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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this Circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China New Economy Fund Limited, you should at once hand this Circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Circular, 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 Circular.

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**CHINA NEW ECONOMY FUND LIMITED**

**中國新經濟投資有限公司**

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

**(Stock Code: 80)**

**(A) PROPOSALS RELATING TO**

- (1) RE-ELECTION OF RETIRING DIRECTORS;**
- (2) GENERAL MANDATE TO ALLOT AND ISSUE SHARES;**
- (3) GENERAL MANDATE TO REPURCHASE SHARES;**
- (4) REFRESHMENT OF SCHEME MANDATE LIMIT OF SHARE OPTION SCHEME;**

**AND**

**(B) NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the Annual General Meeting (“AGM”) of China New Economy Fund Limited to be held at Units 1203B, 1204-1205, 12/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on Friday, 28 May 2021 at 10:00 a.m., at which the above proposals will be considered, is set out on pages 17 to 21 of this Circular. A form of proxy for use at the AGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.chinaneweconomyfund.com>).

Whether or not you are able to attend the AGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 10:00 a.m. on Wednesday, 26 May 2021 (Hong Kong time). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the AGM if they so wish.

27 April 2021

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## DEFINITIONS

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*In this Circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

|                             |  |
|-----------------------------|--|
| “AGM”                       | the annual general meeting of the Company to be held at Units 1203B, 1204–1205, 12/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on Friday, 28 May 2021 at 10:00 a.m., or any adjournment thereof |
| “Articles”                  | the articles of association of the Company currently in force  |
| “Board”                     | the board of Directors   |
| “Circular”                  | this Circular to the Shareholders dated 27 April 2021  |
| “Company”                   | China New Economy Fund Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange                                  |
| “Director(s)”               | the director(s) of the Company   |
| “HK\$”                      | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Hong Kong”                 | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Latest Practicable Date”   | 20 April 2021, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained therein   |
| “Listing Rules”             | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Pre-consolidated Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately prior to the Share Consolidation  |
| “Rights Issue”              | the issue of the 253,087,530 Shares by way of rights on the terms set out in the circular and the prospectus of the Company dated 16 March 2020 and 21 April 2020 respectively   |

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## DEFINITIONS

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| “Scheme Mandate Limit” | the maximum number of Shares which may be allotted and issued upon exercise of all Share Options to be granted under the Share Option Scheme which shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders |
| “SFO”                  | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong   |
| “Share(s)”             | ordinary share(s) of HK\$0.04 each in the issued capital of the Company  |
| “Share Consolidation”  | the consolidation of every four (4) issued and unissued shares of HK\$0.01 each in the share capital of the Company into one (1) consolidated share with par value of HK\$0.04 which took effect on 7 April 2020   |
| “Share Option(s)”      | the share option(s) granted or to be granted by the Company pursuant to the Share Option Scheme  |
| “Share Option Scheme”  | the share option scheme adopted by the Company on 1 June 2015  |
| “Shareholder(s)”       | holder(s) of Share(s)  |
| “Stock Exchange”       | The Stock Exchange of Hong Kong Limited  |
| “Takeovers Code”       | the Code on Takeovers and Mergers approved by the Securities and Futures Commission as amended from time to time   |

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LETTER FROM THE BOARD

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**CHINA NEW ECONOMY FUND LIMITED**

**中國新經濟投資有限公司**

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

**(Stock Code: 80)**

**Board of Directors**

*Executive Directors:*

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

Mr. CHAN Cheong Yee

*Non-executive Directors:*

Mr. WANG Dingben

Mr. CHOW Yeung Tuen Richard

*Independent non-executive Directors:*

Mr. CHONG Ching Hoi

Mr. LEUNG Wai Lim

Mr. SUN Boquan

*Registered Office:*

P.O. Box 309

Ugland House

South Church Street

George Town

Grand Cayman KY1-1104

Cayman Islands

*Principal Place of Business*

*in Hong Kong:*

Unit 702, 7/F.

135 Bonham Strand Trade Centre

135 Bonham Strand

Sheung Wan, Hong Kong

27 April 2021

*To the Shareholders*

Dear Sir/Madam,

**(A) PROPOSALS RELATING TO**  
**(1) RE-ELECTION OF RETIRING DIRECTORS;**  
**(2) GENERAL MANDATE TO ALLOT AND ISSUE SHARES;**  
**(3) GENERAL MANDATE TO REPURCHASE SHARES;**  
**(4) REFRESHMENT OF SCHEME MANDATE LIMIT OF**  
**SHARE OPTION SCHEME;**  
**AND**  
**(B) NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this Circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the AGM to be held on 28 May 2021.

**2. RE-ELECTION OF RETIRING DIRECTORS**

Pursuant to the Listing Rules, Mr. Gu Xu and Mr. Leung Wai Lim shall retire at the AGM. In addition, according to Article 34.2 of the Articles, Mr. Wang Dingben and Mr. Chow Yeung

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## LETTER FROM THE BOARD

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Tuen Richard who were appointed by the Board on 9 June 2020, shall hold office until the AGM and then shall be subject to re-election at the AGM. Mr. Gu, Mr. Leung, Mr. Wang and Mr. Chow, being eligible, will offer themselves for re-election at the AGM.

The Nomination Committee has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company's Board Diversity Policy and Director Nomination Policy and the Company's corporate strategy, and the independence of all independent non-executive Directors. The Nomination Committee has recommended to the Board on re-election of all the retiring Directors including Mr. Leung Wai Lim, an independent non-executive Director who is due to retire at the AGM. The Company considers that the retiring independent non-executive Director is independent in accordance with the independence guidelines set out in the Listing Rules and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

Details of the retiring Directors who will be subject to re-election at the AGM are set out in Appendix I to this Circular.

### 3. GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 29 May 2020, a general mandate was granted to the Directors to issue Shares. Such mandate will lapse at the conclusion of the AGM. In order to give the Company the flexibility to issue Shares if and when appropriate, an ordinary resolution will be proposed at the AGM to approve the granting of the Issuance Mandate to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the total number of issued Shares as at the date of passing of the proposed ordinary resolution contained in item 4 of the notice of the AGM (i.e. a total of 120,029,845 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the AGM) (the "**Issuance Mandate**"). An ordinary resolution to extend the Issuance Mandate by adding the number of Shares repurchased by the Company pursuant to the Share Repurchase Mandate will also be proposed at the AGM.

The Directors wish to state that they have no immediate plan to issue any new Shares pursuant to the Issuance Mandate.

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## LETTER FROM THE BOARD

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### 4. GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 29 May 2020, a general mandate was granted to the Directors to repurchase Shares. Such mandate will lapse at the conclusion of the AGM. In order to give the Company the flexibility to repurchase Shares if and when appropriate, an ordinary resolution will be proposed at the AGM to approve the granting of the Share Repurchase Mandate to the Directors to repurchase Shares on the Stock Exchange of not exceeding 10% of the total number of issued Shares as at the date of passing of the proposed ordinary resolution contained in item 5 of the notice of the AGM (i.e. a total of 60,014,922 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the AGM) (the “**Share Repurchase Mandate**”). The Directors wish to state that they have no immediate plan to repurchase any Shares pursuant to the Share Repurchase Mandate.

An explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the granting of the Share Repurchase Mandate is set out in Appendix II to this Circular.

### 5. REFRESHMENT OF SCHEME MANDATE LIMIT OF SHARE OPTION SCHEME

The Share Option Scheme was adopted on 1 June 2015, pursuant to an ordinary resolution passed at the extraordinary general meeting held on 28 May 2015. The Share Option Scheme will remain in force for a period of 10 years from the date of adoption. The purpose of the Share Option Scheme is to provide incentives to its Directors and eligible participants who are full time or part time employees of the Company (including any directors, whether executive or non-executive and whether independent or not, of the Company); and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sublicensee) or distributors, landlords or tenants (including any sub-tenants) of the Company or any person who, in the sole discretion of the Board, has contributed or may contribute to the Company as incentives or rewards for their contribution or potential contribution to the Company. Apart from the Share Option Scheme, the Company has no other share option scheme.

Under the terms of the Share Option Scheme:

- (a) the maximum number of Shares which may be allotted and issued upon the exercise of all Share Options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme or the date of passing the resolution approving the refreshment of the existing Scheme Mandate Limit (as the case may be); and

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## LETTER FROM THE BOARD

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- (b) the maximum number of Shares which may be issued upon the exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the Shares in issue from time to time.

Pursuant to the terms of the Share Option Scheme and in compliance with Chapter 17 of the Listing Rules, the Company may seek approval from Shareholders in general meeting for refreshing the Scheme Mandate Limit so that the maximum number of Shares which may be issued upon the exercise of all Share Options to be granted under the Share Option Scheme and any other share option schemes of the Company shall be reset at 10% of the Shares in issue as at the date of approval of the limit as refreshed. In this connection, Share Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the 10% Scheme Mandate Limit as refreshed.

The existing Scheme Mandate Limit was 77,883,119 Share Options, representing 10% of the Pre-consolidated Shares in issue as at 29 May 2017, being the date of passing the resolution approving the refreshment of the existing Scheme Mandate Limit. As the Share Consolidation took effect on 7 April 2020, the Scheme Mandate Limit was adjusted to 19,470,779 Share Options.

On 19 July 2019, the Board resolved to grant Share Options to certain employees, none of whom is a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules), to subscribe for a total of 27,764,934 Pre-consolidated Shares under the Share Option Scheme. On 17 January 2020, the Board resolved to grant Share Options to an employee who is not a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules), to subscribe for a total of 13,882,467 Pre-consolidated Shares under the Share Option Scheme, all of which has since lapsed. Due to the adjustments in the total number of issued Shares upon the completion of the Rights Issue, adjustments were made to the exercise price of the Share Options and the number of Shares falling to be issued under the outstanding Share Options granted under the Share Option Scheme. Upon completion of the Rights Issue, the number of total outstanding Share Options granted under the Share Option Scheme was adjusted from 41,647,401 Pre-consolidated Shares to 11,132,169 Shares.

During the period from 29 May 2017, being the date of passing the resolution approving the refreshment of the existing Scheme Mandate Limit up to the Latest Practicable Date, Share Options to subscribe for 41,647,401 Pre-consolidated Shares (which has since adjusted to 11,132,169 Shares after completion of the Share Consolidation and Rights Issue) had been granted, among which (i) Share Options to subscribe for 13,882,467 Pre-consolidated Shares had since lapsed; and (ii) Share Options to subscribe for 27,764,934 Pre-consolidated Shares which



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## LETTER FROM THE BOARD

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was adjusted to 7,421,446 Shares after the completion of the Share Consolidation and Rights Issue, representing approximately 1.24% of issued share capital of the Company, remained outstanding and unexercised under the Share Option Scheme, details of which are set forth in the table below:

| Date of Grant   | Option Period                                    | No. of Options         |  | Exercise Price                                 | No. of Options Exercised | No. of Options lapsed  | No. of Outstanding Options |
|-----------------|--|------------------------|--|--|--------------------------|------------------------|----------------------------|
|                 |  | Granted                |  |  |                          |                        |                            |
| 19 July 2019    | 10 years from the date of grant to 18 July 2029  | 27,764,934<br>(Note 1) |  | HK\$0.0798 per Pre-consolidated Share (Note 3) | -                        | -                      | 27,764,934<br>(Note 1)     |
| 17 January 2020 | 1 year from the date of grant to 16 January 2021 | 13,882,467<br>(Note 2) |  | HK\$0.065 per Pre-consolidated Share           | -                        | 13,882,467<br>(Note 2) | -                          |

*Notes:*

1. Share Options to subscribe for 27,764,934 Pre-consolidated Shares which was adjusted to 7,421,446 Shares after the completion of the Share Consolidation and Rights Issue.
2. Share Options to subscribe for 13,882,467 Pre-consolidated Shares which was adjusted to 3,710,723 Shares after the completion of the Share Consolidation and Rights Issue.
3. The Exercise Price was adjusted to HK\$0.2985 per Share after the completion of the Share Consolidation and Rights Issue.

As at the Latest Practicable Date, there are 7,421,446 outstanding Share Options and 8,608,610 Share Options were left un-granted based on the existing Scheme Mandate Limit, representing only about 1.43% of the issued share capital of the Company as at the Latest Practicable Date.

In order to provide the Company with the flexibility in granting Share Options to eligible participants under the Share Option Scheme as incentives or rewards for their contribution to the Company, the Board decided to seek the approval from the Shareholders at the AGM for the refreshment of the existing Scheme Mandate Limit.

If the refreshment of the 10% Scheme Mandate Limit under the Share Option Scheme is approved by the Shareholders at the AGM, based on 600,149,228 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued or repurchased by the Company from the Latest Practicable Date up to and including the date of the AGM, the Company will be allowed to grant further Share Options under the Share Option Scheme of up to a total of 60,014,922 Share Options, representing 10% of the Shares in issue as at the date of passing the resolution, i.e., the date of the AGM. Assuming that the refreshed Scheme Mandate Limit is fully granted, the total number of outstanding Share Options will be 67,436,368 which represents approximately 11.2% of the issued share capital of the Company as at the Latest Practicable

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## LETTER FROM THE BOARD

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Date, and accordingly, does not exceed the 30% of the Shares in issue as at the Latest Practicable Date.

The proposed refreshment of the Scheme Mandate Limit is conditional upon:

- (1) the passing of an ordinary resolution by the Shareholders at the AGM to approve the proposed refreshment; and
- (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Shares to be issued pursuant to the exercise of the Share Options granted under the refreshed Scheme Mandate Limit.

Application will be made to the Stock Exchange for the listing of, and permission to deal in the Shares, representing 10% of the Shares in issue at the AGM, which may fall to be issued upon the exercise of the Share Options that may be granted under the refreshed Scheme Mandate Limit. No Shareholder is required to abstain from voting in favour of the relevant resolution to approve the proposed refreshment of the Scheme Mandate Limit.

### **6. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT AND CLOSURE OF REGISTER OF MEMBERS**

The notice of the AGM is set out on pages 17 to 21 of this Circular.

Pursuant to the Listing Rules and the Articles, any vote of Shareholders at a general meeting must be taken by poll. An announcement on the poll results will be published by the Company after the AGM in the manner prescribed under the Listing Rules.

For the purpose of ascertaining Shareholders who are entitled to attend and vote at the AGM or any adjournment thereof, the register of members of the Company will be closed from Tuesday, 25 May 2021 to Friday, 28 May 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the right to attend and vote at the AGM or any adjournment thereof, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 24 May 2021.

A form of proxy for use at the AGM is enclosed with this Circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.chinaneweconomyfund.com>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 10:00 a.m. on Wednesday, 26 May 2021 (Hong Kong time). Completion and delivery of the form

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## LETTER FROM THE BOARD

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of proxy will not preclude you from attending and voting at the AGM if you so wish and in such event, the proxy form shall be deemed to be revoked.

### 7. RECOMMENDATION

The Directors consider that the proposed re-election of retiring Directors, granting of the Issuance Mandate and the Share Repurchase Mandate and the refreshment of the Scheme Mandate Limit are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,  
By Order of the Board  
**China New Economy Fund Limited**  
**Gu Xu**  
*Chairman and Chief Executive Officer*

The following are details of the Directors who will retire and being eligible, offer themselves for re-election at the AGM.

#### EXECUTIVE DIRECTOR

- (1) **Mr. GU Xu (“Mr. Gu”)**, aged 56, Chairman and Chief Executive Officer of the Company, is responsible for the provision of leadership to the Board and the Company’s business development and daily management generally. Mr. Gu was appointed as Chairman and Chief Executive Officer on 28 May 2015 and has been 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 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 and The University of Hong Kong in 2003. Mr. Gu has accumulated 25 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.). Mr. Gu has 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. Mr. Gu was an independent non-executive director of COSCO SHIPPING Development Co., Ltd. (2866.HK), a company listed both in Hong Kong and Shanghai, from March 2018 to August 2019. Furthermore, Mr. Gu was the president of Henan Zhong Yuan Lian Chuang Investment Fund Management Company Limited from October 2015 to December 2018.

Save as disclosed above, Mr. Gu did not hold any directorship in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Mr. Gu does not have any relationships with any other Directors, senior management or substantial Shareholders or controlling Shareholders of the Company.

Mr. Gu has entered into a service contract with the Company for three years commenced on 25 November 2019 and he is subject to retirement by rotation and is eligible for re-election at least once every three years at the annual general meeting of the Company in accordance with the Listing Rules. Mr. Gu is entitled to receive a director’s fee of HK\$360,000 per annum, which is based on the recommendation of the Remuneration Committee of the Company with reference to his duties and responsibilities with the Company, the Company’s performance and the prevailing market conditions.

As at the Latest Practicable Date, Mr. Gu does not have any interest in Shares or underlying shares of the Company within the meaning of Part XV of the SFO.

There is no information which is disclosable nor is Mr. Gu involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters concerning Mr. Gu that need to be brought to the attention of the Shareholders of the Company.

#### NON-EXECUTIVE DIRECTORS

- (2) **Mr. Wang Dingben (“Mr. Wang”)**, aged 44, has been appointed as a non-executive Director since 9 June 2020. Mr. Wang has over 10 years of extensive experience in commercial and capital markets in Mainland China, Hong Kong and Southeast Asia. He is currently a director of Henghe Investment Development Group (Cambodia) Company Limited, a company engaged in real estate investment, property development and hotel management in Cambodia.

As at the Latest Practicable Date, Mr. Wang is a substantial Shareholder (as defined in the Listing Rules) of the Company with personal interests in 68,330,000 shares of the Company, representing approximately 11.39% of the issued share capital of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Wang did not hold any directorship in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Save as disclosed above, Mr. Wang does not have any relationships with any other Directors, senior management or substantial Shareholders or controlling Shareholders of the Company.

Mr. Wang has entered into a service contract with the Company for an initial term of three years commenced on 9 June 2020 and shall hold office only until the AGM and shall be eligible for re-election in accordance with the Articles of the Company. Mr. Wang is not entitled to any emolument for his directorship in the Company.

There is no information which is disclosable nor is Mr. Wang involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters concerning Mr. Wang that need to be brought to the attention of the Shareholders of the Company.

- (3) **Mr. Chow Yeung Tuen Richard (“Mr. Chow”)**, aged 63, has been appointed as a non-executive Director since 9 June 2020. Mr. Chow is a Certified Public Accountant with over 30 years of experience in accounting, auditing and taxation. He is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong, the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute (formerly the Institute of Chartered Secretaries and Administrators) in the United Kingdom. Mr. Chow is also a

Barrister of England and Wales. He holds a Master Degree in Business Administration from the University of East Asia, Macau. Mr. Chow has been appointed as a non-executive director of CIL Holdings Limited (479.HK), a company listed on the Main Board of the Stock Exchange since April 2010. He has been appointed as directors of a number of subsidiaries of Sun Wah Group.

Save as disclosed above, Mr. Chow did not hold any directorship in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Save as disclosed above, Mr. Chow does not have any relationships with any other Directors, senior management or substantial Shareholders or controlling Shareholders of the Company.

Mr. Chow has entered into a service contract with the Company for an initial term of three years commenced on 9 June 2020 and shall hold office only until the AGM and shall be eligible for re-election in accordance with the Articles of the Company. Mr. Chow is entitled to receive a director's fee of HK\$117,000 per annum, which is based on the recommendation of the Remuneration Committee of the Company with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market conditions.

As at the Latest Practicable Date, Mr. Chow does not have any interest in Shares or underlying shares of the Company within the meaning of Part XV of the SFO.

There is no information which is disclosable nor is Mr. Chow involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters concerning Mr. Chow that need to be brought to the attention of the Shareholders of the Company.

#### INDEPENDENT NON-EXECUTIVE DIRECTOR

- (4) **Mr. Leung Wai Lim** (“**Mr. Leung**”), aged 48, has been appointed as an independent non-executive Director since 10 October 2018. He is the Chairman of the Nomination Committee as well as a member of the Audit Committee and Remuneration Committee of the Company. Mr. Leung obtained a bachelor's degree in law from University of Wales in United Kingdom in July 1995. He was admitted to practise law as a solicitor in Hong Kong in August 1999 and in England and Wales in April 2001.

Mr. Leung is currently an independent non-executive director of Shun Wo Group Holdings Limited (1591.HK), and Yield Go Holdings Ltd. (1796.HK), both shares of which are listed on the Main Board of the Stock Exchange. He is an adjudicator appointed to the Panel of Adjudicators (Control of Obscene and Indecent Articles) (established under the Control of Obscene and Indecent Articles Ordinance (Chapter 390 of the Laws of Hong Kong)). He is

also a panel member appointed by the Secretary for Transport and Housing to the Transport Tribunals' Panel and a member of the Transportation and Logistics Committee (co-option) of the Law Society of Hong Kong SAR. Mr. Leung was a member of the Board of Review (Inland Revenue Ordinance) in Hong Kong from 1 January 2015 to 31 December 2020. Mr. Leung has over 20 years of law related working experience. He has been a partner of Howse Williams since May 2015. He was employed by DLA Piper from February 2001 to April 2009 at which his last position was partner. He was then employed by Eversheds from May 2009 to April 2015 at which his last position was partner.

Save as disclosed above, Mr. Leung did not hold any directorship in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Mr. Leung does not have any relationships with any other Directors, senior management or substantial Shareholders or controlling Shareholders of the Company.

Mr. Leung has entered into a service contract with the Company for a term of three years commenced on 10 October 2018 and he is subject to retirement by rotation and is eligible for re-election at least once every three years at the annual general meeting of the Company in accordance with the Listing Rules. Mr. Leung is entitled to receive a director's fee of HK\$117,000 per annum, which is based on the recommendation of the Remuneration Committee of the Company with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market conditions.

As at the Latest Practicable Date, Mr. Leung does not have any interest in Shares or underlying shares of the Company within the meaning of Part XV of the SFO.

There is no information which is disclosable nor is Mr. Leung involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters concerning Mr. Leung that need to be brought to the attention of the Shareholders of the Company.

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## **APPENDIX II EXPLANATORY STATEMENT ON GENERAL MANDATE TO REPURCHASE SHARES**

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*The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the AGM in relation to the granting of the Share Repurchase Mandate.*

### **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 600,149,228 Shares of nominal value of HK\$0.04 each.

Subject to the passing of the ordinary resolution set out in item 5 of the notice of the AGM in respect of the granting of the Share Repurchase Mandate and on the basis that the issued share capital of the Company remains unchanged on the date of the AGM, i.e. being 600,149,228 Shares, the Directors would be authorized under the Share Repurchase Mandate to repurchase, during the period in which the Share Repurchase Mandate remains in force, a total of 60,014,922 Shares, representing 10% of the total number of Shares in issue as at the date of the AGM.

### **2. REASONS FOR SHARE REPURCHASE**

The Directors believe that the granting of the Share Repurchase Mandate is in the best interests of the Company and the Shareholders.

Shares repurchase may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole.

### **3. FUNDING OF SHARE REPURCHASE**

The Company may only apply funds legally available for share repurchase in accordance with its Memorandum and Articles of Association and the laws of Cayman Islands and/or any other applicable laws, as the case may be.

### **4. IMPACT OF SHARE REPURCHASE**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31 December 2020) in the event that the Share Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.



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## APPENDIX II EXPLANATORY STATEMENT ON GENERAL MANDATE TO REPURCHASE SHARES

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### 5. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange during each of the previous 12 months (from April 2020 up to and including the Latest Practicable Date) were as follows:

| <b>Month</b>                                       | <b>Highest<br/>HK\$</b> | <b>Lowest<br/>HK\$</b> |
|--|-------------------------|------------------------|
| <b>2020</b>  |                         |                        |
| April  | 0.208                   | 0.144                  |
| May  | 0.198                   | 0.155                  |
| June   | 0.188                   | 0.159                  |
| July   | 0.188                   | 0.152                  |
| August   | 0.188                   | 0.155                  |
| September  | 0.185                   | 0.166                  |
| October  | 0.178                   | 0.153                  |
| November   | 0.183                   | 0.154                  |
| December   | 0.215                   | 0.169                  |
| <b>2021</b>  |                         |                        |
| January  | 0.182                   | 0.148                  |
| February   | 0.182                   | 0.152                  |
| March  | 0.255                   | 0.175                  |
| April ( <i>up to the Latest Practicable Date</i> ) | 0.228                   | 0.200                  |

### 6. GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Share Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Share Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to repurchase Shares pursuant to the Share Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Cayman Islands.

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## **APPENDIX II EXPLANATORY STATEMENT ON GENERAL MANDATE TO REPURCHASE SHARES**

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### **7. TAKEOVERS CODE**

If as a result of a repurchase of Shares pursuant to the Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

To the best knowledge of the Company, as at the Latest Practicable Date, Mr. Choi Koon Shum and Mr. Wang Dingben, the substantial shareholders of the Company as defined in the Listing Rules, were interested in 69,715,000 Shares and 68,330,000 Shares representing approximately 11.61% and 11.39% of the total issued share capital of the Company respectively. In the event that the Directors exercise the proposed Share Repurchase Mandate in full, the aggregate shareholding of Mr. Choi Koon Shum and Mr. Wang Dingben would be increased to approximately 12.90% and 12.65% of the issued share capital of the Company respectively.

The Directors are not aware of any Shareholders, or a group of Shareholders acting in concert, who may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that the Directors exercise the power to repurchase Shares pursuant to the Share Repurchase Mandate. The Directors do not consider such increase would reduce the issued share capital in the public to less than 25% (or the relevant prescribed minimum percentage required by the Stock Exchange). The Directors do not propose to exercise the Share Repurchase Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and/or result in the aggregate number of Shares held by the public shareholders falling below the prescribed minimum percentage required by the Stock Exchange.

### **8. SHARE REPURCHASE MADE BY THE COMPANY**

During the 6 months prior to the Latest Practicable Date, the Company had not repurchased any of the Shares (whether on the Stock Exchange or otherwise).

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## NOTICE OF ANNUAL GENERAL MEETING

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### CHINA NEW ECONOMY FUND LIMITED

### 中國新經濟投資有限公司

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

**(Stock Code: 80)**

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (“AGM”) of China New Economy Fund Limited (the “Company”) will be held at Units 1203B, 1204–1205, 12/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on Friday, 28 May 2021 at 10:00 a.m. for the following purposes:

1. To receive the audited financial statements of the Company and the reports of the directors and auditors for the year ended 31 December 2020.
2.
  - (a) To re-elect Mr. Gu Xu as an executive Director.
  - (b) To re-elect Mr. Wang Dingben as a non-executive Director.
  - (c) To re-elect Mr. Chow Yuen Tuen Richard as a non-executive Director.
  - (d) To re-elect Mr. Leung Wai Lim as an independent non-executive Director.
  - (e) To authorize the Board of Directors to fix the remuneration of the respective Directors.
3. To re-appoint HLB Hodgson Impey Cheng Limited as auditors of the Company and to authorize the Board of Directors to fix their remuneration.
4. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers during or after the end of the Relevant Period (as defined below) in accordance with all applicable laws, rules and regulations;

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## NOTICE OF ANNUAL GENERAL MEETING

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(b) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted by the directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:

(i) a Rights Issue (as defined below);

(ii) the exercise of options under a share option scheme of the Company; and

(iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company,

shall not exceed 20% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution); and

(c) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and

(iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“**Rights Issue**” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”

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## NOTICE OF ANNUAL GENERAL MEETING

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5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company to exercise during the Relevant Period (as defined below) all the powers of the Company to repurchase its shares in accordance with all applicable laws, rules and regulations;
- (b) the total number of shares of the Company to be repurchased pursuant to the mandate in paragraph (a) above shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution); and
- (c) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of the resolutions set out in items 4 and 5 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the resolution set out in item 4 of the Notice be and is hereby extended by the addition to the aggregate number of shares of the Company which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate of the number of shares repurchased by the Company pursuant to the mandate referred to in resolution set out in item 5 of the Notice, provided that such number of shares shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution).”

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## NOTICE OF ANNUAL GENERAL MEETING

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7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares to be issued upon exercise of any share options to be granted under the Refreshed Limit (as defined below) pursuant to the share option scheme of the Company (the “**Share Option Scheme**”), the existing limit on the grant of share options under the Share Option Scheme and any other schemes of the Company be refreshed so that the aggregate nominal amount of share capital of the Company to be allotted and issued upon exercise of any share options to be granted under the Share Option Scheme and any other schemes of the Company (excluding share options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme and any other schemes of the Company) shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution (the “**Refreshed Limit**”) and that the Directors be and are hereby authorised to grant share options up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with the shares under the Refreshed Limit pursuant to the exercise of such share options.”

By Order of the Board  
**China New Economy Fund Limited**  
**Gu Xu**  
*Chairman and Chief Executive Officer*

Hong Kong, 27 April 2021

*Notes:*

1. All resolutions at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her/it. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
3. In order to be valid, the instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 10:00 a.m. on Wednesday, 26 May 2021 (Hong Kong time). Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

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## NOTICE OF ANNUAL GENERAL MEETING

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4. For determining the entitlement to attend and vote at the above meeting, the Register of Members of the Company will be closed from Tuesday, 25 May 2021 to Friday, 28 May 2021, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 24 May 2021.
5. A Circular containing further details concerning items 2, 4, 5, 6 and 7 set out in the above notice will be sent to all members of the Company together with the 2020 Annual Report.
6. As at the date of this notice, the Board comprises Mr. GU Xu and Mr. CHAN Cheong Yee as executive Directors, Mr. WANG Dingben and Mr. CHOW Yeung Tuen Richard as non-executive Directors and Mr. LEUNG Wai Lim, Mr. SUN Boquan and Mr. CHONG Ching Hoi as independent non-executive Directors.
7. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.