review Period, rendering it difficult for the Offer Shareholders to dispose of their Shares in the market without exerting downward pressure on the Share price;
- (c) from the perspective of comparable company analysis, the Implied P/B Ratio is within the range of the P/B ratios of the Comparable Companies and is higher than the average and median P/B ratios of the Comparable Companies; and
- (d) the Option Offer Price of HK\$0.0001 is higher than the “see-through” value of the outstanding Options (i.e. zero) pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code,

we are of the opinion that the Offers are fair and reasonable, and accordingly, we recommend the Independent Board Committee to advise the Offer Shareholders and the Optionholders to accept the Share Offer and the Option Offer respectively.

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While we consider that the Offers are fair and reasonable so far as the Offer Shareholders and Optionholders are concerned, we noted that the Shares have been trading at a price level above the Share Offer Price up to the Latest Practicable Date. Offer Shareholders and Optionholders who intend to accept the Offers are reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period for acceptance and should, having regard to their own circumstances and investment objectives, (i) for Offer Shareholders, consider selling the Shares in the open market, instead of accepting the Share Offer, if the net proceeds from the sale of such Shares would be higher than the receivable under the Share Offer; and (ii) for Optionholders, consider exercising the Share Options and selling the underlying Shares on the market, instead of accepting the Option Offer, if the net proceeds from the selling the underlying Shares on the market from exercising the Share Options is higher than the receivable under the Option Offer. Offer Shareholders and Optionholders should be reminded that there is no assurance that the liquidity and/or the closing price of the Shares will remain at the current level or continue after the close of the Offers.

As different Offer Shareholders and Optionholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Offer Shareholders and Optionholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of

Frontpage Capital Limited
Wu Man Kit
Director

Quam Capital Limited
Leo Chan
Head of Corporate Finance

Mr. Wu Man Kit is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Frontpage Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in corporate finance.

Mr. Leo Chan is the Head of Corporate Finance of Quam Capital Limited and is licensed under the SFO as a Responsible Officer to carry out, among others Type 6 (advising on corporate finance) regulated activity and has approximately 29 years of experience in corporate finance.

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFERS

1.1 The Share Offer

- (a) To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Share Offer Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Share Offer, by post or by hand, to the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong in an envelope marked "**China New Economy Fund Limited – Share Offer**" as soon as possible but in any event so as to reach the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Shares, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Share Offer with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver in an envelope marked "**China New Economy Fund Limited – Share Offer**" the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Share Offer to the Registrar; or

- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked “**China New Economy Fund Limited – Share Offer**” the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Share Offer to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf in respect of the number of Shares for which you intend to accept the Share Offer on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant’s account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be duly completed, signed and delivered in an envelope marked “**China New Economy Fund Limited – Share Offer**” to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed and signed in accordance with the instructions given, should be provided to the Registrar.

- (e) If you have lodged transfer of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it in an envelope marked “**China New Economy Fund Limited – Share Offer**” to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Kingston Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.
- (f) Acceptance of the Share Offer will be treated as valid only if the duly completed and signed **WHITE** Form of Share Offer Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance to the Takeovers Code) and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:
 - (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Share Offer and, if that/those share certificate(s) is/are not in your name, such other document(s) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Offer Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the **WHITE** Form of Share Offer Acceptance is executed by a person other than the registered Offer Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (h) Seller's ad valorem stamp duty (rounded up to the nearest HK\$1) for transfer of Shares registered in the seller's name by the Company through the Registrar arising in connection with acceptance of the Share Offer will be payable by the relevant Offer Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to such Offer Shareholder on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (i) No acknowledgement of receipt of any **WHITE** Form of Share Offer Acceptance and/or share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

1.2 The Option Offer

- (a) If you accept the Option Offer, you should complete and sign the accompanying **PINK** Form of Option Offer Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offer.
- (b) The completed and signed **PINK** Form of Option Offer Acceptance should be forwarded, together with the relevant document(s) of title, stating the number of Share Options in respect of which you intend to accept the Option Offer, by post or by hand to the Company at Room 1802B, 18/F Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong in an envelope marked "**China New Economy Fund Limited – Option Offer**", as soon as practicable, but in any event so as to reach the Company at the aforesaid address by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.
- (c) No stamp duty will be deducted from the amount paid to the Optionholders who accept the Option Offer.
- (d) No acknowledgement of receipt of any **PINK** Form of Option Offer Acceptance and/or the relevant document(s) of title will be given.
- (e) Optionholders who do nothing will continue to hold the Share Options in accordance with the terms of the Share Option Scheme.

1.3 General

Subject to the terms of the Takeovers Code, acceptance(s) of the Offers may, at the discretion of the Offeror, be treated as valid even if not entirely in order or not accompanied by the relevant share/option certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), but, in such cases, the consideration due will not be despatched until the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) has/have been received by the Registrar in respect of the Share Offer or the Company in respect of the Option Offer.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offers have previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Forms of Acceptance must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance to be valid, and the Offers will be closed on the Closing Date. The Offers are unconditional.
- (b) The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating whether the Offers have been extended or revised.
- (c) In the event that the Offeror decides to extend the Offers, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offers, to those Offer Shareholders and Optionholders who have not accepted the Offers.
- (d) If the Offeror revises the terms of the Offers, all Offer Shareholders and Optionholders, whether or not they have already accepted the Offers, will be entitled to the revised terms. The revised Offers must be kept open for at least 14 days following the date on which the revised offer document is posted.
- (e) If the Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.

3. ANNOUNCEMENTS

- (a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision or extension of the Offers. The Offeror must publish an announcement in accordance with the requirements of the Listing Rules by 7:00 p.m. on the Closing Date stating whether the Offers have been extended or revised. Such announcement must state the following:
- (i) the total number of Shares and rights over Shares for which acceptances of the Share Offer have been received;
 - (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and the parties acting in concert with it before the Offer Period;
 - (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period;
 - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and parties acting in concert with it have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold; and
 - (v) the percentages of the relevant classes of issued share capital of the Company, and the percentages of voting rights, represented by these numbers.
- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in good order, and which have been received by the Registrar by no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.
- (c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offers, in respect of which the Executive has confirmed that it has no further comments, will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.chinaneweconomyfund.com).

4. RIGHT OF WITHDRAWAL

- (a) As the Offers are unconditional in all respects, acceptance of the Offers tendered by the Offer Shareholders and the Optionholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below. An acceptor of the Offers may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.
- (b) If the Offeror is unable to comply with the requirements set out in paragraph 3 of this Appendix I headed “Announcements” above, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Offer Shareholders and the Optionholders who have tendered acceptance to the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In the circumstances set out in sub-paragraph (b) above, when the Offer Shareholders and the Optionholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days after the Offers are withdrawn, return by ordinary post the share/option certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Offer Shareholder(s) and Optionholders at their own risks.

5. SETTLEMENT OF THE OFFERS**Share Offer**

Provided that the accompanying **WHITE** Form of Share Offer Acceptance, together with the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Offer Shares are valid, complete and in good order and have been received by the Registrar no later than 4: 00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Offer Shareholders in respect of the Offer Shares tendered under the Share Offer (less seller’s ad valorem stamp duty payable by him/her/it) will be despatched to such Offer Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event no later than seven (7) Business Days after the date of receipt of all relevant documents to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Offer Shareholder is entitled under the Share Offer will be paid by the Offeror in full in accordance with the terms of the Share Offer (save in respect of the payment of seller's ad valorem stamp duty) set out in this Composite Document (including this Appendix) and the accompanying **WHITE** Form of Share Offer Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

No fraction of a cent will be payable and the amount of consideration payable to an Offer Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

Option Offer

Provided that the accompanying **PINK** Form of Option Offer Acceptance, together with the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Share Options are valid, complete and in good order and have been received by the Company no later than 4: 00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Optionholders in respect of the Share Options tendered under the Option Offer will be despatched to such Optionholder by ordinary post at his/her/its own risk as soon as possible but in any event no later than seven (7) Business Days after the date of receipt of all relevant documents to render such acceptance complete and valid by the Company in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Optionholder is entitled under the Option Offer will be paid by the Offeror in full in accordance with the terms of the Option Offer set out in this Composite Document (including this appendix) and the accompanying **PINK** Form of Option Offer Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Optionholder.

No fraction of a cent will be payable and the amount of consideration payable to an Optionholder who accepts the Option Offer will be rounded up to the nearest cent.

6. OVERSEAS OFFER SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The making of the Offers to the Overseas Offer Shareholders and Overseas Optionholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are resident. Overseas Offer Shareholders and overseas Optionholders should obtain appropriate legal advice regarding the implications of the Offers in the relevant jurisdictions or keep themselves informed about and observe any applicable legal or regulatory requirements. It is the responsibility of the Overseas Offer Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offers (including but not limited to the obtaining of any governmental, exchange control or other consents and any

registration or filing which may be required and the compliance with all other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due from such Shareholder). The Offeror, parties acting in concert with it, the Company, Kingston Securities, Kingston CF, Octal Capital, Asian Capital, the Joint Independent Financial Advisers, the Registrar, their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any persons involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas Offer Shareholders and the Overseas Optionholders for any taxes they may be required to pay. Acceptance of the Offers by any Overseas Offer Shareholder or Overseas Optionholders will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Overseas Offer Shareholders and Overseas Optionholders should consult their professional advisers if in doubt. Overseas Offer Shareholders and Overseas Optionholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

7. TAX IMPLICATIONS

Offer Shareholders and Overseas Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offers. It is emphasised that none of the Offeror, parties acting in concert with it, the Company, Kingston Securities, Kingston CF, Octal Capital, Asian Capital, the Joint Independent Financial Advisers, the Registrar, their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any persons involved in the Offers is in a position to advise the Offer Shareholders and the Overseas Optionholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offers.

8. GENERAL

- (a) All communications, notices, Forms of Acceptance, certificates, transfer receipts and other documents of title and/or of indemnity and/or of any other nature to be delivered by or sent to or from the Offer Shareholders and the Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, parties acting in concert with it, the Company, Kingston Securities, Kingston CF, Octal Capital, Asian Capital, the Joint Independent Financial Advisers, the Registrar, their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any persons involved in the Offers accepts any liability for any loss or any other liabilities whatsoever which may arise as a result thereof.

- (b) Acceptance of the Offers by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and Kingston Securities that the Shares and the Share Options tendered under the Offers are sold or tendered by such Offer Shareholder(s) and Optionholder(s) free from all Encumbrances and together with all rights and benefits attached thereto, including all rights to any dividends or other distributions, declared, made or paid on or after the date on which the Offers are made (i.e. the date of despatch of this Composite Document).
- (c) Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror and Kingston Securities that the number of Offer Shares in respect of which it has indicated in the **WHITE** Form of Share Offer Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Share Offer.
- (d) Acceptance of the Option Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror and Kingston Securities that the number of Share Options in respect of which it has indicated in the **PINK** Form of Option Offer Acceptance is the aggregate number of Share Options held by such nominee for such beneficial owners who accept the Option Offer.
- (e) Acceptance of the Offers by any person will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable/due by such persons.
- (f) The provisions set out in the accompanying Forms of Acceptance form part of the terms of the Offers.
- (g) The accidental omission to despatch this Composite Document and/or the accompanying Forms of Acceptance or either of them to any person to whom the Offers are made shall not invalidate the Offers in any way.
- (h) The Offers and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (i) Due execution of the Forms of Acceptance will constitute an irrevocable authority to the Offeror and/or Kingston Securities and/or such person or persons as any of them may direct to complete and execute on behalf of the person(s) accepting the Offers, and to do any other act(s) that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct the Shares and the Share Options in respect of which such person has accepted the Offers.
- (j) The Offers are made in accordance with the Takeovers Code.

APPENDIX I FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFERS

- (k) References to the Offers in this Composite Document and in the Forms of the Acceptance shall include any extension and/or revision thereof.
- (l) The English texts of this Composite Document and the accompanying Forms of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY

The following is a summary of the financial information of the Company for each of the three years ended 31 December 2022, 2023 and 2024 respectively, as extracted from the published annual reports of the Company for the relevant years.

	For the year ended 31 December		
	2024	2023	2022
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	(audited)	(audited)	(audited)
Revenue	759,920	126,339	3,116,109
Net loss on financial assets at fair value through profit or loss	(17,515,762)	(35,365,185)	(39,041,595)
Other operating expenses	(12,065,736)	(17,015,757)	(16,725,072)
Operating loss	(28,821,578)	(52,254,603)	(52,650,558)
Finance costs	(156,953)	(182,240)	(94,517)
Loss before tax	(28,978,531)	(52,436,843)	(52,745,075)
Income tax expense	—	—	—
Loss and total comprehensive loss for the year attributable to ordinary equity holders of the Company	(28,978,531)	(52,436,843)	(52,745,075)
Loss per share attributable to ordinary equity holders of the Company			
– Basic (HK cents per share)	(0.02)	(0.04)	(0.04)
– Diluted (HK cents per share)	(0.02)	(0.04)	(0.04)

No dividend was paid or declared by the Company during each of the three years ended 31 December 2022, 2023 and 2024.

There were no profit or loss attributable to non-controlling interests, comprehensive income attributable to non-controlling interests, other items of any income or expense which is material in respect of the income statement of the Company for each of the three years ended 31 December 2022, 2023 and 2024 respectively.

The auditors of the Company for the three years ended 31 December 2022, 2023 and 2024 were Elite Partners CPA Limited. There were no modified opinion, emphasis of matter or material uncertainty related to going concern contained in the auditor's report on the financial statements of the Company for each of the three years ended 31 December 2022, 2023 and 2024.

There was no change in accounting policy applicable to the three years ended 31 December 2022, 2023 and 2024 which rendered the financial figures not comparable to a material extent.

2. AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE THREE YEARS ENDED 31 DECEMBER 2022, 2023 AND 2024

The financial information of the Company for each of the three years ended 31 December 2022, 2023 and 2024 respectively has been set out in the annual reports of the Company for the relevant years and is available on the website of the Company (www.chinaneweconomyfund.com) and the website of the Stock Exchange (www.hkexnews.hk) as specifically set out below:

- the annual report of the Company for the year ended 31 December 2022 (pages 74 to 163), which is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042400439.pdf>

- the annual report of the Company for the year ended 31 December 2023 (pages 73 to 159), which is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042401031.pdf>

- the annual report of the Company for the year ended 31 December 2024 (pages 73 to 163), which is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0423/2025042300565.pdf>

The audited financial statements of the Company for each of the three years ended 31 December 2022, 2023 and 2024 (but not any other parts of the annual reports for the years ended 31 December 2022, 2023 and 2024) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS STATEMENT OF THE COMPANY

Apart from normal accounts payable (including lease liability), the Directors confirm that, the Company, as at the close of business on 30 June 2025, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this Composite Document, did not have any other bank overdrafts or loans, or other similar indebtedness, mortgages, charges or guarantees or other material contingent liabilities.

4. MATERIAL CHANGE IN RESPECT OF THE COMPANY

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Company since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

<i>Authorised</i>		<i>HK\$</i>
<u>25,000,000,000</u>	Shares of HK\$0.04 each	<u>1,000,000,000.00</u>
<i>Issued</i>		
<u>1,319,700,274</u>	Shares of HK\$0.04 each	<u>52,788,010.96</u>

As at the Latest Practicable Date, there were 4,015,163 Share Options granted under the Share Option Scheme and remaining outstanding, exercisable during the period from 19 July 2019 to 18 July 2029 at the exercise price of HK\$0.2759 per Share.

Save for the above, as at the Latest Practicable Date, there were no other outstanding options, warrants or conversion rights affecting Shares (including any derivatives or other securities which may confer any rights to the holders thereof to subscribe for, convert or exchange into Shares).

All of the Shares currently in issue are fully paid up and rank pari passu in all respects with each other, including all rights in respect of capital, dividends and voting.

The number of Shares in issue as at 31 December 2024, being the date to which the latest audited financial statements of the Company were made up to, was 1,319,700,274.

Since 31 December 2024 and up to the Latest Practicable Date:

- (a) the Company has not issued any Shares, options, warrants or conversion rights affecting Shares (including any derivatives or other securities which may confer any rights to the holders thereof to subscribe for, convert or exchange into Shares) and has not entered into any agreement for the issue of any of such securities; and

(b) no Shares have been issued or repurchased by the Company or any of its subsidiaries.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors and their respective associates nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the Takeovers Code.

(b) Interests and short positions of substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name of Shareholders	Capacity	Number of Shares held/ interested (Note 1)	Approximate percentage of the total issued share capital of the Company (Note 2)
The Offeror	Beneficial owner	669,173,595 (L)	50.71
Mr. Cai Wensheng	Interest in a controlled corporation (Note 3)	669,173,595 (L)	50.71
Mr. Wang Dingben	Beneficial owner	68,330,000 (L)	5.18

Notes:

(1) The letter "L" denotes long position in the Shares.

- (2) Calculated based on the number of issued Shares as at the Latest Practicable Date.
- (3) The Offeror is owned as to 100% by Mr. Cai Wensheng. By virtue of Part XV of the SFO, Mr. Cai Wensheng is deemed to be interested in all the Shares held by the Offeror.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company under section 336 of the SFO.

4. DEALINGS IN SECURITIES OF THE COMPANY AND THE OFFEROR

During the Relevant Period:

- (a) none of the Company or the Directors had dealt for value in any Shares, warrants, share options, derivatives and securities carrying conversion or subscription rights into Shares;
- (b) no Director owned or controlled any Shares, warrants, share options, derivatives and securities carrying conversion or subscription rights into Shares;
- (c) none of the Company and the Directors owned, controlled or had dealt in any shares in the Offeror, warrants, share options, derivatives and securities carrying conversion or subscription rights into shares in the Offeror;
- (d) none of the subsidiaries of the Company or a pension fund (if any) of the Company or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding exempt principal traders and exempt fund managers) owned, controlled or had dealt in any interest in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company;
- (e) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had owned, controlled or dealt for value in any shares or any convertible securities, warrants, options or derivative of the Company;

- (f) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (g) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares;
- (h) no person had irrevocably committed himself/herself/itself to accept or reject the Offers; and
- (i) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between any Shareholders on the one hand and the Company, its subsidiaries or associated companies on the other hand.

5. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) had been given or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (b) there was no agreement or arrangement between any of the Directors and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers; and
- (c) no material contracts had been entered into by the Offeror or any party acting in concert with it in which any Director had a material personal interest.

6. LITIGATION

As at the Latest Practicable Date, the Company was not engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company and no litigation, arbitration or claims which would materially and adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against the Company.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within six months preceding the commencement of the Offer Period; or (b) was a continuous contract with a notice period of 12 months or more; or (c) was fixed term contract that has more than 12 months to run irrespective of the notice period.

8. MATERIAL CONTRACT

There were no material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company) which have been entered into by the Company after the date falling two years immediately preceding the commencement date of the Offer Period, and up to the Latest Practicable Date.

9. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert whose letter or opinion is contained in this Composite Document:

Name	Qualification
Frontpage Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Quam Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter, advice or report as the case may be and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each the above experts was not beneficially interested in the share capital of the Company.

10. GENERAL

- (a) The registered office of the Company is P.O Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at Room 1802B, 18/F., Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong.

- (c) The branch share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong.
- (d) The company secretary is Mr. Tai Man Hin Tony, who is an associate member of each of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants.
- (e) The registered office of Asian Capital is at Suite 1405–09, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.
- (f) The registered office of Frontpage Capital, is at 26th Floor, Siu On Centre, 188 Lockhart Road, Wanchai, Hong Kong.
- (g) The registered office of Quam Capital, is at 5/F, Wing On Centre, 111 Connaught Road Central, Hong Kong.
- (h) The English text of this Composite Document and the accompanying Form(s) of Acceptance shall prevail over their Chinese text for the purpose of interpretation.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection on the website of the SFC at www.sfc.hk and the Company’s website at www.chinaneweconomyfund.com during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 December 2022, 2023 and 2024;
- (c) the letter from the Board, the text of which is set out on pages 23 to 30 of this Composite Document;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 31 to 32 of this Composite Document;
- (e) the letter from the Joint Independent Financial Advisers, the text of which is set out on pages 33 to 53 of this Composite Document; and
- (f) the written consents referred to under the paragraph headed “Expert’s Qualification and Consent” in this Appendix.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this Composite Document (other than any information relating to the Vendors, parties acting in concert with any of them and the Company), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DEALINGS AND INTERESTS IN SECURITIES OF THE COMPANY

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror, its directors and parties acting in concert with it were as follows:

Name of Offeror/its director/parties acting in concert with it	Capacity	Number of Shares held/interested (Note 1)	Approximate % of interest (Note 2)
The Offeror	Beneficial owner	669,173,595 (L)	50.71
Mr. Cai Wensheng	Interest in a controlled corporation (Note 3)	669,173,595 (L)	50.71

Notes:

- (1) The letter “L” denotes long position in the Shares.
- (2) Calculated based on the number of issued Shares as at the Latest Practicable Date.
- (3) The Offeror is owned as to 100% by Mr. Cai Wensheng. By virtue of Part XV of the SFO, Mr. Cai Wensheng is deemed to be interested in all the Shares held by the Offeror.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror, its sole director and parties acting in concert with it had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company, nor any of them owned or had control or direction over any voting rights or rights over Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities.

3. OTHER ARRANGEMENTS IN RELATION TO THE OFFERS

The Offeror confirms that, as at the Latest Practicable Date:

- (a) save for the acquisition by the Offeror from the Vendors of an aggregate of 669,173,595 Sale Shares (representing approximately 50.71% of the total number of Shares in issue) at a price of HK\$0.106 per Sale Share pursuant to the SP Agreements, none of the Offeror, Mr. Cai and any party acting in concert with any of them had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period;
- (b) there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offers;
- (c) there was no agreement or arrangement to which the Offeror, Mr. Cai or any party acting in concert with any of them was a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (d) none of the Offeror, Mr. Cai and parties acting in concert with any of them had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (e) none of the Offeror, Mr. Cai and parties acting in concert with any of them had received any irrevocable commitment to accept or reject the Offers;
- (f) there was no outstanding derivative in respect of the securities in the Company entered into by the Offeror, Mr. Cai or any party acting in concert with any of them;
- (g) save for (i) the consideration in the sum of HK\$4,821,410.00 paid by the Offeror to Vendor A pursuant to the SP Agreement 1 for the Sale Shares A; (ii) the consideration in the sum of HK\$33,390,000.00 paid by the Offeror to Vendor B pursuant to the SP Agreement 1 for the Sale Shares B; (iii) the consideration in the sum of HK\$6,481,900.00 paid by the Offeror to Vendor C pursuant to the SP Agreement 2 for the Sale Shares C; (iv) the consideration in the sum of HK\$13,741,840.00 paid by the Offeror to Vendor D pursuant to the SP Agreement 2 for the Sale Shares D; and (v) the consideration in the sum of HK\$12,497,251.07 paid by the Offeror to Vendor E pursuant to the SP Agreement 3 for the Sale Shares E, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror, Mr. Cai or any party acting in concert with any of them to the Vendors or any party acting in concert with any of them in connection with the acquisition of the Sale Shares;

- (h) save for the acquisition by the Offeror from the Vendors of an aggregate of 669,173,595 Sale Shares (representing approximately 50.71% of the total number of Shares in issue) pursuant to the SP Agreements, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeover Code) between the Offeror, Mr. Cai or any party acting in concert with any of them on the one hand and any other person (including any Shareholder and any of the Vendors and any party acting in concert with any of them) on the other hand;
- (i) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons; and
- (j) save for the SP Agreements, there was no agreement, arrangement, or understanding (including any compensation arrangement) existing between the Offeror, Mr. Cai or any party acting in concert with any of them and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offers.

4. MARKET PRICES

The table below shows the closing price of the Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) on the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
28 January 2025	0.077
28 February 2025	0.079
31 March 2025	0.077
30 April 2025	0.062
30 May 2025	0.070
30 June 2025	0.072
4 July 2025 (the Last Trading Day)	0.089
31 July 2025	0.380
5 August 2025 (the Latest Practicable Date)	0.350

5. EXPERTS' QUALIFICATION AND CONSENTS

The followings are the names and qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualification
Kingston Securities	a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
Kingston CF	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Octal Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its opinions or advice and the references to its name included herein in the form and context in which they respectively appear.

6. MISCELLANEOUS

- (a) The sole director of the Offeror is Mr. Cai, whose address is c/o Loeb & Loeb LLP, 2206–19 Jardine House, 1 Connaught Place, Central, Hong Kong.
- (b) The registered office of the Offeror is at Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of the Offeror is c/o Loeb & Loeb LLP, 2206-19 Jardine House, 1 Connaught Place, Central, Hong Kong.
- (c) The registered office of Kingston Securities is 72/F, The Center, 99 Queen's Road Central, Central, Hong Kong.
- (d) The registered office of Kingston CF is 72/F, The Center, 99 Queen's Road Central, Central, Hong Kong.
- (e) The registered office of Octal Capital is 801–805, 8/F Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong.
- (f) The English text of this Composite Document and the accompanying Forms of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

7. DOCUMENTS ON DISPLAY

In addition to the documents set out in the paragraph headed “Documents on Display” of Appendix III to this Composite Document, copies of the following documents will be available for inspection on the website of the SFC at www.sfc.hk and the Company’s website at www.chinaneweconomyfund.com during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Kingston Securities, the text of which is set out on pages 9 to 22 of this Composite Document; and
- (c) the written consents referred to under the paragraph headed “Experts’ Qualification and Consents” in this Appendix.