

---

## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

**If you are in any doubt** as to any aspect of this prospectus or as to the action to be taken, you should consult your licensed securities dealer, 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 (the “Company”), you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sales or transfer was effected for transmission to the purchaser or the transferee.

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 prospectus, make no representation as to its 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 prospectus.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “Documents delivered to the Registrar of Companies” in Appendix III to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Dealings in the Rights Shares in both nil-paid and fully-paid forms and the Bonus Shares may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

---

## CHINA NEW ECONOMY FUND LIMITED

### 中國新經濟投資有限公司

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

**(Stock Code: 80)**

## PROPOSED RIGHTS ISSUE OF 97,353,899 RIGHTS SHARES ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY EIGHT (8) EXISTING SHARES HELD ON THE RECORD DATE WITH BONUS ISSUE ON THE BASIS OF THREE (3) BONUS SHARES FOR EVERY ONE (1) RIGHTS SHARE TAKEN UP UNDER THE RIGHTS ISSUE

### UNDERWRITER TO THE RIGHTS ISSUE



中天證券有限公司  
CHINA SKY SECURITIES LIMITED

---

Capitalised terms used in this cover page shall have the same meanings as those defined in this prospectus.

Shareholders and potential investors should note that the Rights Issue and the Bonus Issue are conditional upon, among other matters, the Underwriting Agreement having become unconditional (see the section headed “Conditions of the Rights Issue and the Bonus Issue” herein) and that the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (see the section headed “Termination of the Underwriting Agreement” herein). Accordingly, the Rights Issue and the Bonus Issue may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Monday, 26 February 2018 and that dealing in the Rights Shares in the nil-paid form will take place from Thursday, 8 March 2018 to Thursday, 15 March 2018 (both days inclusive) while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Rights Issue and the Bonus Issue are subject are fulfilled (which is expected to be on Wednesday, 21 March 2018), will accordingly bear the risk that the Rights Issue and the Bonus Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

The latest date and time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Tuesday, 20 March 2018. The procedures for acceptance and payment and/or transfer of the Rights Shares are set out on pages 13 to 14 of this prospectus.

6 March 2018

---

## CONTENTS

---

	<i>Page</i>
<b>Expected timetable</b> .....	ii
<b>Definitions</b> .....	1
<b>Termination of the Underwriting Agreement</b> .....	5
<b>Letter from the Board</b> .....	7
<b>Appendix I — Financial information of the Company</b> .....	I-1
<b>Appendix II — Unaudited pro forma financial information of the Company</b> .....	II-1
<b>Appendix III — General information</b> .....	III-1

---

## EXPECTED TIMETABLE

---

Set out below is the expected timetable of the Rights Issue and the Bonus Issue:

2018

First day of dealings in nil-paid Rights Shares. . . . . 9:00 a.m. on Thursday, 8 March

Latest time for splitting nil-paid Rights Shares . . . . . 4:30 p.m. on Monday, 12 March

Last day of dealings in nil-paid Rights Shares . . . . . Thursday, 15 March

Latest time for acceptance of, and payment for,  
the Rights Shares . . . . . 4:00 p.m. on Tuesday, 20 March

Latest time to terminate the Underwriting Agreement  
and for the Rights Issue to become unconditional . . . . . 5:00 p.m. on Wednesday, 21 March

Announcement of results of the Rights Issue . . . . . Tuesday, 27 March

Refund cheques, if any, to be despatched if the  
Rights Issue is terminated or in respect of  
wholly or partially unsuccessful applications for  
excess Rights Shares on or before. . . . . Wednesday, 28 March

Certificates for fully paid Rights Shares and  
Bonus Shares to be despatched on or before. . . . . Wednesday, 28 March

Designated broker starts to stand in the market to  
provide matching services for odd lots of Shares . . . . . Thursday, 29 March

Commencement of dealings in fully-paid Rights  
Shares and Bonus Shares. . . . . 9:00 a.m. on Thursday, 29 March

Last day for the designated broker to provide for  
odd lot matching . . . . . Monday, 23 April

All times stated in this prospectus refer to Hong Kong times. Dates stated in the Prospectus Documents for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Rights Issue and the Bonus Issue will be announced as appropriate.

---

## EXPECTED TIMETABLE

---

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

The latest time for acceptance of and payment for the Rights Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above; or
2. a “black” rainstorm warning
  - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance, the latest time for acceptance of and payment for the Rights shares will be extended to 5:00 p.m. on the same Business Day; or
  - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares is postponed in accordance with the foregoing, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as possible.

---

## DEFINITIONS

---

*In this prospectus, unless the context otherwise requires, the following terms shall have the following meanings:*

“Announcement”	the announcement of the Company dated 23 January 2018 in relation to, among other things, the Rights Issue and the Bonus Issue
“Articles of Association”	the Articles of Association of the Company as amended from time to time
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Bonus Issue”	the proposed issue of Bonus Shares on the basis of three (3) Bonus Shares for every one (1) Right Share taken up under the Rights Issue
“Bonus Shares”	the new Share(s) to be allotted, issued and credited as fully paid-up under the Bonus Issue
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 5 February 2018 in relation to, among other things, the Bonus Issue
“Company”	China New Economy Fund Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company
“EAF(s)”	the excess application form(s) for the excess Rights Shares

---

## DEFINITIONS

---

“EGM”	the extraordinary general meeting of the Company held on 22 February 2018
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Investment Manager”	China Everbright Securities (HK) Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO authorised to carry out regulated activities of Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management)
“Last Trading Day”	23 January 2018, being the last trading day for the Shares before the publication of the Announcement
“Latest Practicable Date”	28 February 2018, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus
“Latest Time for Acceptance”	4:00 p.m. on 20 March 2018 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Rights Shares
“Latest Time for Termination”	5:00 p.m. on the next Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed to this term under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

---

## DEFINITIONS

---

“Overseas Letter”	a letter from the Company to the Prohibited Shareholders (if any) explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholders”	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares
“PRC”	the People’s Republic of China (for the purpose of this prospectus, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan)
“Prohibited Shareholder(s)”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to them (if any)
“Prospectus”	this prospectus in relation to the Rights Issue and the Bonus Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Tuesday, 6 March 2018 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholders”	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company on the Record Date
“Record Date”	Monday, 5 March 2018, being the date by reference to which entitlements to the Rights Issue was determined
“Registrar”	Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of Rights Issue to the Qualifying Shareholders with Bonus Issue on the terms to be set out in the Prospectus Documents and summarised herein

---

## DEFINITIONS

---

“Rights Share(s)”	97,353,899 new Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of one (1) Rights Share for every eight (8) existing Shares held on the Record Date and payable in full on acceptance pursuant to the Rights Issue
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	existing share(s) of par value of HK\$0.50 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.50 per Rights Share
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriter”	China Sky Securities Limited, a licensed corporation under the SFO authorised to carry out Type 1 (dealing in securities) regulated activity
“Underwriting Agreement”	the underwriting agreement dated 23 January 2018 and entered into between the Company and the Underwriter in relation to the Rights Issue
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



---

## TERMINATION OF THE UNDERWRITING AGREEMENT

---

### TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of The Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
  - (c) the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (2) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

---

## TERMINATION OF THE UNDERWRITING AGREEMENT

---

- (3) there is any change in the circumstances of the Company which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of the Company or the destruction of any material asset of the Company; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any material adverse change in relation to the business or the financial or trading position or prospects of the Company whether or not ejusdem generis with any of the foregoing; or
- (6) the Prospectus Documents when published contain information (either as to business prospects or the condition of the Company or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Company and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to apply for its assured entitlements of Rights Shares under the Rights Issue (with Bonus Issue); or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination and thereupon the obligations of all parties under the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

---

**LETTER FROM THE BOARD**

---

**CHINA NEW ECONOMY FUND LIMITED**

**中國新經濟投資有限公司**

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

**(Stock Code: 80)**

**Board of Directors**

*Executive Directors:*

Mr. GU Xu (*Chairman and Chief Executive Officer*)

Mr. CHAN Cheong Yee

*Independent Non-executive Directors:*

Mr. LAM Chun Ho

Mr. Faris Ibrahim Taha AYOUB

Mr. PUN Tit Shan

Mr. CHONG Ching Hoi

*Registered office:*

P.O. Box 309, Uglan House,

South Church Street,

George Town,

Grand Cayman KY1-1104,

Cayman Islands

*Head office and principal place  
of business in Hong Kong:*

Suite 902, 9/F., Ovest,

77 Wing Lok Street

Hong Kong

6 March 2018

*To the Qualifying Shareholders and, for information only, the Prohibited Shareholders (if any)*

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE OF 97,353,899 RIGHTS SHARES  
ON THE BASIS OF ONE (1) RIGHTS SHARE  
FOR EVERY EIGHT (8) EXISTING SHARES  
HELD ON THE RECORD DATE WITH BONUS ISSUE  
ON THE BASIS OF THREE (3) BONUS SHARES  
FOR EVERY ONE (1) RIGHTS SHARE  
TAKEN UP UNDER THE RIGHTS ISSUE**

**INTRODUCTION**

Reference is made to the Announcement and the Circular in relation to, among other things, the Rights Issue and the Bonus Issue. The Company proposes to raise approximately HK\$48.7 million before expenses, by way of Rights Issue of 97,353,899 Rights Shares at the Subscription Price of HK\$0.50 per Rights Share on the basis of one (1) Rights Share for every eight (8) existing Shares held on the Record Date and payable in full on acceptance with Bonus Issue on the basis of three (3) Bonus Shares for every one (1) Rights Share taken up under the Rights Issue. The Company will provisionally allot to the Qualifying Shareholders one (1) Rights Share in nil-paid form for every eight (8) Shares in issue and held on the Record Date. The Rights Issue will not be available to the Prohibited Shareholders.

---

## LETTER FROM THE BOARD

---

The Rights Issue is fully underwritten by the Underwriter. The Underwriting Agreement contains provisions granting the Underwriter the right, which may be exercised at any time prior to the Latest Time for Termination or such later time or date as may be agreed to terminate the Underwriting Agreement on the occurrence of certain events. If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed.

Pursuant to the Articles of Association, the Bonus Issue shall be subject to the approval by the Shareholders at the EGM. Accordingly, in order to give effect to the Bonus Issue as proposed, the Company put forward an ordinary resolution to the Shareholders for approval at the EGM. At the EGM, the resolutions approving the Bonus Issue was duly passed by the Shareholders by way of poll.

The purpose of this prospectus is to provide you with further details of the Rights Issue with the Bonus Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to you and application for excess Rights Shares, together with the financial and other information of the Company.

### RIGHTS ISSUE WITH BONUS ISSUE

#### Issue statistics

Basis of the Rights Issue with Bonus Issue:	One (1) Rights Share for every eight (8) existing Shares held on the Record Date and payable in full on acceptance, together with three (3) Bonus Shares for every one (1) Rights Share taken up. The aggregate effect of the Rights Issue and the Bonus Issue would be for every eight (8) existing Shares held on Record Date, four (4) new Shares would be issued to the Qualifying Shareholder should the Qualifying Shareholder elect to take up the Rights Shares.
Subscription Price:	HK\$0.50 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	778,831,198 Shares
Number of Rights Shares:	97,353,899 Rights Shares
Number of Bonus Shares:	up to 292,061,697 Bonus Shares to be issued to the Qualifying Shareholders, who elect to take up the Rights Issue, on the basis of three (3) Bonus Shares for every one (1) Rights Share taken up under the Rights Issue
Number of Rights Shares underwritten by the Underwriter:	97,353,899 Rights Shares, being the aggregate number of the Rights Shares under the Rights Issue

---

## LETTER FROM THE BOARD

---

Number of Shares in issue upon completion of the Rights Issue with the Bonus Issue: up to 1,168,246,794 Shares

As at the Latest Practicable Date, the Company does not have any outstanding convertible note, warrant, option, derivative or other securities convertible into or exchangeable for any Share. The Company has no intention to issue or grant any warrants, options and/or convertible securities on or before the Record Date.

The Board has not received any information or irrevocable undertakings from any substantial Shareholders of their intention to take up the securities of the Company to be offered to them under the Rights Issue as at the Latest Practicable Date.

### **Bonus Issue**

Subject to the satisfaction of the conditions of the Rights Issue, the Bonus Shares will be issued to the Qualifying Shareholders, who elect to take up the Rights Shares, on the basis of three (3) Bonus Shares for every one (1) Rights Share under the Rights Issue. The aggregate effect of the Rights Issue and the Bonus Issue would be for every eight (8) existing Shares held on Record Date, four (4) new Shares would be issued to the Qualifying Shareholder should the Qualifying Shareholder elect to take up the Rights Shares.

On the basis of 97,353,899 Rights Shares to be issued under the Rights Issue, up to 292,061,697 Bonus Shares will be issued.

### **Subscription Price**

The Subscription Price is HK\$0.50 per Rights Share, payable in full on application and the effective subscription price (the “**Effective Subscription Price**”) after taking into consideration the Bonus Issue is HK\$0.125 per Rights Share. The Subscription Price represents:

- (i) the par value of each Share of HK\$0.50;
- (ii) a premium of approximately 284.62% over the closing price of HK\$0.130 per Share as quoted on Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 290.63% over the theoretical ex-entitlement price of approximately HK\$0.128 per Share after the Rights Issue with Bonus Issue based on the closing price of HK\$0.130 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a premium of approximately 278.79% over the average closing price of HK\$0.132 per Share for the last five consecutive trading days including and up to the Last Trading Day;

---

## LETTER FROM THE BOARD

---

- (v) a premium of approximately 78.57% over the latest unaudited net asset value attributable to the Shareholders per Share of approximately HK\$0.28 as at 31 January 2018; and
- (vi) a premium of approximately 278.79% over the closing price of HK\$0.132 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Effective Subscription Price of HK\$0.125 represents:

- (i) a discount of approximately 3.85% to the closing price of HK\$0.130 per Share as quoted on Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 2.34% to the theoretical ex-entitlement price of approximately HK\$0.128 per Share after the Rights Issue with Bonus Issue based on the closing price of HK\$0.130 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 5.30% to the average closing price of HK\$0.132 per Share for the last five consecutive trading days including and up to the Last Trading Day;
- (iv) a discount of approximately 55.36% to the latest unaudited net asset value attributable to the Shareholders per Share of approximately HK\$0.28 as at 31 January 2018; and
- (v) a discount of approximately 5.30% to the closing price of HK\$0.132 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The theoretical ex-entitlement price per Share after completion of the Rights Issue and Bonus Issue is approximately HK\$0.128 and this is calculated based on the following formula:

$$\frac{(\text{Number of Rights Shares} \times \text{Subscription Price}) + (\text{Number of existing Shares} \times \text{Closing Price as at the Last Trading Day})}{\text{Total number of Shares after completion of the Rights Issue and Bonus Issue}}$$

Total number of Shares after completion of the Rights Issue and Bonus Issue

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the par value of each Share, the then prevailing market price of the Shares, the financial position of the Company and having considered the future development and other investment opportunities of the Company.

---

## LETTER FROM THE BOARD

---

In determining the Subscription Price, the Directors have taken into account (i) the ratio for the Rights Issue; (ii) the need to have an attractive structure for the Rights Issue such that the Shareholders would be interested in participating in it; (iii) the need to attract the Underwriter to participate in the Rights Issue on terms favourable to the Company; and (iv) the urgency in the funding need of the Company to finance the repayment of the loan and coupon notes that are soon to be due.

The Subscription Price was determined with reference to the then trading prices of the Shares, which the Directors consider to be the most relevant factor as compared to the net asset value of the Company in assessing whether the Rights Issue would be attractive to the Shareholders to participate in such exercise given that the Shareholders are likely to look to the investment cost for the Shares to determine the attractiveness of such exercise.

Taking into consideration of the Subscription Price, which is at a premium and unlikely to attract Shareholders to participate in the Rights Issue, in order to increase the attractiveness of the Rights Issue to the Qualifying Shareholders, the Directors consider that the Bonus Issue with the Rights Issue would result in an Effective Subscription Price of HK\$0.125 which is at a slight discount to the market price of the Shares and the Effective Subscription Price is therefore fair and reasonable and in the interest of the Company and the Shareholders as a whole as each Qualifying Shareholder is entitled to subscribe for the Rights Shares in proportion to his/her/its existing shareholding in the Company at an Effective Subscription Price which is at a slight discount to the trading price of the Shares.

Considering that the Shares have been trading on the Stock Exchange in the price range between HK\$0.117 and HK\$0.320 in the past 12 months prior to the Latest Practicable Date, the minimum Subscription Price of HK\$0.50, which is at a premium of approximately 284.62% over the closing price of HK\$0.130 per Share as quoted on Stock Exchange on the Last Trading Day would not be attractive to the Shareholders. The current structure of the Rights Issue together with the Bonus Issue would offer the Shareholders an opportunity to subscribe for further Shares at the Effective Subscription Price of HK\$0.125, which is at a discount of approximately 3.85% to the closing price of HK\$0.130 per Share as quoted on Stock Exchange on the Last Trading Day. If the Rights Issue were to be conducted on the basis of 1 Rights Share for every 2 existing Shares without the Bonus Issue, the Subscription Price, which is at the par value of each Share, i.e. HK\$0.50, would be at a premium over the recent trading prices of the Shares. Under such structure, the Directors envisage that no Shareholder would be willing to participate in the Rights Issue and the Company would be unlikely to find any underwriter who would be willing to underwrite the Rights Shares. Such structure would render the fundraising exercise ineffective.

The current structure of the Rights Issue and the Bonus Issue, which is in compliance with the applicable laws and the Articles of Association, would increase the attractiveness of the Rights Issue to the Shareholders as it would allow them to subscribe for further Shares at the Effective Subscription Price of HK\$0.125, which is at a slight discount to the recent trading prices of the Shares. The Board considers that the issue of Bonus Shares in combination with the Rights Issue would increase the attractiveness of the Rights Issue to the Shareholders.

---

## LETTER FROM THE BOARD

---

The Board considers the current structure to be in the best interests of the Company and Shareholders as a whole having considered the amount that needs to be raised to satisfy the funding needs of the Company and the current trading price of the Shares. The Subscription Price was determined based on the par value of the Shares of HK\$0.50 per Share, as the Companies Law of the Cayman Islands to which the Company is subject prohibits the issue of Shares at a price below the par value of the Shares without the sanction of the Cayman court.

The Effective Subscription Price is used as a reference point for the Shareholders in consideration of the Rights Issue and Bonus Issue. The Bonus Shares will be credited as fully paid at par by way of capitalisation of an amount of up to HK\$146,030,848.50 from the share premium account of the Company pursuant to the Bonus Issue. All Shares to be issued under the Rights Issue and Bonus Issue will be issued or credited as fully paid at par. Taking into account the legal opinion by the legal adviser to the Company as to Cayman Islands law, the Directors confirm that the current structure of the Rights Issue and Bonus Issue (including the Effective Subscription Price) would not result in the Company issuing Shares at a discount and would not violate the Articles of Association nor any applicable law in the Cayman Islands.

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Prohibited Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with this prospectus, for information only, to the Prohibited Shareholders. To qualify for the Rights Issue, the Shareholders must, on the Record Date:

- (i) be registered on the register of members of the Company; and
- (ii) not be the Prohibited Shareholders.

### **Prohibited Shareholders**

The Company will send this prospectus only (without PAL and EAF) to the Prohibited Shareholders (if any) for their information. Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Prohibited Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid pro rata to the Prohibited Shareholders. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Prohibited Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be taken up by the Underwriter.



---

## LETTER FROM THE BOARD

---

### **Fractional entitlements to the Rights Shares**

The Company will not provisionally allot to and will not accept applications for any fractions of Rights Shares from Qualifying Shareholders. Fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Any Rights Shares created from the aggregation of fractions of the Rights Shares will be available for excess application by the Qualifying Shareholders. Should there be no excess application by the Qualifying Shareholders, those Rights Shares created from the aggregation of fractions of the Rights Shares will be taken up by the Underwriter.

### **Rights of the Overseas Shareholders**

The Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong.

Based on the register of members of the Company as at the Latest Practicable Date, there was no Overseas Shareholder.

### **Procedures for acceptance and payment and/or transfer**

Qualifying Shareholders should find enclosed with this prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on Tuesday, 20 March 2018. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**China New Economy Fund Limited – Rights Issue A/C**" and crossed "**Account Payee Only**".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Tuesday, 20 March 2018, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions.

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer part/all of their rights to more than one person, the original PAL must be surrendered for cancellation by no later than 4:30 p.m. on Monday, 12 March 2018 to the

---

## LETTER FROM THE BOARD

---

Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier’s orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier’s order will constitute a warranty by such person that the cheque or the cashier’s order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier’s order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

No receipt will be given in respect of any application monies received.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue and the Bonus Issue” below is not fulfilled or waived (as applicable) at or before 5:00 p.m. on Wednesday, 21 March 2018 (or such later time as the Company and the Underwriter may agree in writing), the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the firstnamed person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Wednesday, 28 March 2018.

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

Qualifying Shareholders shall be entitled to apply for (i) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders; and (ii) any Rights Shares arising out of the aggregation of fractional entitlements. Application may be made by completing the EAF for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Company will allocate the Rights Shares in excess of the entitlement at its discretion on a fair and equitable basis to the Qualifying Shareholders who have applied for excess Rights Shares. Shareholders who have been offered odd lots of the Rights Shares should note that there is no guarantee that such odd lots of the Rights Shares will be topped up to create whole board lots pursuant to applications for the excess Rights Shares. The Directors will allocate the excess Rights Shares at their sole discretion on a fair and equitable basis on the following principles:

- (i) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by

---

## LETTER FROM THE BOARD

---

certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and

- (ii) subject to availability of excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the excess Rights Shares applied for by them. No reference will be made to Rights Shares subscribed through applications by PAL or the existing number of Shares held by the Qualifying Shareholders.

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

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/ its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for with the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Tuesday, 20 March 2018. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to **“China New Economy Fund Limited – Excess Application A/C”** and crossed **“Account Payee Only”**.

If no excess Rights Shares are allotted to a Qualifying Shareholder who has applied for excess Rights Shares, the remittance tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full without interest by ordinary post at his/her/its own risk by the Registrar on or before Wednesday, 28 March 2018. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus remittance without interest is also expected to be returned by refund cheque to that Qualifying Shareholder by ordinary post at his own risk by the Registrar on or before Wednesday, 28 March 2018.

All cheques or cashier’s orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or a cashier’s order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier’s order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or cashier’s order is dishonoured on first presentation.

---

## LETTER FROM THE BOARD

---

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent by ordinary post at the risk of the person(s) entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving a copy of the EAF in any territory outside Hong Kong may treat it as an offer or invitation to apply for the excess Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. Completion and return of the EAF together with a cheque or cashier's order in payment for the excess Rights Shares applied for will constitute a warranty and representation from such Qualifying Shareholder(s) to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any application thereunder, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application for excess Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue and the Bonus Issue" below is not fulfilled or waived (as applicable) at or before 5:00 p.m. on Wednesday, 21 March 2018 (or such later time as the Company and the Underwriter may agree in writing), the remittance received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Wednesday, 28 March 2018.

### **Status of the Rights Shares and the Bonus Shares**

The Rights Shares and the Bonus Shares (when allotted, fully paid and issued) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares and the Bonus Shares. Holders of the Rights Shares in their fully paid form and the Bonus Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares and the Bonus Shares.

### **Certificates of the Rights Shares and the Bonus Shares and refund cheques**

Subject to fulfillment of the conditions of the Rights Issue, share certificates for the Rights Shares and the Bonus Shares are expected to be posted on or before Wednesday, 28 March 2018 to those entitled thereto by ordinary post at their own risk.

---

## LETTER FROM THE BOARD

---

### Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) and the Bonus Shares (in their fully-paid form).

Dealings in the Rights Shares (both in nil paid and fully paid forms) and the Bonus Shares on the Stock Exchange will be subject to the payment of stamp duty (if any), Stock Exchange trading fee, SFC transaction levy and any other applicable fees and charges in Hong Kong.

No part of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

Subject to the granting of listing of, and permission to deal in, the Rights Shares (both in nil paid and fully paid forms) and the Bonus Shares on the Stock Exchange, the Rights Shares (both in nil paid and fully paid forms) and the Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares and the Bonus Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Rights Shares (both in nil paid and fully paid forms) and the Bonus Shares to be admitted into CCASS. Both nil-paid Rights Shares and fully paid Rights Shares will be traded in board lots of 20,000 Shares.

### UNDERWRITING ARRANGEMENT

#### Underwriting Agreement

Date: 23 January 2018

Underwriter: China Sky Securities Limited

Number of Rights Shares underwritten: Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Rights Shares which have not been taken up (the “**Untaken Shares**”). Accordingly, the Rights Issue is fully underwritten.

The Company will pay the Underwriter an underwriting commission of 1.5% of the aggregate Subscription Price in respect of the 97,353,899 underwritten Rights Shares for which the Underwriter has agreed to subscribe or the subscription of which the Underwriter has agreed

---

## LETTER FROM THE BOARD

---

to procure, and all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Rights Issue. The Directors are of the view that the commission is fair and reasonable.

To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the Underwriting Agreement, the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 29.9% of the voting rights of the Company upon the completion of the Rights Issue and the Bonus Issue. The Underwriter shall also use all reasonable endeavours to ensure that each of the subscribers or purchasers of the Untaken Shares procured by it (i) shall be Independent Third Parties; and (ii), save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue and Bonus Issue.

The Company will take all appropriate steps to ensure that sufficient public float be maintained upon the completion of the Rights Issue and the Bonus Issue in compliance with Rule 8.08(1)(a) of the Listing Rules. To the best information, belief and knowledge of the Directors, as at the Latest Practicable Date, the Underwriter is not beneficially interested in any Shares in its own capacity and no sub-underwriter has been engaged.

### **Termination of the Underwriting Agreement**

If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military,

---

## LETTER FROM THE BOARD

---

financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

- (c) the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (2) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of the Company or the destruction of any material asset of the Company; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any material adverse change in relation to the business or the financial or trading position or prospects of the Company whether or not ejusdem generis with any of the foregoing; or
- (6) the Prospectus Documents when published contain information (either as to business prospects or the condition of the Company or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Company and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to apply for its assured entitlements of Rights Shares under the Rights Issue (with Bonus Issue); or

---

## LETTER FROM THE BOARD

---

- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination and thereupon the obligations of all parties under the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

### **Conditions of the Rights Issue and the Bonus Issue**

The Rights Issue and the Bonus Issue are conditional upon:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (2) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and the Overseas Letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (3) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares and the Bonus Shares by no later than the first day of their dealings;



---

## LETTER FROM THE BOARD

---

- (4) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (5) the passing of the necessary resolution(s) at the EGM to approve the Bonus Issue (including but not limited to the allotment and issue of the Bonus Shares) by the Shareholders and the transactions contemplated thereunder;
- (6) the compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement;
- (7) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (8) the compliance with and performance of all the undertakings and obligations of the Underwriter under the Underwriting Agreement; and
- (9) there being no event occurred prior to the Latest Time for Termination which would render the warranties of the Company untrue and incorrect.

Neither of the Company nor the Underwriter may waive conditions (1) to (5) and (7) to (9) stated above. The Underwriter may waive the condition stated in (6) above by written notice to the Company. If the conditions precedent are not satisfied (or waived, as the case may be) in full by the Company by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

As at the Latest Practicable Date, condition (5) above has been fulfilled.

### **BUSINESS REVIEW, FINANCIAL AND TRADING PROSPECT OF THE COMPANY**

The Company is an investment company listed under Chapter 21 of the Listing Rules. The investment objective of the Company is to achieve long-term capital appreciation through investing globally in both private and publicly listed enterprises that have demonstrated the ability to manufacture a product or deliver a service that is supported by the economies of the PRC, Hong Kong, Macau and Taiwan.

During the six months ended 30 June 2017 (the “**Period**”), the PRC Government deepened its structural reform aiming to create a healthy social environment for a sustainable yet efficient economic growth. According to the National Bureau of Statistics of China, the gross domestic product (GDP) of the PRC recorded an increase of 6.9% in the first half of 2017, realising the target of 6.5%–7% set by PRC Government in the beginning of 2016, however in line with the market expectation as the government has indicated that the PRC economy has entered into a new normal era featured with medium growth rates and economic structure optimization driven by capacity cuts and consumption upgrade.

---

## LETTER FROM THE BOARD

---

The benchmark of Shanghai Composite Index increased merely approximately 2.9% during the first half of 2017, while Hang Seng Index increased approximately 17.1%. During the Period, the Company adopted a timely and appropriate investment approach in response to the volatile market sentiment and complicated government policies, and to detect investment opportunities emerging from the sectors benefiting from the economic transformation in PRC, to obtain a substantial net asset appreciation. The Company will continue to implement its comprehensive risk management strategy with an aim to achieve stable returns on investments for our shareholders.

During the Period, the Company has invested two new private equities and one bond fund, making a total of seven unlisted investments in our diversified portfolio. The Company believes they will bring a potential return alongside with listed investments in the long-run. Our Company will explore more investment opportunities toward private equities and other unlisted investments.

As global economy and politics are facing more risk, the Company expects that the US Federal Reserve will be more cautious to raise interest rate and possibly one more hike by the end of 2017. In addition, the PRC Government has lowered its GDP growth target, focusing on quality over quantity as it overhauls its growth model. Therefore, the Company remains cautiously optimistic on the prospects of securities market in China and Hong Kong.

The Company will continue to deploy an investment strategy focusing on Greater China and closely monitor the changes in the global market. With our professional and experienced investment and risk management team, we are confident to capture valuable investment opportunities to maximise profit to our shareholders.

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

The estimated net proceeds from the Rights Issue will be approximately HK\$47.1 million, which would be applied for: (i) the repayment of a loan due and payable in March 2018 in the sum of HK\$35,000,000; and (ii) the partial repayment of coupon notes due and payable in April 2018 in the sum of HK\$31,500,000. The repayment would take place as soon as the Rights Issue is completed. The Company will consider realising its investments to raise further funds for settlement of the balance of the principal sum of the coupon notes which remains outstanding after the partial repayment.

As the net proceeds of the Rights Issue will be applied towards repayment of debts in its entirety, there will be no remaining sum available to be applied towards satisfying the funding needs of the Company for the next 12 months. As at the date hereof, the Company does not have any plan to conduct further rights issue or other fund-raising activities. However, should the Company identify any investment opportunity that is in line with the investment strategy of the Company and the expected return being higher than the finance cost, or should any funding needs arise in the next 12 months, the Company may consider other funding methods to finance such investment and/or any such funding needs.

---

## LETTER FROM THE BOARD

---

The estimated expense in relation to the Rights Issue, including financial, legal and other professional advisory fees, underwriting commission, printing and translation expenses is approximately HK\$1.6 million and will be borne by the Company. Having considered other fund-raising alternatives for the Company, such as issue of unlisted notes and placing of new Shares, and taking into account the benefits and cost of each of the alternatives, the Rights Issue allows the Company to strengthen its balance sheet by raising long term equity fund without the need for payment of interest and repayment. The Board considers that the Rights Issue is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. In addition, given that the subscription price is above the closing prices of the Shares, the Bonus Issue will provide an incentive for the Shareholders to take part into the Rights Issue. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted. Should the Qualifying Shareholders decide not to take up their entitlements under the Rights Issue with the Bonus Issue, they can choose to dispose of their Rights Shares provisional allotments in the market in nil-paid form for economic benefit.

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

The Board also considered placing of new Shares. However as placing of new Shares would normally be conducted on a best efforts basis of which the success is not guaranteed and the size of any placing would not be sufficient to meet the funding requirement on this occasion, placing of new Shares was not considered by the Board when it was considering the Rights Issue and hence did not proceed further. The Board considers that rights issue would be more favourable and attractive to the Shareholders than open offer because it would allow Shareholders to have more flexibility in dealing with the Shares and the nil paid rights attaching thereto.

The Board has also considered to perform a share capital reduction which involves reduction of par value of the Shares. However, such exercise involves the filing of a petition to the Grand Court of the Cayman Islands for an order to approve a shareholders' special resolution in favour of the share capital reduction which is a time-consuming procedure that can take up to several months. Under the circumstances, there may not be sufficient time for such exercise to be completed in time to meet the funding needs of the Company and accordingly was not considered as a viable option to the Company. The Board does not rule out the possibility of performing a share capital reduction in the future.

As the Company is an investment company listed under Chapter 21 of the Listing Rules, the investment objective of the Company is to achieve long-term returns through capital

---

## LETTER FROM THE BOARD

---

appreciation and dividend. Accordingly, the Directors do not consider realising the existing investments of the Company to satisfy its funding needs to be a priority when considering the various options of fund-raising methods. As mentioned above, the estimated net proceeds from the Rights Issue of approximately HK\$47.1 million will not be sufficient to cover the intended use of proceeds for the repayment of a loan and coupon notes in the aggregate sum of approximately HK\$66.5 million in its entirety, the Directors have therefore considered realising only a relatively small portion of the existing investments of the Company to settle the remaining portion of the amounts to be due under the coupon notes.

The Rights Issue, when compared with other forms of equity fund raising, would offers the existing Shareholders the opportunity to participate in the future growth of the Company as it allows existing Shareholders to subscribe for Rights Shares in proportion to their existing shareholdings in the Company without having their relative shareholdings being diluted and the Board considers that the terms of the Rights Issue with Bonus Issue are fair and reasonable and in the best interest of the Shareholders as a whole as it allows existing Shareholders to participate in the future growth of the Company without having their relative shareholding diluted and it will improve the capital base and gearing ratio of the Company.

The Board, having considered the amount of funding required by the Company, the advantages and feasibility of the Rights Issue with Bonus Issue as compared to the other methods of fund-raising and the par value of the Shares, considers that the current structure and the terms of the Rights Issue and the Bonus Issue to be fair and reasonable and it is in the best interest of the Shareholders as a whole as the Rights Issue would strengthen the capital base of the Company and improve its gearing ratio.

The Company has approached five financial institutions including the Underwriter concerning the Rights Issue with Bonus Issue based on the current proposed structure. Out of the five institutions, the Underwriter quoted the lowest underwriting commission rate. Taking into account the foregoing alternative fund-raising methods considered and that the Underwriter provided the most favourable terms for the Rights Issue, the Board is of the view that the Underwriter is the most suitable candidate for acting as the underwriter to the Rights Issue.

The Directors consider that the Rights Issue and the Bonus Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Rights Issue and the Bonus Issue.

### **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots (if any) of the Shares arising from the Rights Issue and the Bonus Issue, the Company has appointed Computershare Hong Kong Investor Services Limited as an agent to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Shares to make up a full board lot, or to dispose of their holding of odd lots of the Shares during the period from Thursday, 29 March 2018 to Monday, 23 April 2018 (both dates inclusive). Shareholders who wish to take advantage of this service should contact Computershare Hong Kong Investor Services Limited at 17M

## LETTER FROM THE BOARD

Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or at telephone number (852)2862 8555 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Shareholders should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. Shareholders who are in doubt about this service are recommended to consult their professional advisors.

### EFFECTS ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structures of the Company as at the Latest Practicable Date and immediately upon completion of the Rights Issue and the Bonus Issue are set out below:

Shareholders	As at the Latest Practicable Date		Upon completion of the Rights Issue and the Bonus Issue			
	Date		Assuming no Qualifying Shareholders take up their respective entitlements under the Rights Issue		Assuming full subscription by the Qualifying Shareholders as to their respective entitlements under the Rights Issue	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Wang Xin	117,246,628	15.05	117,246,628	10.04	175,869,940	15.05
The Underwriter and its sub-underwriter(s) and subscriber(s) procured by the Underwriter (if any) <i>(Note)</i>	–	–	389,415,596	33.33	–	–
Public Shareholders	<u>661,584,570</u>	<u>84.95</u>	<u>661,584,570</u>	<u>56.63</u>	<u>992,376,854</u>	<u>84.95</u>
<b>Total</b>	<u><u>778,831,198</u></u>	<u><u>100.00</u></u>	<u><u>1,168,246,794</u></u>	<u><u>100.00</u></u>	<u><u>1,168,246,794</u></u>	<u><u>100.00</u></u>

*Note:* Pursuant to the Underwriting Agreement, the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 29.9% of the voting rights of the Company upon the completion of the Rights Issue and the Bonus Issue. The Underwriter shall also use all reasonable endeavours to ensure that each of the subscribers or purchasers of the Untaken Shares procured by it (i) shall be Independent Third Parties; and (ii), save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue and Bonus Issue.

The Company will take all appropriate steps to ensure that sufficient public float be maintained upon the completion of the Rights Issue and the Bonus Issue in compliance with Rule 8.08(1)(a) of the Listing Rules.

---

## LETTER FROM THE BOARD

---

### EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months from the Latest Practicable Date.

### WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Rights Issue and the Bonus Issue are conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue and the Bonus Issue may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Rights Shares will be dealt the nil-paid form will take place from Thursday, 8 March 2018 to Thursday, 15 March 2018 (both days inclusive) while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Rights Issue and the Bonus Issue are subject are fulfilled (which is expected to be on Wednesday, 21 March 2018), will accordingly bear the risk that the Rights Issue and the Bonus Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this prospectus.

By Order of the Board

**China New Economy Fund Limited**

**GU Xu**

*Chairman, Chief Executive Officer and Executive Director*

**A. FINANCIAL INFORMATION OF THE COMPANY**

The audited financial information of the Company for each of the three years ended 31 December 2014, 2015, and 2016 and the six months ended 30 June 2017 can be referred to the annual reports of the Company for the years ended 31 December 2014 (pages 46 to 103), 2015 (pages 49 to 111) and 2016 (pages 59 to 131) and the interim report of the Company for the six months ended 30 June 2017 (pages 33 to 76), which were published on 24 April 2015, 21 April 2016, 24 April 2017 and 20 September 2017 respectively. The above-mentioned financial information is available on the Company's website at <http://www.chinaneweconomyfund.com/document/EW00080-AR.pdf> (for the year ended 31 December 2014), [http://www.chinaneweconomyfund.com/document/484\\_EW00080-AR.PDF](http://www.chinaneweconomyfund.com/document/484_EW00080-AR.PDF) (for the year ended 31 December 2015), [http://www.chinaneweconomyfund.com/document/EW00080\\_AR.PDF](http://www.chinaneweconomyfund.com/document/EW00080_AR.PDF) (for the year ended 31 December 2016) and <http://www.chinaneweconomyfund.com/document/EW00080%20IR.PDF> (for the six months ended 30 June 2017) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The auditors of the Company have not issued any qualified opinion on the Company's financial statements for the financial years ended 31 December 2014, 2015 and 2016.

**B. STATEMENT OF INDEBTEDNESS**

As at the close of business on 31 January 2018, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this prospectus, the Company had outstanding borrowings comprise the following:

**Securities margin borrowings**

The total carrying amounts of the Company's outstanding secured securities margin borrowings as at 31 January 2018 were approximately HK\$588,000. Securities margin borrowings as at 31 January 2018 were unguaranteed and secured by the Company's listed equity securities investments.

**Notes payable**

The Company had an outstanding principal of notes payable of approximately HK\$31,500,000, which were unguaranteed and unsecured and interest bearing at coupon rates of 7.5%.

**Revolving loan facility**

The Company had a loan amount HK\$35,000,000 borrowed from an independent third party which carried an interest of 8.5% per annum payable every three months. The loan facility is unguaranteed and unsecured.

At the close of business on 31 January 2018, except as disclosed in this section, the Company did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than

normal trade bills), acceptance credits, hire purchase commitments, finance lease obligations, mortgages or charges, guarantees or other material contingent liabilities.

**C. WORKING CAPITAL STATEMENT**

The Directors are of the opinion that, after taking into account the present financial resources and the estimated net proceeds from the Rights Issue, the Company has sufficient working capital for at least twelve months from the date of this prospectus in the absence of unforeseen circumstances.

**D. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, save as disclosed in the profit warning announcement of the Company dated 15 January 2018 for the expected loss of the Company for the year ended 31 December 2017, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Company were made up.



A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS  
OF THE COMPANY

The following is the unaudited pro forma statement of adjusted net tangible assets of the Company (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effects of the Rights Issue with Bonus Issue on the unaudited net tangible assets of the Company as if the Rights Issue with Bonus Issue had taken place on 30 June 2017.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of: (i) the financial position of the Company as at 30 June 2017 or any future date; or (ii) the net tangible assets per Share of the Company as at 30 June 2017 or any future date.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited net tangible assets of the Company as at 30 June 2017, as extracted from the published interim report of the Company for the six months ended 30 June 2017, and is adjusted for the effect of the Rights Issue with Bonus Issue described below.

	Unaudited net tangible assets of the Company as at 30 June 2017 <i>HK\$'000</i> <i>(Note 1)</i>	Add: Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted net tangible assets of the Company as at 30 June 2017 immediately upon completion of the Rights Issue with Bonus Issue <i>HK\$'000</i>	Unaudited net tangible assets of the Company per Share before completion of the Rights Issue with Bonus Issue <i>HK\$</i> <i>(Note 3)</i>	Unaudited pro forma adjusted net tangible assets of the Company per Share upon completion of the Rights Issue with Bonus Issue <i>HK\$</i> <i>(Note 4)</i>
Based on the issue of 97,353,899 Rights Shares with 292,061,697 Bonus Shares	353,822	47,100	400,922	0.45	0.34

*Notes:*

1. The unaudited net tangible assets of the Company as at 30 June 2017 of approximately HK\$353,822,000 is extracted from the published interim report of the Company for the six months ended 30 June 2017.
2. The estimated net proceeds from the Rights Issue of approximately HK\$47,100,000 are based on the proceeds of approximately HK\$48,677,000 from the issue of 97,353,899 Rights Shares at the Subscription Price of HK\$0.50 per Rights Share after deduction of the estimated related expenses of approximately HK\$1,577,000.
3. The calculation is determined based on the unaudited net tangible assets of the Company as at 30 June 2017 of approximately HK\$353,822,000 divided by the number of shares in issue of 778,831,198 as at the Latest Practicable Date and immediately before completion of the Rights Issue with Bonus Issue.
4. The unaudited net tangible assets of the Company per Share upon completion of the Rights Issue with Bonus Issue is arrived at on the basis that (i) 778,831,198 Shares in issue as at the Latest Practicable Date and (ii) 97,353,899 Rights Shares and 292,061,197 Bonus Shares to be issued upon completion of the Rights Issue with Bonus Issue, were in issue assuming that the Rights Issue with Bonus Issue had been completed on 30 June 2017.
5. The pro forma financial information does not take account of any trading or other transactions subsequent to the date of the financial statements included in the Unaudited Pro Forma Financial Information (i.e. 30 June 2017).

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from the Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, prepared by for the sole purpose of inclusion in this prospectus, in respect of the Unaudited Pro Forma Financial Information of the Company.*



國 衛 會 計 師 事 務 所 有 限 公 司  
**Hodgson Impey Cheng Limited**

31/F, Gloucester Tower  
The Landmark  
11 Pedder Street Central  
Hong Kong

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

TO THE DIRECTORS OF CHINA NEW ECONOMY FUND LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of China New Economy Fund Limited (the “**Company**”) by the directors of the Company (“**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma net tangible assets of the Company as at 30 June 2017, and related notes (“**Unaudited Pro Forma Financial Information**”) as set out in Section A of Appendix II to the Company’s prospectus dated 6 March 2018 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Section A of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of proposed Rights Issue with Bonus Issue (as defined in the Prospectus) on the net tangible assets of the Company as if the Rights Issue with Bonus Issue had taken place at 30 June 2017. As part of this process, information about the Company’s financial position has been extracted by the Directors from the Company’s condensed interim financial statements for the six months ended 30 June 2017, on which no audit or review report has been published.

**Directors’ responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 (“**AG 7**”) “*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

**Our independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting accountants' responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29 (7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in an investment prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2017 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Company, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Company; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29 (1) of the Listing Rules.

**HLB Hodgson Impey Cheng Limited**  
*Certified Public Accountants*

Hong Kong, 6 March 2018

**1. RESPONSIBILITY STATEMENT**

This prospectus, for which the Directors and the directors of the Investment Manager collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors and the directors of the Investment Manager having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

**2. SHARE CAPITAL**

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date and (ii) immediately upon completion of the Rights Issue with the Bonus Issue are set out as follows:

**(i) As at the Latest Practicable Date**

<i>Authorised:</i>		<i>HK\$</i>
<u>2,000,000,000</u>	Shares	<u>1,000,000,000.00</u>
<i>Issued and fully paid:</i>		
<u>778,831,198</u>	Shares	<u>389,415,599.00</u>

**(ii) Immediately after completion of the Rights Issue with the Bonus Issue**

<i>Authorised:</i>		<i>HK\$</i>
<u>2,000,000,000</u>	Shares	<u>1,000,000,000.00</u>
<i>Issued and fully paid:</i>		
778,831,198	Shares	389,415,599.00
97,353,899	Rights Shares	48,676,949.50
<u>292,061,697</u>	Bonus Shares	<u>146,030,848.50</u>
<u>1,168,246,794</u>	Shares in total	<u>584,123,397.00</u>

All the existing Shares in issue are fully-paid and rank pari passu in all respects including all rights as to dividends, voting and return of capital. The Rights Shares and the Bonus Shares (when allotted, fully paid or credited as fully paid) will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares and the Bonus Shares. Holders of the Rights Shares in their fully paid form and the Bonus Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares and the Bonus Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or Bonus Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company did not have any outstanding warrants, options or securities convertible into Shares.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

### **3. DISCLOSURE OF INTERESTS**

#### **Director's and chief executive's interests in the Company**

As at the Latest Practicable Date, none of the Directors and chief executives of the Company and their associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were 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 or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

#### **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 the Directors and the chief executive of the Company) had, or were deemed to have, interests or short positions in the shares, debentures or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the

SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Company or had any options in respect of such Shares:

*Long positions in the Shares*

Name of Shareholder	Nature of interest	Number of Shares held	Approximately percentage or attributable percentage of shareholding
China Sky Securities Limited ( <i>Note</i> )	Underwriter	389,415,596	33.33%
Wang Xin	Beneficial owner	117,246,628	15.05%
Ng Wah Tung	Beneficial owner	40,000,000	5.13%

*Note:* Pursuant to the Underwriting Agreement, China Sky Securities Limited as the Underwriter is deemed to be interested in the maximum number of Shares underwritten by it under the Underwriting Agreement.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares, debentures or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Company or had any options in respect of such Shares.

#### 4. DIRECTORS' INTERESTS IN CONTRACT AND ASSETS

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 December 2016 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to the Company, or were proposed to be acquired or disposed of by or leased to the Company.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Company.



## 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## 6. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company within the two years immediately preceding the Latest Practicable Date which are or may be material:

1. the placing agreement dated 13 June 2016 and entered into between the Company and Nuada Limited in relation to the placing of up to 185,436,000 shares of HK0.1 each in the Company on a best efforts basis;
2. the underwriting agreement dated 4 November 2016 and entered into between the Company and China Jianxin Financial Services Limited in relation to the underwriting and other arrangements in respect of a rights issue of 333,784,800 rights shares of HK\$0.50 each in the Company on the basis of three rights share for every two existing shares held; and
3. the Underwriting Agreement.

## 7. LITIGATION

The Company was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against the Company as at the Latest Practicable Date.

## 8. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors, proposed directors or any of their respective associates had any interest in business which competes with or may compete with the business of the Company or had any other conflict of interests which any person has or may have with the Company.

## 9. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this prospectus or has given opinions, letter or advice contained in this prospectus:

<b>Name</b>	<b>Qualification</b>
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, the above expert had no interest, direct or indirect, in the promotion of, or in any assets which since 31 December 2016, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to, the Company, or are proposed to be acquired or disposed of by or leased to the Company.

The above expert has given and has not withdrawn its written consent to the issue of this prospectus, with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.

## 10. PARTIES INVOLVED IN THE RIGHTS ISSUE AND CORPORATE INFORMATION

### **Board of Directors**

Mr. GU Xu  
Mr. CHAN Cheong Yee  
Mr. LAM Chun Ho  
Mr. AYOUB Faris Ibrahim Taha  
Mr. PUN Tit Shan  
Mr. CHONG Ching Hoi

### **Head office and principal place of business**

Suite 902, 9/F., Ovest  
77 Wing Lok Street  
Hong Kong

### **Registered office**

P.O. Box 309, Uglan House  
South Church Street, George Town  
Grand Cayman KY1-1104  
Cayman Islands

### **Underwriter**

**China Sky Securities Limited**  
Room 1106, 11/F  
Cosco Tower  
183 Queen's Road Central  
Hong Kong

### **Legal advisers to the Company as to Hong Kong Law**

**Michael Li & Co.**  
19/F, Prosperity Tower  
No. 39 Queen's Road Central  
Hong Kong

<b>Legal advisers to the Company as to Cayman Islands Law</b>	<b>Conyers Dill &amp; Pearman</b> Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Auditors</b>	<b>HLB Hodgson Impey Cheng Limited</b> 31/F Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong
<b>Principal banker</b>	<b>DBS Bank (Hong Kong) Limited</b> 73/F, The Center 99 Queen's Road Central Hong Kong
<b>Hong Kong share registrar and transfer office</b>	<b>Computershare Hong Kong Investor Services Limited</b> Shops 1712–1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
<b>Investment manager</b>	<b>China Everbright Securities (HK) Limited</b> 24/F., Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
<b>Custodian</b>	<b>Deutsche Bank AG, Hong Kong Branch</b> 52/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
<b>Administrator</b>	<b>Amicorp Hong Kong Limited</b> Rooms 2103–4, 21/F Wing On Centre 111 Connaught Road Central Hong Kong

**Authorised representatives**

Mr. Chan Cheong Yee  
Suite F, 29/F  
Tower 10 South Horizons  
Apleichau  
Hong Kong

Mr. Tai Man Hin Tony  
Suite 902, 9/F, Ovest  
77 Wing Lok Street  
Hong Kong

**Company secretary**

Mr. Tai Man Hin Tony (*CPA, ACA, FCCA*)

**Particulars of the Directors****(a) Name and address of Directors****Name****Address***Executive Directors*

Mr. GU Xu

Room 703, No. 11 Lane  
289 Ouyang Road  
Hongkou District  
Shanghai, China

Mr. CHAN Cheong Yee

Suite F, 29/F, Tower 10  
South Horizons  
Apleichau  
Hong Kong

*Independent Non-executive Directors*

Mr. LAM Chun Ho

Flat C, 7/F, Block 1, Site 7  
Whampoa Garden, Hung Hom  
Kowloon, Hong Kong

Mr. AYOUB Faris Ibrahim Taha

G/F Pokfulam Heights  
86C Pok Fu Lam Road  
Hong Kong

Name	Address
Mr. PUN Tit Shan	Flat B, Ground Floor Block 3, Kent Court 137 Boundary Street Kowloon Tong, Kowloon Hong Kong
Mr. CHONG Ching Hoi	Room 3209, 32/F., Lai Choi House Lai Yan Court 278 Lai King Hill Road Lai Chi Kok, Kowloon Hong Kong

**(b) Profiles of Directors**

*Executive Directors*

**Mr. GU Xu (“Mr. Gu”)**, aged 53, was appointed as executive Director of the Company since 25 November 2010. Mr. Gu completed a bachelor’s degree majoring in Economics from Shanghai University of Finance and Economics (上海財經大學) in 1986. He further received a master’s degree majoring in Economics from the same university in 1989 and a master’s degree majoring in Business Administration awarded jointly by Fudan University (復旦大學) and The University of Hong Kong in 2003. Mr. Gu has accumulated 22 years’ experience in asset management, investment and financial management in both financial conglomerate and private company. He is the chairman of 上海東晟投資管理有限公司 (Shanghai Dongsheng Investment Management Co., Ltd.). Furthermore, Mr. Gu has been appointed as the president of 河南中原聯創投資基金管理有限公司 (Henan Zhong Yuan Lian Chuang Investment Fund Management Company Limited) since October 2015. Mr. Gu has also been appointed as independent supervisor of 蘇州金融租賃股份有限公司 (Suzhou Financial Leasing Co., Ltd) in May 2016 and independent supervisor of 中遠海運發展股份有限公司 (02866.HK) (COSCO SHIPPING Development Co., Ltd., formerly known as 中海集裝箱運輸股份有限公司 (China Shipping Container Lines Company Limited)), a company listed both in Hong Kong and Shanghai, in June 2016.

**Mr. CHAN Cheong Yee (“Mr. Chan”)**, aged 54, was appointed as an executive Director since 1 June 2013. Mr. Chan is one of the responsible officers of China Everbright Securities (HK) Limited. Mr. Chan is currently a licensed person to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading) and type 9 (asset management) regulated activities under the SFO. Mr. Chan obtained a Bachelor of Science degree from the College of Business Administration of The University of South Florida in the United States of America. Mr. Chan is experienced in dealing in securities, fund management, corporate management, corporate finance and managing listed investment companies

under Chapter 21 of the Listing Rules. Since June 2003, Mr. Chan joined China Innovation Investment Limited (1217.HK), an investment company listed on the Stock Exchange, as an executive director. Mr. Chan was appointed as an independent non-executive director of Bingo Group Holdings Limited (8220.HK), a company listed on the Growth Enterprise Market of the Stock Exchange, in August 2007, and was re-designated as an executive director of Bingo Group Holdings Limited in April 2009. Mr. Chan was appointed as an executive director of China Investment and Finance Group Limited (1226.HK), an investment company listed on the Stock Exchange, in March 2011. Mr. Chan was appointed as an executive director of China Investment Development Limited (204.HK), an investment company listed on the Stock Exchange, in May 2012 and was appointed as an executive director of Capital VC Limited (2324.HK), an investment company listed on the Stock Exchange, in November 2012. Mr. Chan was appointed as an executive director of Alpha Returns Group PLC, an investment company listed on AIM of London Stock Exchange, in May 2013. On 14 February 2016, Mr. Chan was appointed as an executive director of China Trends Holdings Limited (8171.HK), a company listed on the Growth Enterprise Market of the Stock Exchange. He was an independent non-executive director of Agritrade Resources Limited (1131.HK) from June 2010 to October 2015.

*Independent Non-executive Directors*

**Mr. LAM Chun Ho (“Mr. Lam”)**, aged 35, was appointed as an independent non-executive Director since 22 October 2014. He is the chairman of each of the Audit Committee and Remuneration Committee as well as a member of the Nomination Committee of the Company. Mr. Lam graduated from Hong Kong Baptist University with a bachelor degree of Business Administration in Accounting. Mr. Lam is a member of the Hong Kong Institute of Certified Public Accountants and he has over 11 years’ experience in the field of auditing, financial reporting and financial management. Mr. Lam is currently a manager of a local corporate service company. Since 24 October 2014, Mr. Lam has been appointed as an independent non-executive director of China Wah Yan Healthcare Limited (648.HK), a company listed on the main board of the Stock Exchange.

**Mr. AYOUB Faris Ibrahim Taha (“Mr. Ayoub”)**, aged 38, was appointed as an independent non-executive Director since 1 February 2014. He is the chairman of the Nomination Committee as well as a member of the audit committee and remuneration committee of the Company. Mr. Ayoub holds a Master of Arts (Hons) in Economics & Political Science from University of Edinburgh. He has over 16 years’ experience in financial advisory and investments. Mr. Ayoub was an executive director in global principal investments & trading division of JP Morgan, Hong Kong. Since March 2012, he became the managing director of Cassia Investments Limited, which is a consumer-focused investment firm specialising in lower middle-market companies across Asia.

**Mr. PUN Tit Shan (“Mr. Pun”)**, aged 57, has been appointed as an independent non-executive Director since 8 April 2016. He is a member of the Audit Committee, Nomination Committee and the Remuneration Committee of the Company. Mr. Pun holds a master of business administration degree (with honour) from the University of Manchester. Mr. Pun is currently a licensed person to carry out type 1 (dealing in securities) regulated activities under the SFO. Since February 2018, Mr. Pun has been appointed as the Head of investment of Concord Asset Management (HK) Limited. He has over 33 years of experience in the finance field, such as strategic dealing and arbitraging in the derivatives market, sales and marketing management in the primary and secondary equity market and sales and assets managing of high net-worth clients and investment advisory. In addition, Mr. Pun has been appointed as an independent non-executive director of Convoy Global Holdings Limited (formerly known as Convoy Financial Holdings Limited) (Stock code: 1019) in May 2016 and CPMC Holdings Limited (Stock code: 906) in September 2016, both of the companies’ shares are listed on the Main Board of The Stock Exchange. Currently, he is the vice-chairman of Institute of Financial Analyst and Professional Commentator; and the Honorary Consultant of Hong Kong Ningxia Youth Association (香港寧夏青年會).

**Mr. CHONG Ching Hoi (“Mr. Chong”)**, aged 35, is currently the Chief Financial Officer and Company Secretary of Hao Bai International (Cayman) Limited (“HBIC”), a company listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8431). He has joined HBIC since March 2016 and is responsible for its compliance and corporate governance, preparing group’s consolidated financial statements as well as reviewing and implementing effective financial policies and internal control procedures. Mr. Chong graduated from the Hong Kong University of Science and Technology with a bachelor degree of Business Administration in Accounting in November 2004. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He has more than 10 years of experience in audit, accounting, financial reporting and compliance. After graduation, Mr. Chong worked in various accounting and audit firms in Hong Kong. From November 2012 to February 2016, Mr. Chong was the Chief Financial Officer and Company Secretary of China Yuanbang Property Holdings Limited, a company listed on the Main Board of the Singapore Exchange Securities Trading Limited (Stock Code: BCD. SI) and was responsible for the preparation of financial statements as well as reviewing and developing effective financial policies and control procedures.

## 11. EXPENSES

The expenses in connection with the Rights Issue, including the underwriting commission and professional fees payable to lawyers, reporting accountants and financial printer, etc., are estimated to be approximately HK\$1.6 million and will be payable by the Company.

## 12. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “Expert and Consent” in this Appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

## 13. INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS

Upon the listing of the Shares on the Stock Exchange on 6 January 2011, the Company has adopted an investment policy which, as stated in the prospectus (the “**Listing Document**”) of the Company for the listing of its Shares dated 31 December 2010, in accordance with the Listing Rules, for a period of three years from the date of Listing Document, may only be changed with the approval of the majority of Shareholders at a general meeting of the Company. After such period, on 23 January 2014, the Board adopted a new Investment policy in place of the old one which the Directors consider is in the best interests of the Company and the Shareholders as a whole in light of the latest development and current market situation. The investment objective and such policies are summarised below:

### **Investment Objectives**

The Company may invest its funds (including but not limited to surplus funds, funds or not designated for specific purpose, or any funds realised from realisation of any investment) (collectively the “**Company’s Funds**”) in such forms and terms in compliance with this investment policy and considered by the Board or any delegates of the Board to be appropriate through investing the Company’s Funds in diversified portfolio of investments products including listed or unlisted securities, unit trust funds, derivatives, futures, warrants, options, bonds or such other investments as the Board, or such committees or person as the Board may authorise, may decide from time to time, so as to achieve capital appreciation.

### **Investment Policy**

The investment policies of the Company shall be as follows:

- (i) **Forms of Investment:** The Company’s Funds may be invested in (i) equity securities, equity-related securities, cash deposits, fixed deposits, trusts, unit trusts, mutual funds, derivatives, futures, warrants, options, bonds or debt instruments (collectively, the “**Investment Tools**”) issued by listed or unlisted



enterprises established and/or conducting business in or outside Hong Kong, or (ii) in the form of interests in private companies, establishment of a partnership or participation in unincorporated investments, or (iii) such other types of investments in accordance with the investment objective and policies adopted by the Company from time to time, subject to the requirements of the memorandum and articles of association of the Company and the Listing Rules;

- (ii) **Industries to be invested in:** The Company's Funds shall normally be invested in the Investment Tools issued by any listed or unlisted companies engaged in different industries including, but not limited to, information technology, telecommunications, biological technology, manufacturing, service, property, internet-related business, financial services, entertainment business and hotel catering, which the Board, the research and operation team of the Company, the investment manager of the Company appointed from time to time, or such committees or person as the Board may authorise from time to time, consider to be of high growth potential or to be with significant potential return, and where appropriate and necessary, to invest in such Investment Tools issued by any listed or unlisted companies in such a variety of industries with a view to maintain a balance in the Company's exposure to different industry sectors in order to minimise the impact on the Company in respect of any downturn in any particular sector in which the Company has investments; where it is not to the benefit of the Company to realise such investments and the market conditions are favourable, the Company may package such investments into equity and/or equity-related products to hedge against unfavourable conditions;
- (iii) **Factors to be considered in making particular investment:** The Company's Funds shall normally be invested in enterprises which are established in their respective fields and in which the Board, the research and operation team of the Company, the Investment Manager, or such committees or person as the Board may authorize from time to time, believes there are potential prospects for possible growth. In particular, the Company shall seek to identify enterprises with competitive products and concepts, strong management, high level of technical expertise and research and development capabilities, large potential markets, as well as management commitment to the long-term growth;
- (iv) **Investment in entities in recovery situation:** The Company's Funds may also be invested in companies or other entities which are considered by the Board, or such committees or person as the Board may authorise from time to time, as being special or in recovery situations on a case-by-case basis, such as companies in the course of recovery situations or the shares of which are trading below their net asset value per share, which may have potential to attain growth within the foreseeable future which may provide attractive returns to the Company;

- (v) **Additional factor in making investment decision:** Where possible (but not compulsory), the Company's Funds shall be invested in entities where there is a certain degree of synergy with other investee entities and where co-operation between such companies would be of mutual benefit to each other;
- (vi) **Term of investment:** The actual holding period of the Investment Tools shall be dependent on the return from investment, the prospect of the investee entities, and/or the potential of being listed on the Stock Exchange or other internationally recognised stock exchanges. The Company may, however, realise investments where the Board, the research and operation team of the Company, the Investment Manager, or such committees or person as the Board may authorise from time to time, believes that such realisation would be in the best interests of the Company and its shareholders as a whole or where the terms on which such realisation can be made are considered by the Board to be particularly favourable to the Company; and
- (vii) **Preservation of Company's Funds:** Before suitable investments are identified, the Company may seek to protect the capital value of the Company's Funds by placing the funds not deployed on deposits in Hong Kong Dollars or any currency with financial institutions in Hong Kong or investing in debt securities, money market instruments, bonds, treasury securities or other instruments denominated in any currency. The Company may also engage in transactions in options and futures which are traded on recognised securities exchanges, futures exchanges or other over-the-counter markets.

The investment policy above can be changed by a resolution of the Board without Shareholders' approval.

### **Investment Restriction**

Under the Articles of Association and the Listing Rules, certain restrictions on investments are imposed on the Company:

- (i) the Company shall not make any investment which would expose the Company to unlimited liability;
- (ii) the Company shall not either by itself or through its wholly-owned subsidiaries (if any) or in conjunction with any connected person (as defined in the Listing Rules) take legal or effective management control of underlying investments and in no event, will the Company itself or through its wholly-owned subsidiaries (if any) invest in or own or control more than 30% (or such other percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers or other laws, regulations, rules, codes, orders or policies of other relevant jurisdictions as being the level of interest for triggering a mandatory general offer for all the interest in any of the investee companies or any other similar

action or consequence) of the voting rights in any one company or body, except in relation to wholly-owned subsidiaries (if any) of the Company for the sole purpose of holding investments of the Company; and

- (iii) save in respect of cash deposits awaiting investment, the value of the Company's holding of investments issued by any one company or body shall not exceed 20% of the net asset value of the Company at the time the investment is made.

The Company has to comply with investment restrictions (ii) and (iii) above at all times while it remains as an investment company under Chapter 21 of the Listing Rules. The investment restriction (i) above can be changed by a resolution of the Board without Shareholders' approval. Save for the unlisted securities, as at the Latest Practicable Date, the Company has no present intention to invest in options, warrants, commodities, futures contracts or precious metals.

#### 14. INVESTMENT PORTFOLIO

Details of all the Company's financial assets at fair value through profit or loss as at 31 December 2016 and 30 June 2017 respectively are as follows:

##### At 30 June 2017

##### *Listed Equity Securities – Hong Kong*

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net assets attributable to the Company	Dividend received/receivable during the Period	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(a) First Credit Finance Group Limited	Bermuda	99,460,000 ordinary shares of HK\$0.02 each	2.74%	44,733	57,687	12,954	HK\$26.27 million	-	9.10
(b) Hong Kong Education (Int'l) Investments Limited	Bermuda	25,600,000 ordinary shares of HK\$0.05 each	4.68%	15,006	36,864	21,858	HK\$18.08 million	-	5.82
(c) Universe International Financial Holdings Limited	Bermuda	40,338,500 ordinary shares of HK\$0.01 each	4.73%	37,413	36,708	(705)	HK\$43.51 million	-	5.79
(d) Xinhua News Media Holdings Limited	The Cayman Islands	67,284,000 ordinary shares of HK\$0.01 each	4.67%	16,204	30,614	14,410	HK\$5.79 million	-	4.83

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net assets attributable to the Company	Dividend received/receivable during the Period	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000	Company	HK\$'000	Company
(e) LEAP Holdings Group Limited	The Cayman Islands	140,000,000 ordinary shares of HK\$0.005 each	2.66%	26,250	29,540	3,290	HK\$9.18 million	-	4.66
(f) China Parenting Network Holdings Limited	The Cayman Islands	15,080,000 ordinary shares of HK\$0.01 each	1.47%	22,031	26,088	4,057	RMB5.42 million	-	4.12
(g) Town Health International Medical Group Limited	Bermuda	29,114,000 ordinary shares of HK\$0.01 each	0.39%	41,835	19,798	(22,037)	HK\$16.07 million	82	3.12

### *Private Equity – British Virgin Islands*

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net assets attributable to the Company	Dividend received/receivable during the Period	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000	Company	HK\$'000	Company
(h) Gransing Financial Holdings Limited	British Virgin Islands	48 ordinary shares of USD1 each	17.52%	42,799	56,919	14,120	HK\$31.56 million	-	8.98
(i) WinHealth International Company Limited	British Virgin Islands	84 ordinary shares of HK\$1.00 each	8.40%	30,000	30,000	-	HK\$2.46 million	-	4.73

### *Private Equity – Hong Kong*

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net assets attributable to the Company	Dividend received/receivable during the Period	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000	Company	HK\$'000	Company
(j) Help U Credit Finance Limited	Hong Kong	37,000 ordinary shares of HK\$1.00 each	19.95%	19,000	19,000	-	HK\$17.56 million	-	3.00

At 31 December 2016

*Listed Equity Securities – Hong Kong*

	Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net assets attributable to the Company	Dividend received/receivable during the Period	% of gross assets of the Company
					HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(a)	Luen Wong Group Holdings Limited	The Cayman Islands	8,120,000 ordinary shares of HK\$0.01 each	0.65%	2,111	149,570	147,459	HK\$0.54 million	-	20.88
(b)	China e-Wallet Payment Group Limited (Formerly known as RCG Holdings Limited)	Bermuda	69,600,000 ordinary shares of HK\$0.04 each	2.97%	22,294	45,240	22,946	HK\$17.83 million	-	6.32
(c)	Town Health International Medical Group Limited	Bermuda	31,704,000 ordinary shares of HK\$0.01 each	0.41%	46,708	39,313	(7,395)	HK\$17.92 million	310	5.49
(d)	China Parenting Network Holdings Limited	The Cayman Islands	14,002,000 ordinary shares of HK\$0.01 each	1.36%	19,463	36,405	16,942	RMB4.86 million	-	5.08
(e)	LEAP Holdings Group Limited	The Cayman Islands	70,000,000 ordinary shares of HK\$0.01 each	2.66%	26,250	36,400	10,150	HK\$9.22 million	-	5.08
(f)	Interactive Entertainment China Cultural Technology Investments Limited	Bermuda	289,800,000 ordinary shares of HK\$0.01 each	5.43%	40,297	30,719	(9,578)	HK\$53.94 million	-	4.29
(g)	Hong Kong Education (Int'l) Investments Limited	Bermuda	22,000,000 ordinary shares of HK\$0.05 each	4.02%	11,060	23,980	12,920	HK\$15.53 million	-	3.35
(h)	Convoy Global Holdings Limited	The Cayman Islands	93,564,000 ordinary shares of HK\$0.10 each	0.63%	47,221	21,426	(25,795)	HK\$30.83 million	-	2.99
(i)	AMCO United Holding Limited	Bermuda	36,240,000 ordinary shares of HK\$0.01 each	1.95%	14,748	21,019	6,271	HK\$5.91 million	-	2.93

*Private Equity – British Virgin Islands*

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net assets attributable to the Company	Dividend received/ during the Period	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000	Company	HK\$'000	Company
(j) Gransing Financial Holdings Limited	British Virgin Islands	24 shares of USD1 each	17.52%	38,419	52,539	14,120	HK\$21.05 million	-	7.33

A brief description of the business and financial information of the investments is as follows:

- (a) First Credit Finance Group Limited (“**First Credit**”) is principally engaged in money lending business. The unaudited profit attributable to shareholders of First Credit for the six months ended 30 June 2017 was approximately HK\$40,765,000 and the unaudited net assets attributable to shareholders of First Credit as at 30 June 2017 was approximately HK\$958,919,000. The fair value of the investment in First Credit is based on quoted market bid prices.
- (b) Hong Kong Education (Int’l) Investments Limited (“**HK Education**”) is principally engaged in provision of private educational services, investment in securities, property investments and money lending business. The unaudited loss attributable to shareholders of HK Education for the six months ended 31 December 2016 was approximately HK\$223,294,000 and the unaudited net assets attributable to shareholders of HK Education as at 31 December 2016 was approximately HK\$386,220,000. The fair value of the investment in HK Education is based on quoted market bid prices.
- (c) Universe International Financial Holdings Limited (“**Universe Int’l**”) is principally engaged in film distribution & exhibition, licensing & sub-licensing of film rights, properties & securities investment, money lending, trade, wholesale & retail of optical, watch & jewellery products, securities brokerage & margin financing. The unaudited loss attributable to shareholders of Universe Int’l for the six months ended 31 December 2016 was approximately HK\$39,496,000 and the unaudited net assets attributable to shareholders of Universe Int’l as at 31 December 2016 was approximately HK\$919,817,000. The fair value of the investment in Universe Int’l is based on quoted market bid prices.
- (d) Xinhua News Media Holdings Limited (“**XH News Media**”) is principally engaged in provision of cleaning and related services, medical waste treatment service, waste treatment service and television screen broadcast business. The audited loss attributable to shareholders of XH News Media for the year ended 31 March 2017 was approximately HK\$18,033,000 and the audited net assets attributable to shareholders of XH News Media as at 31 March 2017 was approximately HK\$123,926,000. The fair value of the investment in XH News Media is based on quoted market bid prices.

- (e) LEAP Holdings Group Limited (“**LEAP Holdings GP**”) is principally engaged in provision of foundation works and ancillary services; and construction wastes handling at the public fill reception facilities managed by the Government in Hong Kong. The audited profit attributable to shareholders of LEAP Holdings GP for the year ended 31 March 2017 was approximately HK\$8,359,000 and the audited net assets attributable to shareholders of LEAP Holdings GP as at 31 March 2017 was approximately HK\$345,060,000. The fair value of the investment in LEAP Holdings GP is based on quoted market bid prices.
- (f) China Parenting Network Holdings Limited (“**China Parenting Network**”) is principally engaged in online platform focusing on the children, babies and maternity market in China to provide marketing and promotional service; e-commerce business; and licensing of smart-hardware devices. The unaudited profit attributable to shareholders of China Parenting Network for the six months ended 30 June 2017 was approximately RMB16,522,000 and the unaudited net assets attributable to shareholders of China Parenting Network as at 30 June 2017 was approximately RMB368,822,000. The fair value of the investment in China Parenting Network is based on quoted market bid prices.
- (g) Town Health International Medical Group Limited (“**Town Health**”) is principally engaged in healthcare business investments; provision and management of medical, dental and other healthcare related services; investments and trading in properties and securities. The unaudited profit attributable to shareholders of Town Health for the six months ended 30 June 2017 was approximately HK\$43,517,000 and the unaudited net assets attributable to shareholders of Town Health as at 30 June 2017 was approximately HK\$4,119,476,000. The fair value of the investment in Town Health is based on quoted market bid prices.
- (h) Gransing Financial Holdings Limited (“**Gransing Holdings**”) is principally engaged in provision of quality brokerage, corporate finance, asset management and financial adviser services to institutional and individual investors through its subsidiaries. The fair value of the investment in Gransing Holdings is stated as recent arm’s length market transactions.
- (i) WinHealth International Company Limited (“**WinHealth**”) is principally engaged in pharmaceutical products distribution in mainland China through its subsidiaries. WinHealth owns a number of exclusive distribution rights on patented drugs in mainland China. The fair value of the investment in WinHealth is stated as initial cost.
- (j) Help U Credit Finance Limited (“**Help U**”) is principally engaged in money lending business in Hong Kong. Help U is a licensed money lender and provides secured and unsecured loans to both individuals and corporations. The fair value of the investment in Help U is stated as initial cost.

The top three investments with realised gain and loss for the Period are summarised as below:

**Top three realised gain for the Period**

<b>Name of investment</b>	<b>Realised gain</b> <i>HK\$'000</i>
Luen Wong Group Holdings Limited	4,261
Finsoft Financial Investment Holdings Limited	3,725
Rui Kang Pharmaceutical Group Investments Limited	2,161

**Top three realised loss for the Period**

<b>Name of investment</b>	<b>Realised loss</b> <i>HK\$'000</i>
Interactive Entertainment China Cultural Technology Investment Limited	30,996
IR Resources Limited	10,472
Tianyun International Holdings Limited	6,511

**15. DISTRIBUTION POLICY**

The Company's investment objective is to achieve long-term capital appreciation and, accordingly, the Company's investment portfolio is not expected to generate significant income. It is therefore not expected that the Company will have significant (if any) dividend income after expenses available for distribution by way of dividend and therefore the Company does not expect to declare dividend. Any declaration of distributions will be made at the discretion of the Directors and may be either from profit, reserves of the Company (including share premium account) or any amount lawfully available for distribution.

**16. FOREIGN EXCHANGE POLICY**

The Company's investments may be denominated in currencies other than Hong Kong dollars. As such, it may receive income, or make payments in foreign currency and is therefore subject to exchange rate fluctuations. The PRC's system of foreign exchange administration imposes significant restrictions on the ability of enterprises located in the PRC to purchase, retain and make outward remittance of foreign currency. The relevant rules governing exchange control relating to the inflow and outflow of foreign exchange are contained primarily in the Regulations of Foreign Exchange Control (as amended) promulgated on 29 January 1996 and effected on 1 April 1996. In summary, all foreign exchange receipts (from capital injection or sales) must be deposited in the foreign exchange account opened with the designated bank approved to operate foreign exchange business by State Administration of Foreign Exchange ("SAFE"). Foreign exchange under current account items (such as dividends and profits) can be remitted abroad upon presentation of necessary documents, including auditor's report, capital verification report, foreign exchange registration certificate and tax certificates as well as other



documents requires by SAFE. Foreign exchange under capital account items (such as interest and repatriation of capital) may be remitted abroad upon presentation of necessary documents and subject to approval of SAFE. The Company may also enter into hedging transactions to seek to reduce risk associated with currency exchange rate.

## 17. TAXATION

### General

The taxation of income and capital gains of the Company is subject to the fiscal law and practice of Hong Kong. The following summary of the anticipated tax treatment generally applicable to the Company in Hong Kong is based on current law and practice subject to changes therein and does not constitute legal or tax advice. Prospective investors should consult their own professional advisers on the tax implications of investing, holding or disposing of Shares or of exercising any rights attached to them under the laws of the jurisdiction in which they are liable to taxation.

### Hong Kong

The Company will be subject to tax in Hong Kong if it carries on business in Hong Kong and derive Hong Kong sourced profits from such business. In that case, the Company will be subject to profits tax, currently imposed at a rate of 16.5% on any profits (including interest) which arise in or are derived from Hong Kong. Capital gains and offshore profits are not taxable. In this regard, profits derived from the offshore disposal of shares listed or registered outside Hong Kong may in certain circumstances be considered as derived from outside Hong Kong and would, therefore, not attract a Hong Kong profits tax liability. Under current law and practice, no tax will be payable by the Company in Hong Kong in respect of dividends paid by the Company. Gains arising on the sale of shares will be subject to profits tax where derived by certain persons carrying on a trade, profession or business of share dealing in Hong Kong. Hong Kong stamp duty, currently at the rate of 0.1% of the consideration or its value will be payable by the buyer on every purchase, and also by the seller on every sale, of shares (that is, a total of 0.2% is currently payable on a typical sale and purchase transaction). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of shares.

### Cayman Islands

The government of the Cayman Islands will not, under the existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Company or the Shareholders. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties. The Company has obtained an undertaking from the Governor-in-Cabinet of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Law (1999 revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to

be levied on profits, income, gains or appreciations shall apply to the Company or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable, (i) on or in respect of the Shares, debentures or other obligations of the Company, or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Company to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Company. No stamp duty is payable in the Cayman Islands on transfer of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

## PRC

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), which was promulgated on 16 March 2007 as amended and effective on 24 February 2017, the income tax for both domestic and foreign-invested enterprises has been at the same rate of 25% effective since 1 January 2008.

## 18. BORROWING POWERS

Generally, the Company will not exceed aggregate borrowings of 100% of the latest available net asset value of the Company at the time of any borrowing. Subject thereto, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party. Where the Directors believe it is in the best interests of the Company, the above borrowing restrictions may be altered without Shareholders' approval.

## 19. INFORMATION ON THE INVESTMENT MANAGER

(a) Set out below is the information of the investment manager of the Company:

China Everbright Securities (HK) Limited  
24/F., Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

The Investment Manager is a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO authorised to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management).

- (b) The full names, addresses and descriptions of the directors of the Investment Manager is as follows:

<b>Name</b>	<b>Address</b>
Mr. Li Bingtao	24/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Mr. Sun Yi	24/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Ms. Mak Yun Ching, Mica	24/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Mr. Tai Yiu Kuen	24/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

The biographies of the directors of the Investment Manager are as follows:

**Li Bingtao (“Mr. Li”)**

Mr. Li is presently Director and Chief Executive Officer of Everbright Sun Hung Kai Company Limited and the Director of China Everbright Securities (HK) Limited. Mr. Li commenced his financial career at Lianhe Securities in 2001, and worked for Washington Mutual and JP Morgan Chase Bank later on. From April 2009 to March 2014, Mr. Li served at China Securities Regulation Committee, and joined Everbright Securities Company Limited in April 2014. On 24 September 2014, Mr. Li has become the Executive Director and Chief Executive Officer of China Everbright Securities International Limited. Mr. Li has later been appointed as Director and Chief Executive Officer of Everbright Sun Hung Kai Limited since 18 December, 2017, following official completion of integration between China Everbright Securities International Limited & Sun Hung Kai Financial Limited. Mr. Li holds several degrees including a Master of Arts from New York University. He also holds the CFA and FRM designation.

**Sun Yi (“Mr. Sun”)**

Mr. Sun is currently Deputy Chief Executive Officer of Everbright Sun Hung Kai Company Limited, Responsible Officer of China Everbright Securities (HK) Limited and China Everbright Securities Assets Management Limited, supervisor of Everbright

Pramerica Fund Management Co., Ltd. With over 20 years' experience in the financial industry, Mr. Sun has worked at the treasury and international banking departments at the headquarters of top five largest banks in China as well as the headquarter of Everbright Securities, before joining Everbright Securities Company Limited in June 2011. Mr. Sun holds a bachelor, a master degree and a doctorate degree in economics from Fudan University. He is a senior economist.

**Mak Yun Ching, Mica (“Ms. Mak”)**

Ms. Mak is currently Managing Director and Head of Global Capital Markets Department of Everbright Sun Hung Kai Company Limited. She is also a Responsible Officer of China Everbright Securities (HK) Limited. Ms. Mak has over 20 years' experience in the finance industry, having served in CLSA Limited and Core Pacific Yamaichi before joining the company, during which she has managed over 100 listings in the Hong Kong capital market and over 80 placing and secondary market financing deals. Ms. Mak holds Master of Laws degree from University of London and Bachelor degree in Economics from The Chinese University of Hong Kong.

**Tai Yiu Kuen (“Mr. Tai”)**

Mr. Tai is presently the Deputy Chief Executive Officer of Everbright Sun Hung Kai Company Limited. Mr. Tai joined the group in July 2000, after which he has held a number of senior positions across various business functions within the group. He has more than 25 years of experience in the financial services industry. Prior to joining the group, Mr. Tai has worked for various international financial institutions including CLSA Limited and J.P. Morgan Securities (Asia Pacific) Limited.

- (a) None of the Directors, the directors of the Investment Manager, any investment adviser or any distribution company, or any associate of any of those persons, is or will become entitled to receive any part of any brokerage charged to the Company, or any re-allowance of other types on purchases charged to the Company.
- (b) On 30 December 2016, the Company has entered into the agreement (the “**Investment Management Agreement**”) with the Investment Manager, pursuant to which the Investment Manager has agreed to provide non-discretionary investment management services to the Company for a period of three years from 1 January 2017 to 31 December 2019. The maximum aggregate fee payable by the Company to the Investment Manager under the Investment Management Agreement will not exceed HK\$960,000 per annum. The Investment Manager will provide nondiscretionary investment management services to the Company under the Investment Management Agreement including: (i) identifying, reviewing and evaluating investment and divestment opportunities for the Company and negotiating the terms of such investment and divestment for the Company in accordance with the investment policies of the Company and directions from the Investment Committee of the Company; (ii) providing investment recommendations to the Investment Committee

and assisting the Investment Committee in structuring acquisitions and disposals; (iii) executing investment and divestment decisions of the Company in accordance with the instructions of the Investment Committee; and (iv) providing general administrative services.

## 21. CUSTODIAN

Deutsche Bank AG, Hong Kong Branch, whose address is at 52/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, was appointed as the custodian in relation to the investments which the Company may from time to time deposit with the custodian.

The Company had terminated the custodian agreement with HSBC Institutional Trust Services (Asia) Limited effective on 2 August 2015 and appointed Deutsche Bank AG, Hong Kong Branch (the “**Custodian**”) as its new custodian. The custodian agreement with Deutsche Bank AG, Hong Kong Branch (the “**Custodian Agreement**”) was effective and will continue to be in force until terminated by either the Company or the Custodian by giving the other party not less than one month’s advance notice in writing.

Pursuant to the Custodian Agreement, the Company will pay the Custodian a monthly fee of the higher of (a) the net asset value of the Company at valuation day equal to the rate 0.02% per annum, or (b) USD2,500 per month.

## 22. RISK FACTORS OF INVESTING IN THE COMPANY

The Company is an investment company and its funds will be invested globally in both private and publicly listed enterprises that have demonstrated the ability to manufacture a product or deliver a service that is supported by the economies of mainland China, Hong Kong, Macau and Taiwan. These investments will be subject to market fluctuations and the risks inherent in all investments. Investors should also be aware that the Company’s income and its net assets value may be adversely affected by external factors beyond the control of the Company. As a result, the Company’s operating results and its net assets value may go down as well as up, subject to, among other factors, the prevailing market condition.

## 23. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Tai Man Hin Tony (CPA, ACA, FCCA) who is a member of The Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (b) The English text of this prospectus shall prevail over the Chinese text in the event of inconsistency.

**24. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours in any weekday (excluding Saturdays, Sundays and public holidays) at the office of the Company at Suite 902, 9/F, Ovest, 77 Wing Lok Street, Hong Kong for a period of 14 days from the date of this prospectus:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the years ended 31 December 2014, 2015 and 2016 and the interim report of the Company for the six months ended 30 June 2017;
- (c) the letter issued by the reporting accountants regarding the unaudited pro forma financial information as set out in appendix II of this prospectus;
- (d) the written consent referred to in the paragraph headed “Expert and Consent” in this appendix;
- (e) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (f) the Circular; and
- (g) the Prospectus Documents.