
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China New Economy Fund Limited (the “Company”), you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sales or transfer was effected for transmission to the purchaser or the transferee.

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

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “12. Documents delivered to the Registrar of Companies” in Appendix III to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both 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 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 or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed “Warning of the Risks of Dealings in the Shares and nil-paid Rights Shares” in the “Letter from the Board” in this prospectus.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of each of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of these documents.

This prospectus is not an invitation or offer of securities for sale in the United States of America and neither this prospectus nor any copy thereof may be released or distributed in the United States of America or any other jurisdiction where such release might be unlawful or to any US persons. The securities have not been and will not be registered under the U.S. Securities Act or laws of any state or jurisdiction of the United States of America and may not be offered or sold, pledged or transferred in the United States of America absent registration or an exemption from registration under the U.S. Securities Act. There will be no public offering of securities in the United States of America.

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)

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

Placing Agent



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

The Rights Issue is on a non-underwritten basis. Pursuant to the Companies Act, the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfilment of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” in this prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Wednesday, 23 February 2022). The conditions include but are not limited to the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms.

If the conditions of the Rights Issue are not fulfilled or (where applicable) waived on or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed. Dealings in the Shares have been on an ex-rights basis from Friday, 14 January 2022. Dealings in the nil-paid Rights will take place from Thursday, 27 January 2022 to Wednesday, 9 February 2022 (both dates inclusive).

Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights to the latest time when the conditions of the Rights Issue are fulfilled or (where applicable) waived (which is expected to be 4:00 p.m. on Wednesday, 23 February 2022) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the nil-paid Rights, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

The latest date and time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Monday, 14 February 2022. The procedures for acceptance and payment and/or transfer of the Rights Shares are set out on pages 11 to 12 of this prospectus.

25 January 2022

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EXPECTED TIMETABLE

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

Event	Date (Hong Kong time)
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 Rights Issue is terminated)	Friday, 25 February 2022

EXPECTED TIMETABLE

Event	Date (Hong Kong time)
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 in this prospectus refer to Hong Kong local times and dates. Dates stated in the Prospectus Documents for the Rights Issue for events in the above timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Rights Issue will be announced in a separate announcement by the Company as and when appropriate.

EXPECTED TIMETABLE

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 this section may be affected. An announcement will be made by the Company in such event as soon as possible.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 7 January 2022 in relation to, among other things, the Rights Issue
“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
“Companies Act”	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented and otherwise modified from time to time
“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
“connected person(s)”	has the same meaning ascribed thereto under 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

DEFINITIONS

“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
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	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
“Investment Manager”	Evergrande Securities (Hong Kong) Limited, a licensed corporation under the SFO authorised to carry out Type 1 (Dealing in securities), Type 4 (Advising on securities), Type 6 (Advising on corporate finance) and Type 9 (Asset management) regulated activities under the SFO
“Last Trading Day”	7 January 2022, being the last trading day for the Shares before the publication of the Announcement
“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 Practicable Date”	20 January 2022, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus
“Latest Time for Acceptance”	4:00 p.m. on 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 same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“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)
“Outstanding Option(s)”	outstanding options to subscribe for 43,430,396 Shares pursuant to the Share Option Scheme
“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
“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 under the SFO authorised to carry out Type 1 (Dealing in securities), Type 4 (Advising on securities), Type 6 (Advising on corporate finance) and Type 9 (Asset management) 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

DEFINITIONS

“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
“PRC”	the People’s Republic of China (for the purpose of this prospectus, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan)
“Prospectus”	this prospectus in relation to 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

DEFINITIONS

“Share Option Scheme”	the share option scheme adopted by the Company on 28 May 2015
“Shareholder(s)”	holder(s) of the Share(s)
“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
“AU\$”	Australian dollars, the lawful currency of Australia
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“MOP”	Macau Patacas, the lawful currency of the Macau Special Administrative Region
“US\$”	US dollars, the lawful currency of the United States of America
“%”	per cent.

The English translation of Chinese names marked with “#” in this prospectus, where indicated, is included for identification purpose only, and should not be regarded as the official English translation of such Chinese names.

LETTER FROM THE BOARD

CHINA NEW ECONOMY FUND LIMITED

中國新經濟投資有限公司

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

(Stock Code: 80)

Board of Directors

Executive Directors:

Mr. GU Xu (*Chief Executive Officer*)

Mr. CHAN Cheong Yee

Non-Executive Directors:

Mr. HUANG Bin (*Chairman*)

Mr. WANG Dingben

Mr. CHOW Yeung Tuen Richard

Independent Non-executive Directors:

Mr. CHONG Ching Hoi

Mr. LEUNG Wai Lim

Mr. SUN Boquan

Mr. LAM King

Registered office:

P.O. Box 309, Uglan House

South Church Street

George Town

Grand Cayman KY1-1104

Cayman Islands

Head office and principal place of business in Hong Kong:

22/F., CS Tower

50 Wing Lok Street

Sheung Wan

Hong Kong

25 January 2022

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Rights Issue. The Company proposes to raise approximately HK\$77.8 million before expenses, by way of Rights Issue of up to 432,107,443 Rights Shares at the Subscription Price of HK\$0.18 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date and payable in full on acceptance. 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 will not be available to the Excluded Shareholders.

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

LETTER FROM THE BOARD

RIGHTS ISSUE

As at the Latest Practicable Date, as the book closure period has already commenced and none of the Outstanding Options has been exercised, the number of Shares in issue on Record Date will be 864,214,887 Shares.

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 Latest Practicable Date	:	864,214,887 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	up to 432,107,443 Rights Shares
Aggregate nominal value of the Rights Shares	:	up to HK\$17,284,297.72
Total number of Shares in issue upon completion of the Rights Issue	:	up to 1,296,322,330 Shares
Gross proceeds from the Rights Issue	:	approximately HK\$77.8 million
Right of excess applications	:	There will be no excess application arrangements in relation to the Rights Issue

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 Latest Practicable Date and approximately 33.33% of the total number of issued Shares as enlarged by the issue of the Rights Shares.

Save for the Outstanding Options, the Company had no outstanding derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into

LETTER FROM THE BOARD

Shares as at the Latest Practicable Date. The Company has no intention to issue or grant any warrants, options and/or convertible securities on or before the Record Date.

Undertakings

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

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 20.6% to the theoretical ex-rights price of approximately HK\$0.2267 per Share based on the closing price of HK\$0.25 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a premium of approximately 38.5% over the net asset value of the Company of approximately HK\$0.13 per Share as at 31 December 2021; and
- (vi) a discount of approximately 24.4% to the closing price of HK\$0.238 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The theoretical ex-entitlement price per Share after completion of the Rights Issue is approximately HK\$0.2267 and this is calculated based on the following formula:

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

LETTER FROM THE BOARD

The Subscription Price was determined with reference to (i) the trading price of the Shares over the two months prior to the Last Trading Day (i.e. in the range from HK\$0.18 to HK\$0.4) which has been volatile in comparison to the previous months and 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” in this letter. 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.

LETTER FROM THE BOARD

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) this prospectus, for information only, to the Excluded Shareholders. To qualify for the Rights Issue, the Shareholders must, as at the close of business of the Record Date:

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

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.

Rights of Overseas Shareholders (if any)

The Prospectus Documents are not intended to 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.

Based on the register of members of the Company as at the Latest Practicable Date, which is after the commencement of book closure period, there will not be any Overseas Shareholder on Record Date.

It is the responsibility of the Shareholders, including the Overseas Shareholders, wishing to make an application for the Rights Shares, to satisfy himself/herself/itself before taking up his/her/its provisional allotments under the Rights Issue, as to the observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other

LETTER FROM THE BOARD

consents and to pay any taxes and duties required to be paid in such jurisdiction in connection with the taking up and onward sale of the Rights Shares.

The Company will continue to ascertain whether there are any other Overseas Shareholders at the Record Date and will, if necessary, make further enquiries with legal advisers in other overseas jurisdictions regarding the feasibility of extending the Rights Issue to such Overseas Shareholders as at the Record Date. The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only, but will not send any PAL to them.

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.

Fractional entitlements 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.

Procedures for acceptance and payment and/or transfer

Qualifying Shareholders should find enclosed with this prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on Monday, 14 February 2022. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**China New Economy Fund Limited – Rights Issue A/C**" and crossed "**Account Payee Only**".

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It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Monday, 14 February 2022, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions.

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer part/all of their rights to more than one person, the original PAL must be surrendered for cancellation by no later than 4:30 p.m. on Friday, 4 February 2022 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

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

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

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

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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.

Arrangement on odd lot trading

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 has appointed the Placing Agent to stand in the market and provide

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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 should contact Ms. Annie Wong of the Placing Agent at Unit 2508, 25/F., Cosco Tower, 183 Queen's Road Central, Hong Kong or at telephone number (852) 3162 6883 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such 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.

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 has applied 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. Save for the Stock Exchange, 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.

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

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

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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.

All necessary arrangements will be made to enable the Rights Shares (in both nil-paid and fully-paid forms) to be admitted into CCASS. Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 10,000 Shares.

THE PLACING AGREEMENT

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

Date : 7 January 2022

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 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 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.

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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 each 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.

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- 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

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- (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 2 other potential placing agent candidates, one of these other potential placing agents had proposed a placing commission of 5% which was much higher than the expectation of the Board and the other potential placing agent had not given a quotation regarding the proposed engagement. The Directors note that the placing commission charged by the placing agents in the market are mostly between 0% and 5% and the placing commission of 3.5% payable by the Company lies within the range. 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.

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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 (Chapter 32 of the Laws of Hong Kong) 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.

As at the Latest Practicable Date, none of the conditions above have been fulfilled.

BUSINESS REVIEW, FINANCIAL AND TRADING PROSPECT OF THE COMPANY

The Company is an investment company listed under Chapter 21 of the Listing Rules. The principal investment objective of the Company is to achieve long-term capital appreciation of its issued shares through investing globally in both private and public enterprises that have demonstrated the ability to manufacture a product or deliver a service that is supported by the economies of Mainland China, Hong Kong, Macau, and Taiwan, including the investment in listed securities in short to medium terms.

During the six months ended 30 June 2021 (the “**Period**”), the Company maintained a medium to long-term investment strategy in both public and private equity markets. The Company held seventeen investments in Hong Kong-listed companies, one investment in Australia-listed company, five private equity securities investments, one promissory note and one bond as of 30 June 2021. One of the major investments of the Company is in the financial services sector focusing on the Hong Kong market. The Company reported net profit attributable to shareholders of HK\$12,670,242 during the Period, which consisted of the net gain in fair value of HK\$17,316,315 taken on the investment positions in the portfolio.

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Despite the rising volatility of the global stock market due to the global pandemic, the net asset value per share of the Company increased during the Period as a result of strong stock price performance of several Hong Kong listed equity securities investments made by the Company. As at 30 June 2021, the Company reported an unaudited net asset value of approximately HK\$0.15 per share. The net profit is mainly attributable to both net unrealised gain of HK\$39,542,627 offsetted by net realised loss of HK\$22,226,312 on financial assets at fair value through profit or loss as a result of stock market volatility. The Company will continue to monitor investments cautiously due to recent uncertain market conditions.

During the Period, even though the China-US trade frictions seem cooling down, the continuing outbreak of the coronavirus disease (the “**COVID-19**”) was not under control even several countries tried lock down their cities. Even the COVID-19 vaccines were delivering to the entire world, epidemic is still continuing spreading out. Starting from the beginning of 2021, the global economy was deeply dampened with a slow recovery.

The overall national economy is growing in lots of countries over the world in the first half of 2021, including China. According to the data of the National Bureau of Statistics of China, the gross domestic product (“**GDP**”) of China in the first half of 2021 increased to RMB53,216.7 billion over the corresponding period, which represents an increase of 12.7% compared with the first half of 2020. The GDP of the second quarter of 2021 went up by 7.9% on a year-to-year basis.

The outbreak of COVID-19 is continuing to spread seriously while variant of COVID-19 surfaced all over the world. The variant strain spreads rapidly, soon becoming the dominant virus strain in United States of America, Great Britain and India. If the variant of COVID-19 outbreak continues and becomes dominant in these countries, these impacts will slow down the GDP growth in United States of America and the entire world directly and lead to lots of uncertainties to major stock market in the world. The recovery of business in the second half of the year would be greatly challenging and recovery may take longer time.

The main focus of the Company is to invest in listed securities in short to medium terms due to the volatility of the stock market and will continue to seek opportunities to invest in listed companies with high potential. During the Period, the Company has invested in Oriental Payment Group Holdings Limited (8613.HK) (“**Oriental Payment**”). Oriental Payment is providing a suite of comprehensive payment processing services to merchants of all sizes frequently visited by Chinese tourists in Thailand. Oriental Payment also engages in payment processing services to merchants in Singapore.

The other focus of the Company is to invest in private equity securities and other unlisted investments in long term. The Company had one new private equity investment during the Period. The new private equity, Forever Best Investments Limited, hold 25% share of a company in the provision of logistic services. The Company will continue to look for further investment opportunities in private equities and other unlisted investments to benefit its investors and the Shareholders.

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The Company will continue to deploy an investment strategy focusing on Greater China and other global major markets. With its professional investment and risk management team, the Company is confident to capture valuable investment opportunities to maximise profit for the Shareholders.

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 Latest Practicable Date, 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.

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, 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 Latest Practicable Date, 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

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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) activities 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

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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.

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EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no further issue or repurchase of Shares from the Latest Practicable Date 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 Latest Practicable 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 placees under the Compensatory Arrangements:

	As at		Immediately after completion		Immediately after completion	
	the Latest Practicable Date		of the Rights Issue assuming		of the Rights Issue assuming	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Substantial Shareholders and Director						
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
Wang Dingben	68,330,000	7.91	102,495,000	7.91	68,330,000	5.27
	<u>443,355,730</u>	<u>51.30</u>	<u>665,033,595</u>	<u>51.30</u>	<u>443,355,730</u>	<u>34.20</u>
Public Shareholders						
Existing Shareholders	420,859,157	48.70	631,288,735	48.70	420,859,157	32.47
Placees	–	–	–	–	432,107,443	33.33
	<u>420,859,157</u>	<u>48.70</u>	<u>631,288,735</u>	<u>48.70</u>	<u>852,966,600</u>	<u>65.80</u>
Total	<u>864,214,887</u>	<u>100.00</u>	<u>1,296,322,330</u>	<u>100.00</u>	<u>1,296,322,330</u>	<u>100.00</u>

LETTER FROM THE BOARD

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, a non-executive Director and the chairman of the Company.
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 55.96% of the issued share capital of SKCHL.

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

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 Latest Practicable Date:

Date of announcement	Fund Raising Exercise	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
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 Latest Practicable Date, 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

LETTER FROM THE BOARD

Date of announcement	Fund Raising Exercise	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
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 Latest Practicable Date, 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).

WARNING OF THE RISKS OF DEALINGS IN THE 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 “Rights Issue” in this letter, 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 and the Placing Agreement not being terminated. 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 from Thursday, 27 January 2022 to Wednesday, 9 February 2022 (both days inclusive) while the conditions of the Rights Issue remain unfulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

LETTER FROM THE BOARD

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

ADDITIONAL INFORMATION

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

By Order of the Board
China New Economy Fund Limited
GU Xu
Chief Executive Officer and Executive Director

A. FINANCIAL INFORMATION OF THE COMPANY

The financial information of the Company for each of the three years ended 31 December 2018, 2019, and 2020 and the six months ended 30 June 2021 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.chinaneweconomyfund.com):

- (a) the audited financial information of the Company for the year ended 31 December 2020 is disclosed in the annual report of the Company for the year ended 31 December 2020 published on 26 April 2021, from pages 71 to 160 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0426/2021042600466.pdf>);
- (b) the audited financial information of the Company for the year ended 31 December 2019 is disclosed in the annual report of the Company for the year ended 31 December 2019 published on 27 April 2020, from pages 69 to 156 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042700867.pdf>);
- (c) the audited financial information of the Company for the year ended 31 December 2018 is disclosed in the annual report of the Company for the year ended 31 December 2018 published on 24 April 2019, from pages 66 to 160 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0424/ltn20190424544.pdf>); and
- (d) the unaudited financial information of the Company for the six months ended 30 June 2021 is disclosed in the interim report of the Company for the six months ended 30 June 2021 published on 17 September 2021, from pages 39 to 80 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0917/2021091700586.pdf>).

B. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 December 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this prospectus, the Company had outstanding indebtedness comprise the following:

Lease liability

The carrying amount of the Company's lease liability as at 31 December 2021 was approximately HK\$951,000. Lease liability as at 31 December 2021 was recognized due to rental of office premises.

At the close of business on 31 December 2021 except as disclosed in this section, the Company did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, finance lease obligations, mortgages or charges, guarantees or other material contingent liabilities.

C. WORKING CAPITAL STATEMENT

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

D. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

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

The following is the unaudited pro forma statement of adjusted net tangible assets of the Company (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effects of the Rights Issue on the unaudited net tangible assets of the Company as if the Rights Issue had taken place on 30 June 2021.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of: (i) the financial position of the Company as at 30 June 2021 or any future date; or (ii) the net tangible assets per Share of the Company as at 30 June 2021 or any future date.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited net tangible assets of the Company as at 30 June 2021, as extracted from the published interim report of the Company for the six months ended 30 June 2021, and is adjusted for the effect of the Rights Issue described below.

	Unaudited net tangible assets of the Company as at 30 June 2021	Add: Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted net tangible assets of the Company as at 30 June 2021 immediately upon completion of the Rights Issue	Unaudited net tangible assets of the Company per Share before completion of the Rights Issue	Unaudited pro forma adjusted net tangible assets of the Company per Share upon completion of the Rights Issue
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000	HK\$ (Note 3)	HK\$ (Note 4)
Based on the issue of 432,107,443 Rights Shares	103,914	74,000	177,914	0.120	0.137

Notes:

- The unaudited net tangible assets of the Company as at 30 June 2021 of approximately HK\$103,914,000 is based on the unaudited net asset of the Company attributable to ordinary equity holders of the Company of approximately HK\$104,994,000 after deducting right-of-use asset as at 30 June 2021 of approximately HK\$1,080,000, as extracted from the published interim report of the Company for the six months ended 30 June 2021.

2. The estimated net proceeds from the Rights Issue of approximately HK\$74,000,000 are based on the proceeds of approximately HK\$77,779,000 from the issue of 432,107,443 Rights Shares at the Subscription Price of HK\$0.18 per Rights Share after deduction of the estimated related expenses of approximately HK\$3,830,000.
3. The calculation is determined based on the unaudited net tangible assets of the Company as at 30 June 2021 of approximately HK\$103,914,000 divided by the number of Shares in issue of 864,214,887 as at the Latest Practicable Date and immediately before completion of the Rights Issue.
4. The unaudited net tangible assets of the Company per Share upon completion of the Rights Issue is arrived at on the basis that (i) 864,214,887 Shares in issue at the Latest Practicable Date and (ii) 432,107,443 Rights Shares to be issued upon completion of the Rights Issue, as if the Rights Issue had been completed on 30 June 2021.
5. The pro forma financial information does not take account of any trading or other transactions subsequent to the date of the financial statements included in the Unaudited Pro Forma Financial Information (i.e. 30 June 2021).

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

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



國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

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

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

TO THE DIRECTORS OF CHINA NEW ECONOMY FUND LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of China New Economy Fund Limited (the “**Company**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma net tangible assets of the Company as at 30 June 2021, and related notes (“**Unaudited Pro Forma Financial Information**”) as set out in Section A of Appendix II to the Company's prospectus dated 25 January 2022 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Section A of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed Rights Issue (as defined in the Prospectus) on the net tangible assets of the Company as if the Rights Issue had taken place at 30 June 2021. As part of this process, information about the Company's financial position has been extracted by the Directors from the Company's condensed interim financial statements for the six months ended 30 June 2021, on which no audit or review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

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

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

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

The purpose of Unaudited Pro Forma Financial Information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2021 would have been as presented.

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

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

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

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

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

Opinion

In our opinion:

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

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hong Kong, 25 January 2022

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

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

(i) As at the Latest Practicable Date

<i>Authorised:</i>	<i>HK\$</i>
<u>25,000,000,000</u> Shares	<u>1,000,000,000.00</u>
 <i>Issued and fully paid:</i>	
<u>864,214,887</u> Shares	<u>34,568,595.48</u>

(ii) Immediately after completion of the Rights Issue

<i>Authorised:</i>	<i>HK\$</i>
<u>25,000,000,000</u> Shares	<u>1,000,000,000.00</u>
 <i>Issued and fully paid:</i>	
864,214,887 Shares	34,568,595.48
<u>432,107,443</u> Rights Shares	<u>17,284,297.72</u>
<u>1,296,322,330</u> Shares in total	<u>51,852,893.20</u>

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

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

As at the Latest Practicable Date, save for the Outstanding Options, the Company did not have any outstanding warrants, options or securities convertible into Shares. Among the Outstanding Options, (i) a total of 7,421,446 Outstanding Options were granted by the Company on 19 July 2019 and are exercisable between 19 July 2019 and 18 July 2029, at the exercise price of HK\$0.2985; (ii) a total of 7,201,790 Outstanding Options were granted by the Company on 24 May 2021 and are exercisable between 24 May 2021 and 23 May 2024 at the exercise price of HK\$0.2300; and (iii) a total of 28,807,160 Outstanding Options were granted by the Company on 30 August 2021 and are exercisable between 30 August 2021 and 29 August 2024 at the exercise price of HK\$0.186. A nominal consideration of HK\$1.00 was paid by the grantees upon acceptance of the Outstanding Options.

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

3. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, so far as was known to the Directors, the following Directors and chief executive of the Company and their associates had, or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered the register referred to therein; or (c) pursuant to the Model

Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange:

Name of Director or chief executive of the Company	Nature of interest	Number of Shares held	Approximately percentage or attributable percentage of shareholding
Huang Bin	Interest in controlled corporation	210,000,000(L)	24.30(L)
Wang Dingben	Beneficial owner	68,330,000 (L)	7.91(L)

(L) denotes long position

Interests and short positions of substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors and the chief executive of the Company) had, or were deemed to have, interests or short positions in the shares, debentures or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Company or had any options in respect of such Shares:

Long positions in the Shares

Name of Shareholder	Nature of interest	Number of Shares held	Approximately percentage or attributable percentage of shareholding
China CITIC Bank Corporation Limited	Interest in controlled corporation	210,000,000(L)	24.30(L)
CITIC Group Corporation	Interest in controlled corporation	210,000,000(L)	24.30(L)
CITIC International Assets Management Limited	Interest in controlled corporation	210,000,000(L)	24.30(L)

Name of Shareholder	Nature of interest	Number of Shares held	Approximately percentage or attributable percentage of shareholding
CITIC International Financial Holdings Limited	Interest in controlled corporation	210,000,000(L)	24.30(L)
CITIC Limited	Interest in controlled corporation	210,000,000(L)	24.30(L)
Radiant Assets Management Limited	Interest in controlled corporation	210,000,000(L)	24.30(L)
Radiant Goldstone Holdings Limited	Interest in controlled corporation	210,000,000(L)	24.30(L)
Radiant Goldstone International Group Limited	Beneficial owner	210,000,000(L)	24.30(L)
Radiant Resources Group Limited	Interest in controlled corporation	210,000,000(L)	24.30(L)
Choi Koon Shum	Interest in controlled corporation	165,025,730(L)	19.09(L)
Festival Developments Limited	Interest in controlled corporation	165,025,730(L)	19.09(L)
Kingsway Lion Spur Technology Limited	Beneficial owner	165,025,730(L)	19.09(L)
Sunwah Kingsway Capital Holdings Limited	Interest in controlled corporation	165,025,730(L)	19.09(L)

(L) denotes long position

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares, debentures or underlying shares of the Company which would fall

to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Company or had any options in respect of such Shares.

4. DIRECTORS' INTERESTS IN CONTRACT AND ASSETS

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 December 2020 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to the Company, or were proposed to be acquired or disposed of by or leased to the Company.

As disclosed in the announcement of the Company dated 16 December 2021 in relation to the non-legally binding strategic cooperation memorandum of understanding with Gransing Financial Group Limited (“**Gransing Financial**”) and CITIC Merchant Enterprise Management Limited (“**CITIC Merchant**”) (in which Mr. Huang Bin is a director and general manager), the Company intends to collaborate with its substantial shareholders, Sunwah Kingsway Capital Holdings Limited (a company listed on the main board of the Stock Exchange under stock code 00188) and Radiant Asset Management International Limited (瑞金國際) (an associate of CITIC International Assets Management Limited) to provide full support to Gransing Financial in terms of strategic and financial resources, and to promote and facilitate the formation of a comprehensive strategic business synergy and capital alliance between Gransing Financial and CITIC Merchant to enhance their respective services in securities, investment banking, private equity, asset management and wealth management, as well as to transform Gransing Financial from a comprehensive financial service provider in Hong Kong into a cross-border investment and financial holding platform. Save as disclosed above, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Company.

5. DIRECTORS' SERVICE CONTRACTS

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

6. MATERIAL CONTRACTS

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

1. the placing agreement dated 28 April 2021 and entered into between the Company and Sorrento Securities Limited in relation to the placing of up to 120,029,845 Shares on a best efforts basis, for which a placing commission of 0.5% of the aggregate placing price for the placing shares was charged by the placing agent;
2. the placing agreement dated 8 October 2021 and entered into between the Company and Sorrento Securities Limited in relation to the placing of up to 144,035,814 Shares on a best efforts basis, for which a placing commission of 0.5% of the aggregate placing price for the placing shares was charged by the placing agent; and
3. the Placing Agreement.

7. LITIGATION

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

8. COMPETING INTERESTS

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

9. EXPERT AND CONSENT

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

Name	Qualification
HLB Hodgson Impey Cheng Limited	Certified Public Accountants and Registered Public Interest Entity Auditor

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

As at the Latest Practicable Date, the above expert had no interest, direct or indirect, in the promotion of, or in any assets which since 31 December 2020, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to, the Company, or are proposed to be acquired or disposed of by or leased to the Company.

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

10. PARTIES INVOLVED IN THE RIGHTS ISSUE AND CORPORATE INFORMATION

Board of Directors	Mr. GU Xu Mr. CHAN Cheong Yee Mr. HUANG Bin Mr. WANG Dingben Mr. CHOW Yeung Tuen Richard Mr. CHONG Ching Hoi Mr. LEUNG Wai Lim Mr. SUN Boquan Mr. LAM King
Head office and principal place of business	22/F., CS Tower 50 Wing Lok Street Sheung Wan Hong Kong
Registered office	P.O. Box 309, Uglan House South Church Street George Town Grand Cayman KY1-1104 Cayman Islands
Placing Agent	Gransing Securities Co., Limited Unit 2508, 25/F., Cosco Tower 183 Queen's Road Central Hong Kong
Legal advisers to the Company as to Hong Kong Law	Michael Li & Co. Room 901 & 19/F, Prosperity Tower No. 39 Queen's Road Central Hong Kong

Legal advisers to the Company as to Cayman Islands Law	Conyers Dill & Pearman Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Auditors	HLB Hodgson Impey Cheng Limited <i>Certified Public Accountants and Registered Public Interest Entity Auditor</i> 31/F Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong
Principal banker	DBS Bank (Hong Kong) Limited 73/F, The Center 99 Queen's Road Central Hong Kong
Hong Kong share registrar and transfer office	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Investment manager	Evergrande Securities (Hong Kong) Limited Room 2004–06, 20/F. China Evergrande Centre 38 Gloucester Road Wanchai Hong Kong
Custodian	Bank of Communications Trustee Limited 1/F., Far East Consortium Building 121 Des Voeux Road Central Hong Kong

Administrator	Amicorp Hong Kong Limited Rooms 2103–4, 21/F Wing On Centre 111 Connaught Road Central Hong Kong
Authorised representatives	Mr. Chan Cheong Yee 22/F., CS Tower 50 Wing Lok Street Sheung Wan Hong Kong Mr. Tai Man Hin Tony 22/F., CS Tower 50 Wing Lok Street Sheung Wan Hong Kong
Company secretary	Mr. Tai Man Hin Tony (<i>CPA, ACA, FCCA</i>)

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

Name	Address
<i>Executive Directors</i>	
Mr. GU Xu	22/F., CS Tower 50 Wing Lok Street Sheung Wan Hong Kong
Mr. CHAN Cheong Yee	22/F., CS Tower 50 Wing Lok Street Sheung Wan Hong Kong
<i>Non-executive Directors</i>	
Mr. HUANG Bin	22/F., CS Tower 50 Wing Lok Street Sheung Wan Hong Kong

Name	Address
Mr. WANG Dingben	22/F., CS Tower 50 Wing Lok Street Sheung Wan Hong Kong
Mr. CHOW Yueng Tuen Richard	22/F., CS Tower 50 Wing Lok Street Sheung Wan Hong Kong

Independent Non-executive Directors

Mr. CHONG Ching Hoi	22/F., CS Tower 50 Wing Lok Street Sheung Wan Hong Kong
Mr. LEUNG Wai Lim	22/F., CS Tower 50 Wing Lok Street Sheung Wan Hong Kong
Mr. SUN Boquan	22/F., CS Tower 50 Wing Lok Street Sheung Wan Hong Kong
Mr. LAM King	22/F., CS Tower 50 Wing Lok Street Sheung Wan Hong Kong

(b) Profiles of Directors

Executive Directors

Mr. Gu Xu (“Mr. Gu”), aged 57, the 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.

Mr. Chan Cheong Yee (“Mr. Chan”), aged 57, has been appointed as an executive Director since 1 June 2013. Mr. Chan is the managing director of Evergrande Securities (Hong Kong) Limited. Mr. Chan is currently a licensed person to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Mr. Chan obtained a Bachelor of Science degree from the College of Business Administration of The University of South Florida in the United States of America. Mr. Chan is experienced in dealing in securities, fund management, corporate management, corporate finance and managing listed investment companies under Chapter 21 of the Listing Rules. Mr. Chan is currently an executive director of China Innovation Investment Limited (1217.HK), China Investment and Finance Group Limited (1226. HK), China Investment Development Limited (204.HK), Capital VC Limited (2324.HK) and Goldstone Investment Group Limited (901.HK), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Chan was re-designated as a non-executive director of China Trend Holdings Limited (8171.HK) on 1 December 2020, a company listed on the GEM of the Stock Exchange. He was an executive director of Alpha Returns Group PLC, an investment company listed on AIM of London Stock Exchange, from May 2013 to April 2018. Mr. Chan was appointed as an independent non-executive director of Bingo Group Holdings Limited (8220.HK) in August 2007, and redesignated as an executive director from April 2009 to September 2018. He was an executive director of National Investments Fund Limited (in liquidation) (1227.HK) before the winding up order was granted against the company on 8 February 2021. He was also an executive director of Core Economy Investment Group Limited (339.HK) from January 2021 to June 2021.

Non-executive Directors

Mr. Huang Bin (“Mr. Huang”), aged 56, has been appointed as a non-executive Director and the Chairman of the Company since 10 January 2022. He is currently a director and general manager of CITIC International Assets Management Limited and CITIC Merchant Enterprise Management Limited[#] (中信國通企業管理有限公司), respectively, and has extensive professional experience in fund and asset management as well as investment banking and direct investments. Mr. Huang previously joined CITIC Securities and established CITIC Merchant Enterprise through cooperation,

which is driven by specific projects and supported by market-oriented operation to identify a unique business model that integrates investment businesses with comprehensive financing services, thereby providing international corporate clients with comprehensive solutions. After years of experience in working abroad and as a visiting scholar, such as Crédit Agricole Corporate and Investment Bank in France, Yaxin Finance in Hong Kong and subsidiaries of Scotia Capital in Canada, Mr. Huang joined the Chinese General Chamber of Commerce and initiated the formation of Guangdong-Hongkong-Macao Bay Area Entrepreneurs Union. He is the executive vice chairman of the Union and in charge of technology and financial sector as well. In order to give further play to the regional advantage of “Leveraging Hong Kong’s Advantages, Meeting the Country’s Needs”, Mr. Huang organized Mainland government-owned enterprises and local state-owned enterprises in Hong Kong to cooperate with Sunwah Group to set up special funds such as Sunwah GreatWall Group Limited and Sunwah GreatBay Group Limited. These funds jointly carry out coordination work in compliance with the “belt and road” initiative, while promoting the development of “Guangdong-Hongkong- Macau Bay Area” based on Hong Kong. Besides implementing the transformation of technological innovation and achievement, these funds focus on introducing advanced technologies, and incubating industries. Mr. Huang graduated from the Department of Naval Architecture and Marine Engineering of Harbin Engineering University, and subsequently received the training from the European Economic Community Visiting Scholars Program and the business management training from Northwestern University in the United States of America. From 19 March 2020 to 2 December 2021, Mr. Huang was the chairman and a non-executive director of Lamtex Holdings Limited (in liquidation) (stock code: 1041), a company listed on the main board of the Stock Exchange. From 3 September 2019 to 16 October 2020, Mr. Huang was an executive director of GTI Holdings Limited (in liquidation) (stock code: 3344), a company listed on the main board of the Stock Exchange.

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.

Mr. Chow Yeung Tuen Richard (“Mr. Chow”), aged 64, 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 Chartered Governance Institute (formerly 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 was a non-executive director of CIL Holdings Limited (479.HK), a company listed on the Main Board of the Stock Exchange from April 2010 to June 2021. He has been appointed as directors of a number of subsidiaries of Sun Wah Group.

Independent Non-executive Directors

Mr. Chong Ching Hoi (“Mr. Chong”), aged 39, has been appointed as an independent non-executive Director since 22 December 2017. He is the chairman of each of the Audit Committee and Remuneration Committee as well as a member of the Nomination Committee of the Company. Mr. Chong graduated from the Hong Kong University of Science and Technology with a bachelor degree of Business Administration in Accounting in November 2004. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He has more than 13 years of experience in audit, accounting, financial reporting and compliance. Mr. Chong was the chief financial officer and company secretary of Hao Bai International (Cayman) Limited (“**HBIC**”) (8431.HK), a company listed on the GEM of the Stock Exchange, from March 2016 to April 2021 and was responsible for its compliance and corporate governance, preparing group’s consolidated financial statements as well as reviewing and implementing effective financial policies and internal control procedures.

Mr. Leung Wai Lim (“Mr. Leung”), aged 48, was 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 21 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.

Mr. Sun Boquan (“Mr. Sun”), aged 70, has been appointed as an independent non-executive Director as well as a member of each of the audit committee, the nomination committee and the remuneration committee of the Company since 5 June 2019. Mr. Sun has obtained a master degree in business administration from Nan Kai University (南開大學), the People’s Republic of China in 2005. He was the deputy bureau head of Tianjin Public Utility Bureau (天津市公用局) in September 1997, and was the chairman of 天津市燃氣集團有限公司 (Tianjin Gas Group Company Limited) from 2000 to 2011. During the period from August 2004 to September 2011, Mr. Sun acted as a non-executive director of Tianjin Tianlian Public Utilities Company Limited (currently known as Tianjin Jinran Public Utilities Company Limited), a company now listed on the Main Board of the Stock Exchange (1265.HK). Mr. Sun was the chairman of 天津燃氣協會 (Tianjin Gas Society) and the vice chairman of 中國燃氣學會 (China Gas Society) from 2011 to 2013. Mr. Sun was an independent non-executive director of Ming Hing Holdings Limited (currently known as Peace Map Holding Limited), a company whose shares are listed on the Main Board of the Stock Exchange (402.HK), for the period from October 2006 to March 2009.

Mr. Lam King (“Mr. Lam”), aged 64, has been appointed as an independent non-executive Director as well as a member of each of the audit committee, the nomination committee and the remuneration committee of the Company since 13 January 2022. Mr. Lam graduated from Xiamen University in 1980. He came to Hong Kong in 1986 and had since served as department manager, deputy general manager and general manager of Fujian Enterprises (Holdings) Co. Ltd., director of Fujian Enterprises (Holdings) Co. Ltd. and general manager of the Association Department. Mr. Lam had been engaging in business management and liaison between Hong Kong and the Mainland for more than 30 years. He has also served as a member of the Election Committee for the Hong Kong Legislative Council and Chief Executive, and a member of the Hong Kong National People’s Congress Election Committee. In 2015, he was awarded the Medal of Honor by the Government of Hong Kong.

11. EXPENSES

The expenses in connection with the Rights Issue, including the placing commission and professional fees payable to lawyers, reporting accountants and financial printer, etc., are estimated to be approximately HK\$3.8 million and will be payable by the Company.

12. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “9. Expert and Consent” in this Appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

13. INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS

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

Investment Objectives

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

Investment Policy

The investment policies of the Company shall be as follows:

- (i) **Forms of Investment:** The Company’s Funds may be invested in (i) equity securities, equity-related securities, cash deposits, fixed deposits, trusts, unit trusts, mutual funds, derivatives, futures, warrants, options, bonds or debt instruments (collectively, the “**Investment Tools**”) issued by listed or unlisted enterprises established and/or conducting business in or outside Hong Kong, or (ii) in the form of interests in private companies, establishment of a partnership or participation in unincorporated investments, or (iii) such other types of investments in accordance with the investment objective and policies adopted by the Company from time to time, subject to the requirements of the memorandum and articles of association of the Company and the Listing Rules;
- (ii) **Industries to be invested in:** The Company’s Funds shall normally be invested in the Investment Tools issued by any listed or unlisted companies engaged in different industries including, but not limited to, information technology, telecommunications, biological technology, manufacturing, service, property, internet-related business, financial services, entertainment business and hotel catering, which the Board, the research and operation team of the Company, the

investment manager of the Company appointed from time to time, or such committees or person as the Board may authorise from time to time, consider to be of high growth potential or to be with significant potential return, and where appropriate and necessary, to invest in such Investment Tools issued by any listed or unlisted companies in such a variety of industries with a view to maintain a balance in the Company's exposure to different industry sectors in order to minimise the impact on the Company in respect of any downturn in any particular sector in which the Company has investments; where it is not to the benefit of the Company to realise such investments and the market conditions are favourable, the Company may package such investments into equity and/or equity-related products to hedge against unfavourable conditions;

- (iii) **Factors to be considered in making particular investment:** The Company's Funds shall normally be invested in enterprises which are established in their respective fields and in which the Board, the research and operation team of the Company, the Investment Manager, or such committees or person as the Board may authorize from time to time, believes there are potential prospects for possible growth. In particular, the Company shall seek to identify enterprises with competitive products and concepts, strong management, high level of technical expertise and research and development capabilities, large potential markets, as well as management commitment to the long-term growth;
- (iv) **Investment in entities in recovery situation:** The Company's Funds may also be invested in companies or other entities which are considered by the Board, or such committees or person as the Board may authorise from time to time, as being special or in recovery situations on a case-by-case basis, such as companies in the course of recovery situations or the shares of which are trading below their net asset value per share, which may have potential to attain growth within the foreseeable future which may provide attractive returns to the Company;
- (v) **Additional factor in making investment decision:** Where possible (but not compulsory), the Company's Funds shall be invested in entities where there is a certain degree of synergy with other investee entities and where co-operation between such companies would be of mutual benefit to each other;
- (vi) **Term of investment:** The actual holding period of the Investment Tools shall be dependent on the return from investment, the prospect of the investee entities, and/or the potential of being listed on the Stock Exchange or other internationally recognised stock exchanges. The Company may, however, realise investments where the Board, the research and operation team of the Company, the Investment Manager, or such committees or person as the Board may authorise from time to time, believes that such realisation would be in the best interests of the Company and its shareholders as a whole or where the terms on which such realisation can be made are considered by the Board to be particularly favourable to the Company; and

- (vii) **Preservation of Company's Funds:** Before suitable investments are identified, the Company may seek to protect the capital value of the Company's Funds by placing the funds not deployed on deposits in Hong Kong Dollars or any currency with financial institutions in Hong Kong or investing in debt securities, money market instruments, bonds, treasury securities or other instruments denominated in any currency. The Company may also engage in transactions in options and futures which are traded on recognised securities exchanges, futures exchanges or other over-the-counter markets.

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

Investment Restriction

Under the articles of association of the Company and the Listing Rules, certain restrictions on investments are imposed on the Company:

- (i) the Company shall not make any investment which would expose the Company to unlimited liability;
- (ii) the Company shall not either by itself or through its wholly-owned subsidiaries (if any) or in conjunction with any connected person (as defined in the Listing Rules) take legal or effective management control of underlying investments and in no event, will the Company itself or through its wholly-owned subsidiaries (if any) invest in or own or control more than 30% (or such other percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers or other laws, regulations, rules, codes, orders or policies of other relevant jurisdictions as being the level of interest for triggering a mandatory general offer for all the interest in any of the investee companies or any other similar action or consequence) of the voting rights in any one company or body, except in relation to wholly-owned subsidiaries (if any) of the Company for the sole purpose of holding investments of the Company; and
- (iii) save in respect of cash deposits awaiting investment, the value of the Company's holding of investments issued by any one company or body shall not exceed 20% of the net asset value of the Company at the time the investment is made.

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

14. INVESTMENT PORTFOLIO

Details of all the Company's financial assets at fair value through profit or loss as at 31 December 2020 and 30 June 2021 respectively are as follows:

At 30 June 2021*Listed Equity Securities – Hong Kong*

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net assets attributable to the Company	Dividend received/receivable during the Period	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000	(Note 2)	HK\$'000	
(a) Town Health International Medical Group Limited	Bermuda	14,500,000 ordinary shares of HK\$0.01 each	0.19%	21,105	6,960	(14,145)	HK\$7.24 million	–	6.46
(b) Beaver Group (Holding) Company Limited	The Cayman Islands	19,377,500 ordinary shares of HK\$0.10 each	8.61%	4,245	4,534	289	HK\$4.72 million	–	4.21
(c) Oriental Payment Group Holdings Limited	The Cayman Islands	26,990,000 ordinary shares of HK\$0.01 each	2.70%	2,294	2,186	(108)	HK\$1.28 million	–	2.03
(d) Lerado Financial Group Company Limited	Bermuda	50,000,000 ordinary shares of HK\$0.50 each	2.17%	10,000	2,050	(7,950)	HK\$24.18 million	–	1.90

Listed Equity Security – Australia

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net assets attributable to the Company	Dividend received/receivable during the Period	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000	(Note 2)	HK\$'000	
(e) Crater Gold Mining Limited	Australia	35,000,000 ordinary shares	2.85%	2,843	3,261	418	AU\$0.15 million	–	3.03

Private Equity – British Virgin Islands

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net assets attributable to the Company	Dividend received/receivable during the Period	% of gross assets of the Company
(f) Gransing Financial Group Limited	British Virgin Islands	64 shares of US\$1 each	19.69%	46,377	18,757	(27,620)	HK\$25.13 million	–	17.41
(g) Forever Best Investments Limited	British Virgin Islands	1,474,389 shares of US\$1 each	14.74%	3,893	3,893	–	HK\$4.42 million	–	3.61

Private Equity – Hong Kong

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net assets attributable to the Company	Dividend received/receivable during the Period	% of gross assets of the Company
(h) Help U Credit Finance Limited	Hong Kong	37,000 shares	19.95%	19,000	6,390	(12,610)	HK\$13.52 million	–	5.93

Promissory Note – Hong Kong

Name of issuer	Place of incorporation	Cost	Market value	Unrealised gain/(loss) recognised	Yield per annum	Maturity date	Interest received/accrued during the Period	% of gross assets of the Company
(i) Gransing Finance Limited	Hong Kong	16,500	16,500	–	8	15 December 2021	54	15.31

Bond – The Cayman Islands

Name of issuer	Place of incorporation	Cost	Market value	Unrealised gain/(loss) recognised	Yield per annum	Maturity date	Interest received/accrued during the Period	% of gross assets of the Company
(j) Oriental Payment Group Holdings Limited	The Cayman Islands	15,000	15,000	–	10	24 May 2022	156	13.92

At 31 December 2020

Listed Equity Securities – Hong Kong

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised (Note 3)	Net assets attributable to the Company (Note 2)	Dividend received/receivable during the year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
CROSSTEC Group Holdings Limited	The Cayman Islands	23,095,000 ordinary shares of HK\$0.04 each	3.21%	4,083	4,388	305	HK\$0.49 million	–	5.65
InvesTech Holdings Limited	The Cayman Islands	41,090,000 ordinary shares of US\$0.02 each	2.93%	6,990	3,780	(3,210)	RMB15.59 million	–	4.87
China Mobile Limited	Hong Kong	80,000 ordinary shares	–	4,678	3,536	(1,142)	RMB4.49 million	260	4.56
Finsoft Financial Investment Holdings Limited	The Cayman Islands	75,350,000 ordinary shares of HK\$0.005 each	5.98%	4,369	2,863	(1,506)	HK\$7.27 million	–	3.69
Town Health International Medical Group Limited	Bermuda	29,114,000 ordinary shares of HK\$0.01 each	0.39%	41,835	2,795	(39,040)	HK\$14.74 million	–	3.60
SEM Holdings Limited	The Cayman Islands	33,660,000 ordinary shares of HK\$0.01 each	1.68%	3,573	2,726	(847)	MOP4.20 million	–	3.51

Listed Equity Security – Australia

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised (Note 3)	Net assets attributable to the Company (Note 2)	Dividend received/receivable during the year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
Crater Gold Mining Limited	Australia	35,000,000 ordinary shares	2.85%	2,669	3,131	462	AUS(0.15) million	–	4.03

Private Equity Security – British Virgin Islands

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised (Note 3)	Net assets attributable to the Company (Note 2)	Dividend received/receivable during the year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
Gransing Financial Group Limited	British Virgin Islands	48 shares of US\$1 each	15.53%	42,799	14,068	(28,731)	HK\$19.79 million	–	18.13

Private Equity Security – Hong Kong

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised (Note 3)	Net assets attributable to the Company (Note 2)	Dividend received/receivable during the year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
Help U Credit Finance Limited	Hong Kong	37,000 shares	19.95%	19,000	6,390	(12,610)	HK\$14.00 million	–	8.23

Promissory Note – Hong Kong

Name of investee	Place of incorporation	Cost	Market value	Unrealised gain/(loss) recognised (Note 3)	Yield per annum	Maturity date	Interest received/accrued during the year	% of gross assets of the Company
		HK\$'000	HK\$'000	HK\$'000	%		HK\$'000	
Gransing Finance Limited	Hong Kong	15,000	15,000	–	8	12 May 2021	766	19.33

Notes:

- (1) The unrealised gain/(loss) represented the changes in fair value of the respective investments during the Period.
- (2) The calculation of net assets/(liability) attributable to the Company is based on the latest published interim/annual report of the respective investments as at the latest practicable date at the end of each reporting period.
- (3) The unrealised gain/(loss) represented the changes in fair value of the respective investments during the year ended 31 December 2020.

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

- (a) Town Health International Medical Group Limited (“**Town Health**”) is principally engaged in the provision of healthcare and dental services, managed care business and beauty and cosmetic medicine business. The audited loss attributable to shareholders of Town Health for the financial year ended 31 December 2020 was approximately HK\$281,038,000 and the audited net assets attributable to shareholders of Town Health as at 31 December 2020 was approximately HK\$3,810,481,000. As the pandemic is not under control, the public’s desire to go out declined, reducing the number of medical consultations, and Town Health healthcare business in Hong Kong was adversely affected. Town Health flexibly adjusted its operation and management strategies, expanded revenue sources and reduced expenditures and strictly controlled costs. The fair value of the investment in Town Health is based on quoted market bid prices.
- (b) Beaver Group (Holding) Company Limited (“**Beaver**”) is a foundation contractor primarily engaged in subcontracted bored piling works as well as other foundation works. The audited loss attributable to shareholders of Beaver for the financial year ended 31 March 2021 was approximately HK\$14,714,000 and the audited net assets attributable to shareholders of Beaver as at 31 March 2021 was approximately HK\$54,766,000. Beaver will invest in the manpower and information system to enhance its operational capacity and efficiency in foundation and site formation works and bored piling works. Beaver will continue to strive to improve its operational efficiency and the profitability of its business. The fair value of the investment in Beaver is based on quoted market bid prices.
- (c) Oriental Payment Group Holdings Limited (“**Oriental Payment**”) is an established merchant acquirer in providing a suite of comprehensive payment processing services to merchants of all sizes frequently visited by Chinese tourists in Thailand and also engaged in payment processing services to merchants in Singapore. The audited loss attributable to shareholders of Oriental Payment for the financial year ended 31 March 2021 was approximately HK\$30,655,000 and the audited net assets attributable to shareholders of Oriental Payment as at 31 March 2021 was approximately HK\$47,448,000. Oriental Payment will stay alert to the development and situation of the COVID-19 pandemic, continue to assess its impacts on the financial position and operating results of the Oriental Payment and take necessary actions to maintain the stability and sustainability of the businesses. The fair value of the investment in Oriental Payment is based on quoted market bid prices.
- (d) Lerado Financial Group Company Limited (“**Lerado**”) is an investment holding company principally engaged in the manufacture and sales of medical products and plastic toys business. The audited loss attributable to shareholders of Lerado for the financial year ended 31 December 2020 was approximately HK\$13,785,000 and the audited net assets attributable to shareholders of Lerado as at 31 December 2020 was

approximately HK\$1,114,113,000. Going forward, with a view to achieving better return and enhancing the expansion of Lerado, Lerado will keep focusing on the existing business and look for potential investment opportunities to diversify its business scope. The fair value of the investment in Lerado is based on quoted market bid prices.

- (e) Crater Gold Mining Limited (“**Crater Gold Mining**”) is principally engaged in producing gold and developing gold and base metal projects in Papua New Guinea and Australia. The unaudited loss attributable to shareholders of Crater Gold Mining for the six months ended 31 December 2020 was approximately AU\$1,699,686 and the unaudited net liabilities attributable to shareholders of Crater Gold Mining as at 31 December 2020 was approximately AU\$5,300,037. Crater Gold Mining is continuing to increase shareholder wealth through acquisition and development of world class mineral resources. The fair value of the investment in Crater Gold Mining is based on quoted market bid prices.
- (f) Gransing Financial Group Limited (“**Gransing Financial**”) is principally engaged in provision of quality brokerage, corporate finance, asset management, money lending and financial adviser services to institutional and individual investors in Hong Kong and Mainland China through its subsidiaries. With the enhancement of artificial intelligence (“**A.I.**”) technology, Gransing Financial launched several new services including the online opening account services for new customers in Hong Kong and China. Moreover, by the help of advanced intelligent technology, Gransing Financial’s A.I. analyst would serve their clients with stock monitoring, investment strategies and stock scoring services. All the above would improve Gransing Financial’s operation efficiency and earn more new potential clients. The fair value of the investment in Gransing Financial is based on valuation by independent valuer.
- (g) Forever Best Investments Limited (“**Forever Best**”) is a company holds 25% share of YSS International Holdings Limited (“**YSS**”). YSS developed and expanded through acquisition of their principal subsidiaries in Hong Kong. YSS engaged in logistic related services, cargo handling services, management services and consultancy services. The fair value of the investment in Forever Best is based on valuation by management of the Company.
- (h) Help U Credit Finance Limited (“**Help U**”) is principally engaged in money lending business in Hong Kong. Help U is a licensed money lender and provides secured and unsecured loans to both individuals and corporations. The fair value of the investment in Help U is based on valuation by independent valuer.
- (i) Gransing Finance Limited (“**Gransing Finance**”) is engaged in the provision of money lending. Gransing Finance is held by Gransing Financial which is also the sole director of Gransing Finance. Gransing Finance issued a 6-months participatory note

to the Company which note size is HK\$16.5 million, with coupon of 8% per year. The fair value of the promissory note in Gransing Finance is based on valuation by the Directors.

- (j) Oriental Payment Group Holdings Limited (“**Oriental Payment**”) is an established merchant acquirer in providing a suite of comprehensive payment processing services to merchants of all sizes frequently visited by Chinese tourists in Thailand and also engaged in payment processing services to merchants in Singapore. Oriental Payment issued a 1-year bond to the Company which bond size is HK\$15 million, with coupon of 10% per year. The fair value of the bond in Oriental Payment is based on valuation by the Directors.

The top three investments with realised gain and loss for the six months ended 30 June 2021 are summarised as below:

Top three realised gain for the six months ended 30 June 2021

Name of investment	Realised gain <i>HK\$'000</i>
CROSSTEC Group Holdings Limited	2,068
China Telecom Corporation Limited	282
China Gas Industry Investment Holdings Company Limited	97

Top three realised loss for the six months ended 30 June 2021

Name of investment	Realised loss <i>HK\$'000</i>
Town Health International Medical Group Limited	14,798
Lerado Financial Group Company Limited	5,849
InvesTech Holdings Limited	2,179

15. DISTRIBUTION POLICY

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

16. FOREIGN EXCHANGE POLICY

The Company's investments may be denominated in currencies other than Hong Kong dollars. As such, it may receive income, or make payments in foreign currency and is therefore subject to exchange rate fluctuations. In spite of this, the Board believes that foreign exchange risks are minimal as the Company mainly uses the Hong Kong dollars to carry out its business transactions. If necessary, the Company may enter into hedging transactions to seek to reduce risk associated with currency exchange rate.

17. TAXATION

The taxation of income and capital gains of the Company is subject to the fiscal law and practice of Hong Kong. Prospective investors should consult their own professional advisers on the tax implications of investing, holding or disposing of Shares or of exercising any rights attached to them under the laws of the jurisdiction in which they are liable to taxation.

18. BORROWING POWERS

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

19. INFORMATION ON THE INVESTMENT MANAGER

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

Evergrande Securities (Hong Kong) Limited
Room 2004–2006, 20/F
China Evergrande Centre
No.38 Gloucester Road
Wan Chai
Hong Kong

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

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

Name	Address
Ms. Zhou Linghui	Room 2004–2006, 20/F China Evergrande Centre No.38 Gloucester Road Wan Chai Hong Kong
Mr. Wu Kiu Sing	Room 2004–2006, 20/F China Evergrande Centre No. 38 Gloucester Road Wan Chai Hong Kong

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

Ms. Zhou Linghui (“Ms. Zhou”)

Ms. Zhou has more than ten years of experience in the financial industry. Before joining Evergrande Securities (Hong Kong) Limited, she was the Vice President of Guangzhou Financing Guarantee Center Co., Ltd.[#] (廣州市融資擔保中心有限責任公司), the assistant to the President of CITIC Securities South China Company Limited[#] (中信證券華南股份有限公司) (formerly named Guangzhou Securities Co., Ltd.[#] (廣州證券股份有限公司)). She is currently a responsible officer of Evergrande Securities (Hong Kong) Limited, mainly responsible for the investment and mergers and acquisition projects in relation to financial licences, and has extensive experience in financial businesses and operations in the primary and secondary markets.

Mr. Wu Kiu Sing (“Mr. Wu”)

Mr. Wu has over ten years of experience in the investment banking industry. Prior to joining Evergrande Securities (Hong Kong) Limited, he was an executive director and the head of global capital markets department of China Everbright Securities (HK) Limited and Sinolink Securities (Hong Kong) Company Limited, responsible for equity and debt financing. He had been involved in the initial public offering of various companies on the Main Board of the Stock Exchange, including China Everbright Bank Company Limited (stock code: 6818), Everbright Securities Company Limited (stock code: 6178), IGG Inc (stock code: 799), China Aircraft Leasing Group Holdings Limited (stock code: 1848), Beijing Chunlizhengda Medical Instrument Co., Ltd. (stock code: 1858), MECOM Power and Construction Limited (stock code: 1183). Mr. Wu also participated in numerous overseas US dollar denominated bond financing transactions.

None of the Directors, the directors of the Investment Manager, any investment adviser or any distribution company, or any associate of any of those persons, is or will become entitled to receive any part of any brokerage charged to the Company, or any re-allowance of other types on purchases charged to the Company.

On 30 November 2020, the Company has entered into the agreement (the “**Investment Management Agreement**”) with the Investment Manager, pursuant to which the Investment Manager has agreed to provide non-discretionary investment management services to the Company for a period of three years from 1 January 2021 to 31 December 2023. The Investment Manager is entitled to a monthly management fee of HK\$50,000 and payable monthly in advance. The Investment Manager will provide nondiscretionary investment management services to the Company under the Investment Management Agreement including: (i) identifying, reviewing and evaluating investment and divestment opportunities for the Company and negotiating the best terms of such investment and disinvestment for the Company; (ii) advising the Board on the merits of investment opportunities or information relevant to the making of judgments about the merits of investment opportunities and to render investment advice to the Board based upon such information as may reasonably be available to it; (iii) providing the Board with such information as may reasonably be available to it on opportunities to acquire or to dispose of investments of which the Investment Manager becomes aware and which in the opinion of the Investment Manager are or may be suitable for the Company; and (iv) monitoring and keeping under review the performance and status of the assets (including but not limited to cash and securities) of the Company from time to time, based on information as may reasonably be available to it, and to provide the Board with any assistance in relation to the Company’s investment as it may require.

21. CUSTODIAN

Bank of Communications Trustee Limited (the “**Custodian**”), whose address is at 1/F., Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong, was appointed as the custodian in relation to the investments which the Company may from time to time deposit with the custodian.

The Company appointed the Custodian as its custodian on 15 August 2019 pursuant to a custodian agreement (the “**Custodian Agreement**”) which will continue to be in force until terminated by either the Company or the Custodian by giving the other party not less than one month’s advance notice in writing.

Pursuant to the Custodian Agreement, the Company will pay the Custodian a custody fee at 4 bps (0.04%) per annum of the net asset value of the portfolio of the Company at each month end, subject to a minimum of HK\$12,500 per month.

22. RISK FACTORS OF INVESTING IN THE COMPANY

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

23. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Tai Man Hin Tony (CPA, ACA, FCCA) who is a member of The Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (b) The English text of this prospectus shall prevail over the Chinese text in the event of inconsistency.
- (c) As at the Latest Practicable Date, the Directors were not aware of any restriction affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong which materially affects the business of the Company as a whole.

24. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on display on the websites of the Company (www.chinaneweconomyfund.com) and the Stock Exchange (www.hkexnews.hk) for the period of 14 days from the date of this prospectus:

- (i) the report from HLB Hodgson Impey Cheng Limited on the unaudited pro forma financial information of the Company in respect of the Rights Issue, the text of which is set out in Appendix II to this Prospectus;
- (ii) the written consent referred to in the paragraph headed "9. Expert and consent" in this appendix; and
- (iii) the material contracts referred to in the paragraph headed "6. Material contracts" in this appendix.