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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)**

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

#### **PROPOSED RIGHTS ISSUE**

The Board proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.18 per Rights Share, to raise gross proceeds of up to approximately HK\$81.7 million before expenses (assuming all Outstanding Options are exercised in full and no further issue or repurchase of Shares on or before the Record Date), by way of the Rights Issue of up to 453,822,641 Rights Shares to the Qualifying Shareholders and a gross proceeds of approximately HK\$77.8 million before expenses (assuming none of the Outstanding Options are exercised and no further issue or repurchase of Shares on or before the Record Date), by way of Rights Issue of 432,107,443 Rights Shares to the Qualifying Shareholders.

The Company will provisionally allot to the Qualifying Shareholders one (1) Rights Share in nil-paid form for every two (2) Shares in issue and held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Excluded Shareholders (if any).

The estimated net proceeds from the Rights Issue, if fully subscribed, after deducting all necessary expenses relating to the Rights Issue are estimated to be approximately HK\$74.0 million (assuming none of the Outstanding Options are exercise and no further issue or repurchase of Shares on or before the Record Date). Details of the use of proceeds are set out in the paragraph headed “Reasons for and benefits of the Rights Issue and use of proceeds” under the section headed “Proposed Rights Issue” in this announcement.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders, will be placed to independent places under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

#### **THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT**

The Company will make arrangements as described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent places for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. On 7 January 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has agreed to procure placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. The placing price of the Unsubscribed Rights Shares and the ES Unsold Rights Shares shall not be less than the Subscription Price. The final price will be determined based on the demand for the Unsubscribed Rights Shares and the ES Unsold Rights Shares and market conditions during the process of the Placing.

#### **WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES, THE CONSOLIDATED SHARES AND NIL-PAID RIGHTS SHARES**

The Rights Issue is conditional upon fulfilment of the conditions set out in the paragraph headed “Conditions of the Rights Issue” under the section headed “Proposed Rights Issue” of this announcement, including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or potential investors contemplating selling or purchasing the Shares and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

#### **LISTING RULES IMPLICATIONS**

Given that the Rights Issue will increase the issued share capital and the market capitalisation of the Company by not more than 50% within the 12-month period immediately preceding the date of this announcement, the Rights Issue is not conditional on approval by the Shareholders pursuant to Rule 7.19A of the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1)(b) of the Listing Rules.

#### **GENERAL**

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on Tuesday, 25 January 2022. The Prospectus and the Overseas Letter will be despatched to the Excluded Shareholders (if any) for their information only.

## PROPOSED RIGHTS ISSUE

The Board proposes the Rights Issue with the terms set out as follows:

### Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) Shares held at the close of business on the Record Date
Subscription Price	:	HK\$0.18 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.171 per Rights Share
Number of Shares in issue as at the date of this announcement	:	864,214,887 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	up to 453,822,641 Rights Shares (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all Outstanding Options but otherwise no other change in the issued share capital of the Company on or before the Record Date and assuming full subscription under the Rights Issue) or up to 432,107,443 Rights Shares (assuming no further issue of Shares on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	up to HK\$18,152,905.64 (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all Outstanding Options but otherwise no other change in the issued share capital of the Company on or before the Record Date and assuming full subscription under the Rights Issue) or up to HK\$17,284,297.72 (assuming no further issue of Shares on or before the Record Date)

- Total number of Shares in issue upon completion of the Rights Issue : up to 1,361,467,924 Shares (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all Outstanding Options but otherwise no other change in the issued share capital of the Company on or before the Record Date and assuming full subscription under the Rights Issue) or up to 1,296,322,330 Shares (assuming no further issue of Shares on or before the Record Date)
- Gross proceeds from the Rights Issue : Approximately HK\$81.7 million before expenses (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all Outstanding Options but otherwise no other change in the issued share capital of the Company on or before the Record Date and assuming full subscription under the Rights Issue) or approximately HK\$77.8 million (assuming no further issue of Shares on or before the Record Date)
- Right of excess applications : There will be no excess application arrangements in relation to the Rights Issue

Assuming no Shares are issued or repurchased and none of the Outstanding Options are exercised on or before the Record Date, the 432,107,443 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 50% of the total number of issued Shares as at the date of this announcement and approximately 33.33% of the total number of issued Shares as enlarged by the issue of the Rights Shares (assuming no Shares are issued or repurchased on or before the Record Date).

Save for the outstanding share options granted by the Company pursuant to the Share Option Scheme for an aggregate of 43,430,396 Shares, the Company had no outstanding derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

### **Undertakings**

The Company has not received any information or irrevocable undertaking from any substantial Shareholder of their intention in relation to the Rights Shares to be provisionally allotted to them under the Rights Issue as at the date of this announcement.

### **The Subscription Price**

The Subscription Price of HK\$0.18 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 28.0% to the closing price of HK\$0.25 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 30.8% to the average closing price of HK\$0.26 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 31.9% to the average closing price of approximately HK\$0.2645 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 23.3% to the theoretical ex-rights price of approximately HK\$0.2347 per Share based on the closing price of HK\$0.25 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a premium of approximately 28.6% over the net asset value of the Company of approximately HK\$0.14 per Share as at 30 November 2021.

The Subscription Price was determined with reference: (i) to the trading price of the Shares over the last two months given the recent volatility of the trading prices of the Shares, which the Directors are unaware of any reason for such volatility; (ii) net asset value per Share of HK\$0.14 as at 30 November 2021; and (iii) the reasons and benefits of Rights Issue as discussed in the paragraph headed “Reasons for and benefits of the Rights Issue and use of proceeds” under the section headed “Proposed Rights Issue” in this announcement. The Directors consider that given the recent high volatility of the trading prices of the Shares, the net asset value per Share of the Company should carry more weight than the market price of the Share in determining the Subscription Price and that the discount of the Subscription Price to the current trading price of the Shares would be an incentive for Shareholders to participate in the subscription of the Rights Shares. All Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date so as to maintain their proportionate interests in the Company and participate in the future growth of the Company.

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 upon completion of the Rights Issue. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe to the Rights Issue is approximately 33.33%. The theoretical diluted price, the benchmarked price and theoretical dilution effect for the Rights Issue are approximately HK\$0.2347 per Share, HK\$0.262 per Share and 10.4%, respectively. The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules. In view of the above, and having considered that all the Qualifying Shareholders will be offered equal opportunity to subscribe for the Rights Shares by way of provisional allotment, the Directors consider that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Status of the Rights Shares**

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

## **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a Shareholder as at the close of business on the Record Date and not be an Excluded Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s)) must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Monday, 17 January 2022.

It is expected that the last day of dealings in the Shares on a cum-rights basis is Thursday, 13 January 2022, and the Shares will be dealt with on an ex-rights basis from Friday, 14 January 2022.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL) to the Excluded Shareholders for their information only on Tuesday, 25 January 2022.

## **Closure of register of members**

The register of members of the Company will be closed from Tuesday, 18 January 2022 to Monday, 24 January 2022 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of the Shares will be registered during the above book closure period.

## **Basis of provisional allotments**

The Rights Shares will be allotted on the basis of one (1) Rights Share (in nil-paid form) for every two (2) Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by duly completing a PAL and lodging the same with a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

The existing board lot size of 10,000 Shares will remain unchanged after the Rights Issue.

### **Odd lot matching service**

Upon completion of the Rights Issue, the board lots of the Company will remain as 10,000 Shares. In order to facilitate the trading of odd lots of Shares which will arise upon the Rights Issue, the Company will procure the Placing Agent to stand in the market and provide matching services on a best effort basis for the holders of odd lots of Shares during the period between Monday, 28 February 2022 to Friday, 18 March 2022 (both days inclusive). Holders of odd lots Shares who wish to take advantage of this facility either to dispose of their odd lots of Shares or to top up to board lots of 10,000 Shares may contact the Placing Agent as soon as possible during the period. Holders of Shares in odd lots should note that the matching services mentioned above are on a "best effort" basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on there being adequate amount of odd lots of Shares available for matching. Shareholders are advised to consult their financial advisers if they are in doubt about the above arrangements. Further details of the odd lot matching services will be provided in the Prospectus.

### **Rights of Overseas Shareholders (if any)**

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will comply with Rule 13.36(2)(a) of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest cent) to the Excluded Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold entitlements of the Excluded Shareholders will be subject to the Compensatory Arrangements.

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.**

### **Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares, and the Compensatory Arrangements**

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company must make arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

The Company has therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised from the Placing will be paid to the No Action Shareholders. The Placing Agent will, on a best effort basis, procure, by not later than 5:00 p.m. on Tuesday, 22 February 2022, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements will not be issued and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid on a pro-rata basis (on the basis of all Unsubscribed Rights Shares and ES Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);

- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below);
- (iii) if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to those Overseas Shareholders; and
- (iv) the relevant Excluded Shareholders with reference to their shareholdings in the Company on the Record Date.

It is proposed that Net Gain to any of the No Action Shareholder(s) which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

### **Certificates of the Rights Shares and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent on or about Friday, 25 February 2022 by ordinary post to those entitled thereto, at their own risk, to their registered addresses. If the Rights Issue is terminated, refund cheques are expected to be sent on or about Friday, 25 February 2022 by ordinary post to the applicants, at their own risk, to their registered addresses.

### **Fractional entitlement to the Rights Shares**

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and sold by the Company in the open market if a premium (net of expenses) can be obtained. Any unsold fractions of the Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

### **Taxation**

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Excluded Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

The Rights Shares (in both nil-paid and fully-paid forms) will be traded on the Stock Exchange in board lots of 10,000 Shares.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange in board lots of 10,000 Shares, or such other dates 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. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

## **THE PLACING AGREEMENT**

On 7 January 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent. Principal terms of the Placing Agreement are as follow:

Date : 7 January 2022 (after trading hours)

Placing Agent : Gransing Securities Co., Limited was appointed as the Placing Agent to procure, on a best effort basis, places to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares.

The Company is beneficially interested in approximately 18.08% of Gransing Financial Group Limited which is the holding company of the Placing Agent. To the best knowledge, information and belief of the Directors, after making reasonable enquiries, save as disclosed above, the Placing Agent is an Independent Third Party.

Placing fee and expenses : 3.5% of the gross proceeds from the subscription of the Unsubscribed Rights Shares and the ES Unsold Rights Shares successfully placed by or on behalf of the Placing Agent and reimbursed for the expenses in relation to the Placing (including but not limited to all out-of-pocket expenses actually incurred by the Placing Agent for placing the Unsubscribed Rights Shares and/or and the ES Unsold Rights Shares, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at the Latest Placing Date).

Placing price of the Unsubscribed Rights Shares and/or and the ES Unsold Rights Shares (as the case may be) : The placing price of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares (as the case may be) shall not be less than the Subscription Price.

The final price determination will be dependent on the demand for and market conditions of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares.

Placees : The Placing Agent shall ensure that the Unsubscribed Rights Shares and the ES Unsold Rights Shares are placed (i) only to institutional, corporate or individual investors who and whose ultimate beneficial owner(s) shall be Independent Third Parties; and (ii) such that the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.

As the Company is an investment company listed under Chapter 21 of the Listing Rules, any placee procured by the Placing Agent shall be professional investor as defined under the SFO and the subscription amount of for each of the placee shall not be less than HK\$500,000.

- Ranking of Unsubscribed Rights Shares and the ES Unsold Rights Shares : The Unsubscribed Rights Shares and the ES Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank pari passu in all respects among themselves and with the Shares then in issue.
- Conditions precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable) on or before 4:00 p.m. on the Business Day after the Latest Placing Date:
- (i) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Rights Shares;
  - (ii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
  - (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof.
- Completion date : Subject to the fulfilment of conditions of the Placing, the completion of the Placing is expected to take place on the Business Day after the Latest Placing Date or such other date as the Company and the Placing Agent may agree in writing.

## Termination

: The Placing Agent may terminate the Placing Agreement without any liability to the Company, by giving notice in writing to the Company at any time prior to 10:00 a.m. on the Business Day after the Latest Placing Date upon the occurrence of the following events the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the Business Day after the Latest Placing Date provided that such notice is received prior to 6:00 p.m. on the Latest Placing Date, rescind the Placing Agreement:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (b) 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 matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Company as a whole; or
- (c) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to 23 February 2022 which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or

- (d) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company and are on normal commercial terms. Having discussed with other potential placing agent candidates, the Directors consider that the placing fee charged by the Placing Agent is no less favourable to the Company than the market rate in recent placing transactions and are therefore of the view that the terms of the Placing Agreement are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares for the Company; and (ii) a channel of participation in the Rights Issue for the No Action Shareholders, the Directors consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Shareholders. The Company will ensure that it will continue to comply with the public float requirement under Rule 8.08(1) of the Listing Rules after the Placing and the Rights Issue.

#### **Non-underwritten basis**

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders, will be placed to independent places under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive has been obtained. Accordingly, the Rights Issue will be made on the term that the Company will provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder for his entitlement under the PAL will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code.

## **Conditions of the Rights Issue**

The Rights Issue is conditional upon the following conditions being fulfilled:

- (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 a letter to the Excluded 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 the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms); and
- (4) the Placing Agreement not being terminated.

The conditions precedent set out above are incapable of being waived by the Company. If any one condition precedent set out above is not satisfied by 4:00 p.m. on the Business Day after the Latest Placing Date, the Rights Issue will not proceed.

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

The Company is an investment company listed under Chapter 21 of the Listing Rules. The investment objective of the Company is to achieve long-term capital appreciation through investing globally in both private and publicly listed enterprises that have demonstrated the ability to manufacture a product or deliver a service that is supported by the economies of mainland China, Hong Kong, Macau and Taiwan. Capitalising on the connections and resources of the new substantial shareholder of the Company, Radiant Goldstone International Group Limited which is owned as to 60% by Mr. Huang Bin and as to 40% by CITIC International Assets Management Limited, the Company now has the opportunity to invest in a wide range of projects which in the long term, would transform the Company into a cross-border integrated financial service and investment holding platform to contribute to the implementation of national strategies such as the development of the Guangdong-Hong Kong-Macau Greater Bay Area and the “One-Belt, One-Road” initiative.

As at the date of this announcement, the cash and bank balance of the Company amounted to approximately HK\$2.3 million which is insufficient to meet the general working capital requirement of the Company, including staff costs, rental costs, professional fees and other overhead expenses in Hong Kong in the next 12 months. As such, approximately 15% of the net proceeds of the proposed Rights Issue (approximately HK\$11.1 million) are intended to be applied primarily for the general working capital of the Company for the next 12 months in Hong Kong.

Assuming that there is no change in the number of issued Shares on or before the Record Date, the gross proceeds from the Rights Issue will be approximately HK\$77.8 million. The net proceeds from the Rights Issue (after deduction of estimated professional fees, the Placing commission and other related expenses of approximately HK\$3.8 million) are estimated to be approximately HK\$74.0 million (assuming no further issue or repurchase of Shares on or before the Record Date), which are intended to be applied as to 85% (approximately HK\$62.9 million) for the investment in two funds, one of which is an opportunity fund with investment focus on distress assets and shares in suspended listed companies with assets or projects in Hong Kong, the PRC or Taiwan (the “**Distress Assets Fund**”) and another fund with investment focus on projects in the Guangdong Hong Kong Macau Greater Bay Area (the “**Greater Bay Area Fund**”), as at the date of this announcement, these two funds are being established and the Company has not entered into any agreement for any investment in the funds but the Company has entered into a non-legally binding strategic cooperation memorandum of understanding with two other parties, details of which are set out in the voluntary announcement of the Company dated 16 December 2021, if these investments do not materialise, the Company will apply proceeds in other investments; and as to the remaining 15% (approximately HK\$11.1 million) for general working capital of the Company. In the event where any Unsubscribed Rights Shares or ES Unsold Rights Shares remain not placed under the Compensatory Arrangements and as a result, the size of the Rights Issue is reduced, the net proceeds from the proposed Rights Issue will firstly be applied towards general working capital of the Company in full and the remaining portion will be applied for investment in the two funds mentioned above or other investments.

Investments in these two funds are in line with the Company’s investment strategy to invest in private equity securities and other unlisted investments in long term. The Company believes this strategy can diversify the risk of investments and will potentially bring greater return in long run alongside other listed investments in portfolio. As mentioned above, in the event that the investment in these two funds do not materialise, the Company will apply the proceeds from the Rights Issue for investing in other investments which will be in line with the investment strategy of the Company. The Directors have considered the recommendations of the investment committee of the Company who has assessed the experiences of responsible officers of the investment manager of the Greater Bay Area Fund and the background of the investment manager of the Distress Assets Fund as well as other factors such as the potential for future growth and return on investments when deciding on investing in these two funds. The Directors will apply the same objective criteria when selecting other investments in private equity with similar profile in the event the investment in these two funds do not materialise. The Board considers that investment in these two funds gives the Company the

opportunity to diversify its investment portfolio especially in multiple private equities and other unlisted investments with minimal costs and time given it would not be economically viable for the Company to analyse and assess all of the investment projects covered by these two funds on an individual basis. The Company intends to apply the proceeds from the Rights Issue for these investments as soon as possible after the completion of the Rights Issue which is expected to be completed in the next six months.

The investment objective of the Distress Assets Fund is to integrate rich financial resources and potential non-performing assets in both mainland and Hong Kong by assisting suspended listed companies in Hong Kong with business potential to resume trading through the introduction of strategic investors and utilising these listed platforms to raise funds for various projects in Hong Kong and the PRC with growth potential. On the other hand, the Greater Bay Area Fund will focus on investments in fintech, telecommunication and artificial intelligence projects in Hong Kong and the Greater Bay Area. The investment manager of the Distress Assets Funds is Kingsway SW Asset Management Limited (“KSWAM”), a corporation licenced to carry out type 9 (asset management) regulated activity under the SFO and an indirect subsidiary of Sunwah Kingsway Capital Holdings Limited a full service financial services provider whose shares are listed on the Stock Exchange under stock code 188. KSWAM has been licensed to conduct type 9 (asset management) regulated activity under the SFO since July 2004 and has been the investment advisor/investment manager to an offshore investment fund since 2011. The investment manager of the Great Bay Area Fund is Tiger Faith Asset Management Limited, a corporation licenced to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO and the three responsible officers of the Tiger Faith Asset Management Limited each had over 20 years of experience in assets management and securities market in Hong Kong. The expected fund size of these two funds would be between HK\$100 million to HK\$500 million each and the Company has not yet decided on the respective investment size for each of the fund. As the two funds are still in its establishment stage and have yet to formulate a detail investment portfolio, the Company has yet to determine the expected rate of return for these investments. The Board consider that the investment in the Great Bay Area Fund will offer the Company the opportunity to participate in the development of cross-border financial services in the Guangdong-Hong Kong-Macau Greater Bay Area and along the “One-Belt, One-Road” countries which the Board believe would be the driving force for global development in the future. The Company will benefit from the expected growth in demand for cross-border financial services in the Guangdong-Hong Kong-Macau Greater Bay Area through this investment. Whilst the Board consider that the investment in the Distress Assets Fund will bring high return for the Company upon the successful resumption or realisation of the underlying target companies. Should the right opportunity arise, the Company may be required to conduct fund-raising exercise in the future for such investments.

The Directors, having considered the cash balance of the Company and the net proceeds from the Rights Issue, confirm that after the completion of the Rights Issue, the Company will have sufficient working capital for the next 12 months.

If any of the potential investments constitute a notifiable transaction or connected transaction for the Company under the Listing Rules, the Company will make further announcement(s) as and when appropriate in compliance with the Listing Rules.

## **Alternative fund-raising methods considered**

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 Directors consider that the Rights Issue, will allow the Company to strengthen its capital structure without incurring debt financing cost, improve the financial position and provide additional financial resources for capturing suitable business expansion and investment opportunities when arise.

The Rights Issue, when compared with other forms of equity fund raising, would offer 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 are fair and reasonable and in the best interest of the Shareholders as a whole as it allows existing Shareholders to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Company and it will improve the capital base and gearing ratio of the Company. **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.**

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

(A) Assuming there is no further issue or repurchase of Shares from the date of this announcement up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue assuming all Shareholders have taken up the Rights Shares; and (iii) immediately after completion of the Rights Issue assuming no Qualifying Shareholders take up their respective entitlements under the Rights Issue and the remaining Unsubscribed Rights Shares and the ES Unsold Rights Shares are fully placed to the placees under the Compensatory Arrangements:

	As at the date of this announcement		Immediately after completion of the Rights Issue assuming all Shareholders have taken up the Rights Shares		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders take up their respective entitlements under the Rights Issue and the remaining Unsubscribed Rights Shares and the ES Unsold Rights Shares are fully placed to the placees under the Compensatory Arrangements	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Substantial Shareholders</b>						
Radiant Goldstone International Group Limited ( <i>Note 1</i> )	210,000,000	24.30	315,000,000	24.30	210,000,000	16.20
Kingsway Lion Spur Technology Limited ( <i>Note 2</i> )	165,025,730	19.09	247,538,595	19.09	165,025,730	12.73
	375,025,730	43.39	562,538,595	43.39	375,025,730	28.93
<b>Director</b>						
Wang Dingben	68,330,000	7.91	102,495,000	7.91	68,330,000	5.27
<b>Public Shareholders</b>						
Existing Shareholders	420,859,157	48.70	631,288,735	48.70	420,859,157	32.47
Placees	–	–	–	–	432,107,443	33.33
	420,859,157	48.70	631,288,735	48.70	852,966,600	65.80
<b>Total</b>	<b>864,214,887</b>	<b>100.00</b>	<b>1,296,322,330</b>	<b>100.00</b>	<b>1,296,322,330</b>	<b>100.00</b>

(B) Assuming all of the Outstanding Options are exercised in full on or before the Latest Lodging Date, the table below sets out the shareholding structure of the Company (i) as at the Latest Lodging Date; (ii) immediately after completion of the Rights Issue assuming all Shareholders have taken up the Rights Shares; and (iii) immediately after completion of the Rights Issue assuming no Qualifying Shareholders take up their respective entitlements under the Rights Issue and the remaining Unsubscribed Rights Shares and the ES Unsold Rights Shares are fully placed to the places under the Compensatory Arrangements:

	As at the date of this announcement		As at the Latest Lodging Date		Immediately after completion of the Rights Issue assuming all Shareholders have taken up the Rights Shares		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders take up their respective entitlements under the Rights Issue and the remaining Unsubscribed Rights Shares and the ES Unsold Rights Shares are fully placed to the places under the Compensatory arrangements	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Substantial Shareholders</b>								
Radiant Goldstone International Group Limited (Note 1)	210,000,000	24.30	210,000,000	23.14	315,000,000	23.14	210,000,000	15.42
Kingsway Lion Spur Technology Limited (Note 2)	165,025,730	19.09	165,025,730	18.18	247,538,595	18.18	165,025,730	12.12
	375,025,730	43.39	375,025,730	41.32	562,538,595	41.32	375,025,730	27.55
<b>Director</b>								
Wang Dingben	68,330,000	7.91	68,330,000	7.53	102,495,000	7.53	68,330,000	5.02
<b>Public Shareholders</b>								
Existing Shareholders	420,859,157	48.70	464,289,553	51.15	696,434,329	51.15	464,289,553	34.10
Places	-	-	-	-	-	-	453,822,641	33.33
	420,859,157	48.70	464,289,553	51.15	696,434,329	51.15	918,112,194	67.43
<b>TOTAL</b>	<b>864,214,887</b>	<b>100.00</b>	<b>907,645,283</b>	<b>100.00</b>	<b>1,361,467,924</b>	<b>100.00</b>	<b>1,361,467,924</b>	<b>100.00</b>

*Notes:*

1. To the best information, knowledge and belief of the Directors, Radiant Goldstone International Group Limited is a wholly owned subsidiary of Radiant Assets Management Limited (“**RAML**”). RAML is in turn wholly owned by Radiant Resources Group Limited (“**RRGL**”). RRGL is owned as to 60% by Radiant Goldstone Holdings Limited (“**RGHL**”) and as to 40% by CITIC International Assets Management Limited. RGHL is wholly owned by Mr. Huang Bin.
2. To the best information, knowledge and belief of the Directors, Kingsway Lion Spur Technology Limited (“**KLSTL**”) is a wholly owned subsidiary of Festival Developments Limited (“**FDL**”). FDL in turn is wholly owned by Sunwah Kingsway Capital Holdings Limited (“**SKCHL**”) (a company listed on the main board of the Stock Exchange under stock code 188). Mr. Choi Koon Shum (“**Mr. Choi**”) is holding 54.83% of the issued share capital of SKCHL.

## **FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS**

The Company has conducted the following equity fund raising activities during the 12 months immediately preceding the date of this announcement:

<b>Date of announcement</b>	<b>Fund Raising Exercise</b>	<b>Net proceeds raised (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
28 April 2021	Placing of Shares under general mandate	HK\$21.21 million	For future investments and business development pursuant to the investment objectives of the Company and the general working capital of the Company	As at the date of this announcement, the proceeds from this fund raising exercise has been fully utilised as to approximately HK\$19.1 million was applied in investments and business development pursuant to the investment objectives of the Company and as to approximately HK\$2.11 million for general working capital of the Company

<b>Date of announcement</b>	<b>Fund Raising Exercise</b>	<b>Net proceeds raised (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
8 October 2021	Placing of Shares under general mandate	HK\$22.93 million	For future investments and business development pursuant to the investment objectives of the Company and the general working capital of the Company	As at the date of this announcement, approximately HK\$18.35 million of the proceeds allocated for investments and business development which accounts for 80% of the net proceeds has been fully utilised. For the remaining net proceeds of approximately HK\$4.58 million intended for general working capital of the Company, approximately HK\$1.89 million remain unutilised

## **POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME**

The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the share options under the Share Option Scheme. The Company will notify the holders of such share options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

## **EXPECTED TIMETABLE OF THE RIGHTS ISSUE**

The expected timetable for the Rights Issue and the Placing is set out below.

<b>Event</b>	<b>Date (Hong Kong time)</b>
Last day of dealings in the Shares on a cum-entitlement basis . . . . .	Thursday, 13 January 2022
First day of dealings in Shares on an ex-entitlement basis . . . . .	Friday, 14 January 2022
Latest time for the Shareholders to lodge transfer of Shares in order to be qualified for the Rights Issue . . . . .	4:30 p.m. on Monday, 17 January 2022

Closure of register of members to determine the eligibility of the Rights Issue . . . . .	Tuesday, 18 January 2022 to Monday, 24 January 2022 (both dates inclusive)
Record Date for determining entitlements to the Rights Issue . . . . .	Monday, 24 January 2022
Register of members re-opens . . . . .	Tuesday, 25 January 2022
Despatch of the Prospectus Documents (including the PAL and the Prospectus) (in case of the Excluded Shareholders, the Prospectus only) . . . . .	Tuesday, 25 January 2022
First day of dealings in nil-paid Rights Shares in board lots of 10,000 Shares . . . . .	Thursday, 27 January 2022
Latest time for splitting the PALs . . . . .	4:30 p.m. on Friday, 4 February 2022
Last day of dealing in nil-paid Rights Shares . . . . .	Wednesday, 9 February 2022
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain . . . . .	4:00 p.m. on Monday, 14 February 2022
Latest time for acceptance of and payment for the Rights Shares . . . . .	4:00 p.m. on Monday, 14 February 2022
Announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares subject to the Compensatory Arrangements . . . . .	Tuesday, 15 February 2022
Commencement of placing of Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent. . . . .	Wednesday, 16 February 2022
Latest Placing Date . . . . .	Tuesday, 22 February 2022
Latest time for the Rights Issue and the Placing to become unconditional. . . . .	4:00 p.m. on Wednesday, 23 February 2022

Announcement of results of the Rights Issue  
(including results of the placing of the Unsubscribed  
Rights Shares and the ES Unsold Rights Shares and  
the amount of the Net Gain per Unsubscribed  
Rights Share and per ES Unsold Rights Share  
under the Compensatory Arrangements) . . . . . Thursday, 24 February 2022

Despatch of share certificates for fully-paid  
Rights Shares and refund cheques  
(if the Rights Issue is terminated) . . . . . Friday, 25 February 2022

Commencement of dealings in fully-paid  
Rights Shares in board lots of 10,000 Shares . . . . . 9:00 a.m. on  
Monday, 28 February 2022

Designated broker starts to stand in the market to provide  
matching services for odd lot of Shares . . . . . Monday, 28 February 2022

Payment of Net Gain to relevant No Action Shareholders  
(if any) or Excluded Shareholders (if any) . . . . . Tuesday, 15 March 2022

Designated broker ceases to provide matching services  
for odd lot of Shares . . . . . Friday, 18 March 2022

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Rights Issue set out above and all dates and deadlines specified in this announcement are indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

## **EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if:

1. typhoon signal No. 8 (or above);
2. “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region; or
3. a “black” rainstorm warning
  - (i) is/are 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. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
  - (ii) is/are 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. Instead the Latest Time for Acceptance 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 does not take place on the currently scheduled date, the dates mentioned in the “EXPECTED TIMETABLE OF THE RIGHTS ISSUE” above may be affected. Announcement will be made by the Company in such event.

## **LISTING RULES IMPLICATIONS**

Given that the Rights Issue will increase the issued share capital and the market capitalisation of the Company by not more than 50% within the 12-month period immediately preceding the date of this announcement, the Rights Issue is not conditional on approval by the Shareholders pursuant to Rule 7.19A of the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1)(b) of the Listing Rules.

## **GENERAL**

The Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on Tuesday, 25 January 2022. The Company will despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL to the Excluded Shareholders.

## **WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES, THE CONSOLIDATED SHARES AND NIL-PAID RIGHTS SHARES**

The Rights Issue is conditional upon fulfilment of the conditions set out in the paragraph headed “Conditions of the Rights Issue” under the section headed “Proposed Rights Issue” of this announcement, including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or potential investors contemplating selling or purchasing the Shares and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

### **DEFINITIONS**

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

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	China New Economy Fund Limited (stock code: 80), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“Director(s)”	the director(s) of the Company

“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) 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
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/are not a connected person(s) of the Company within the meaning of the Listing Rules
“Last Trading Day”	7 January 2022, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Lodging Date”	Monday, 17 January 2022, being the last day for the Shareholders to lodge transfer of Shares in order to be qualified for the Rights Issue
“Latest Placing Date”	Tuesday, 22 February 2022 or such later date as the Company and the Placing Agent may agree in writing, being the latest date for the Placing Agent to place the Unsubscribed Rights Shares and/ or the ES Unsold Rights Shares
“Latest Time for Acceptance”	4:00 p.m. on Monday, 14 February 2022 (or such other time and date as may be determined by the Company), being the latest time for acceptance of and payment for the Rights Shares
“Listing Committee”	has the meaning as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Net Gain”	the aggregate of any premium (being the aggregate amount paid by the placees after deducting (i) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the ES Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements; and (ii) the aggregate amount of the expenses of the Placing Agent and any other related expenses/fees)
“No Action Shareholder(s)”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed (including the Excluded Shareholders in respect of ES Unsold Rights Shares)
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“Outstanding Option(s)”	outstanding options to subscribe for 43,430,396 Shares pursuant to the Share Option Scheme
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent and/or its sub-placing agents(s) to the placees on the terms and subject to the conditions of the Placing Agreement
“Placing Agent”	Gransing Securities Co., Limited, a licensed corporation to carry out Type 1, 4, 6 and 9 regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements in accordance with Rule 7.21(1)(b) of the Listing Rules
“Placing Agreement”	the placing agreement dated 7 January 2022 and entered into between the Company and the Placing Agent in relation to the Placing on a best effort basis

“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Tuesday, 25 January 2022 (or such other date as may be determined by the Company), being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Monday, 24 January 2022, the record date for the determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue by way of rights of one (1) Rights Share for every two (2) Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions to be set out in the Prospectus Documents
“Rights Share(s)”	new Share(s) to be allotted and issued pursuant to the Rights Issue
“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 share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Share Option Scheme”	the share option scheme adopted by the Company on 28 May 2015

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.18 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent.

By order of the Board  
**China New Economy Fund Limited**  
**Gu Xu**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 7 January 2022

*As at the date of this announcement, 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; Mr. LEUNG Wai Lim, Mr. SUN Boquan and Mr. CHONG Ching Hoi as independent non-executive Directors.*