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CHINA NEW ECONOMY FUND LIMITED

中國新經濟投資有限公司

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

(Stock Code: 80)

RESULTS OF THE RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE

Reference is made to the prospectus of China New Economy Fund Limited (the “**Company**”) dated 25 January 2022 (the “**Prospectus**”) and the announcement of the Company dated 15 February 2022 (the “**Announcement**”) in relation to the Rights Issue. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Prospectus.

RESULTS OF THE RIGHTS ISSUE

As disclosed in the Announcement, a total of 16 valid applications and acceptances under the PAL in respect of a total of 351,054,967 Rights Shares had been received, representing approximately 81.2% of the total number of Rights Shares available for subscription under the Rights Issue. There will be no fractional entitlements to the Rights Shares arising under the Rights Issue. Based on the subscription results, the Rights Issue was undersubscribed by 81,052,476 Rights Shares, representing approximately 18.8% of the total number of the Rights Shares available for subscription under the Rights Issue. As at the Record Date, there were no Excluded Shareholders and the number of the ES Unsold Rights Shares is therefore nil.

PLACING ARRANGEMENT OF THE UNSUBSCRIBED RIGHTS SHARES AND COMPENSATORY ARRANGEMENTS

As disclosed in the Announcement, the 81,052,476 Unsubscribed Rights Shares, representing approximately 18.8% of the total number of the Rights Shares available for subscription under the Rights Issue, were subject to the Compensatory Arrangements.

As at 5:00 p.m. on Tuesday, 22 February 2022, being the latest time of placing of the Unsubscribed Rights Shares by the Placing Agent, all 81,052,476 Unsubscribed Rights Shares were successfully placed by the Placing Agent at the placing price of HK\$0.18 per Share, representing nil premium over the Subscription Price, to independent places. Accordingly,

the amount of the Net Gain under the Compensatory Arrangements is nil and no Net Gain were realised and to be received by any No Action Shareholder on 15 March 2022. As a result of the valid applications and acceptances under the PAL and the Placing, the total number of Rights Shares to be issued under the Rights Issue will be 432,107,443 Rights Shares, representing 100% of the total number of Rights Shares available for subscription.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, (i) each of the placees and where appropriate, their respective ultimate beneficial owners, is independent of and not connected with the Company and its connected persons and not a connected person of the Company; and (ii) none of the placees has become a substantial Shareholder (as defined under the Listing Rules) upon completion of the Placing.

THE RIGHTS ISSUE AND THE PLACING BECOMING UNCONDITIONAL

As all conditions with respect to the Rights Issue and the Placing set out in the Prospectus have been fulfilled and the Rights Issue and the Placing became unconditional at 4:00 p.m. on Wednesday, 23 February 2022. The gross proceeds raised from the Rights Issue (including the Placing) are approximately HK\$77.8 million before expenses.

EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company immediately before and after completion of the Rights Issue:

	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue	
	<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 and its associate (Note 1)	240,000,000	27.77	360,000,000	27.77
Kingsway Lion Spur Technology Limited (Note 2)	165,025,730	19.09	247,538,595	19.09
Wang Dingben	68,330,000	7.91	68,330,000	5.28
	<u>473,355,730</u>	<u>54.77</u>	<u>675,868,595</u>	<u>52.14</u>

	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Public Shareholders				
Existing Shareholders	390,859,157	45.23	539,401,259	41.61
Independent Places	–	–	81,052,476	6.25
	<u>390,859,157</u>	<u>45.23</u>	<u>620,453,735</u>	<u>47.86</u>
Total	<u>864,214,887</u>	<u>100.00</u>	<u>1,296,322,330</u>	<u>100.00</u>

Notes:

- As at the date of this announcement, 210,000,000 Shares are beneficially owned by Radiant Goldstone International Group Limited (“**RGIGL**”) and 30,000,000 Shares are beneficially owned by China United Renaissance Limited. To the best information, knowledge and belief of the Directors, both companies are 70%-owned by Radiant Assets Management Limited (“**RAML**”), which is in turn 70%-owned by Radiant Assets Management International Limited (“**RAMIL**”). RAMIL 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 co-chairman of the Company.
- To the best information, knowledge and belief of the Directors, Kingsway Lion Spur Technology Limited 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 is holding 55.96% of the issued share capital of SKCHL.
- Certain percentage figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

DESPATCH OF SHARE CERTIFICATES FOR THE RIGHTS SHARES

Share certificates in respect of valid acceptances of the Rights Shares under the PAL and the Unsubscribed Rights Shares successfully placed by the Placing Agent are expected to be despatched to those entitled thereto by ordinary post to their respective registered addresses at their own risks on Friday, 25 February 2022.

ODD LOT MATCHING ARRANGEMENT

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 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.

ADJUSTMENTS RELATING TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

Prior to the completion of the Rights Issue, the Company had 43,430,396 Outstanding Options under the Share Option Scheme. As a result of the Rights Issue, the Company has calculated the necessary adjustments (the “**Share Options Adjustments**”) to the exercise price and the number of Shares falling to be issued upon exercise of the Outstanding Options in accordance with the terms and conditions of the Share Option Scheme, Rule 17.03(13) of the Listing Rules, and the Supplementary Guidance on Main Board Listing Rule 17.03(13) and the Note Immediately After the Rule attached to the Frequently Asked Question No. 072-2020 issued by the Stock Exchange on 6 November 2020 (the “**Stock Exchange Supplementary Guidance**”).

The Share Options Adjustments as a result of the Rights Issue with effect from 25 February 2022, being the date on which the fully-paid Rights Shares are allotted and issued, are set out below:

Date of grant	Immediately prior to the Share Options Adjustments taking effect		Immediately after the Share Option Adjustments taking effect	
	Number of Shares to be issued upon exercise of the Outstanding Options	Exercise price per Share (HK\$)	Adjusted number of Shares to be issued upon exercise of the Outstanding Options	Adjusted exercise price per Share (HK\$)
19 July 2019	7,421,446	0.2985	8,030,326	0.2759
24 May 2021	7,201,790	0.2300	7,792,648	0.2126
30 August 2021	28,807,160	0.1860	31,170,592	0.1719

Save for the above adjustments, all other terms and conditions of the Outstanding Options remain unchanged.

The auditor and reporting accountant of the Company, HLB Hodgson Impey Cheng Limited, has confirmed to the Directors in writing that the adjustments made to the exercise price and the number of Shares falling to be issued upon the exercise of the Outstanding Options are in compliance with the requirements set out in the terms and conditions of the Share Option Scheme, Rule 17.03(13) of the Listing Rules, and the Stock Exchange Supplementary Guidance.

COMMENCEMENT OF DEALINGS OF THE RIGHTS SHARES IN FULLY-PAID FORM

Dealings in the Rights Shares, in their fully-paid form, are expected to commence on the Stock Exchange at 9:00 a.m. on Monday, 28 February 2022.

On behalf of the Board
China New Economy Fund Limited
GU Xu

Chief Executive Officer and Executive Director

Hong Kong, 24 February 2022

As at the date of this announcement, the Board comprises Mr. GU Xu and Mr. CHAN Cheong Yee as executive Directors; Mr. HUANG Bin (Co-Chairman), Mr. CHOI Chit Sze Jackson (Co-Chairman), Mr. WANG Dingben, Mr. CHOW Yeung Tuen Richard and Mr. CHOI Koon Ming as non-executive Directors; and Mr. LEUNG Wai Lim, Mr. SUN Boquan, Mr. CHONG Ching Hoi and Mr. LAM King as independent non-executive Directors.