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## **CHINA NEW ECONOMY FUND LIMITED**

### **中國新經濟投資有限公司**

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

**(Stock code: 80)**

## **PROPOSED SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

### **THE SUBSCRIPTION**

The Board is pleased to announce that on 28 January 2015 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares at the Subscription Price of HK\$0.35 per Subscription Share.

### **SPECIFIC MANDATE**

The Subscription Shares will be issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### **EGM**

The EGM will be convened to consider and, if thought fit, to approve, among other things, the Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders will be required to abstain from voting at the EGM in respect of the Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate.

### **GENERAL**

A circular containing, amongst other things, (i) further information on the Subscription and (ii) the Specific Mandate, together with a notice of the EGM and a form of proxy will be despatched to the Shareholders as soon as practicable.

**As completion of the Subscription is subject to the fulfilment of the conditions precedent stated in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **THE SUBSCRIPTION AGREEMENT**

On 28 January 2015 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares at the Subscription Price of HK\$0.35 per Subscription Share. Major terms of the Subscription Agreement are set out below:

### **Subscription Agreement**

**Date:** 28 January 2015

**Parties:** (1) the Company; and  
(2) the Subscriber.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

### **Subscription Shares**

The Subscription Shares comprise 51,515,000 new Shares, representing 10% of the existing issued share capital of the Company as at the date of this announcement and approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. Upon completion of the Subscription, the Subscriber will hold approximately 9.09% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming no change in the issued Shares of the Company prior to completion of Subscription).

Details of the shareholding of the Company are set out in the paragraph headed “Changes to the shareholding in the Company as a result of the issue of the Subscription Shares” of this announcement.

### **Conditions Precedent to the Subscription**

Completion is conditional upon the satisfaction of the following conditions:

- (a) no change (or changes in the aggregate), condition, event or occurrence, which, in either case, in the aggregate, is or could reasonably be expected to be, material and adverse to the business, operations, assets, cash flow, liabilities, prospects or financial condition of the Company;

- (b) the approval of the Subscription Agreement and the transactions contemplated thereunder and the allotment and issue of the Subscription Shares by the shareholders of the Company at the EGM; and
- (c) the Listing Committee of the Stock Exchange having granted approval for the listing of and permission to deal in the Subscription Shares.

### **Completion of the Subscription**

The Completion will take place on the Completion Date in accordance with the terms of the Subscription Agreement.

### **Subscription Price**

The Subscription Price represents:

- (a) a discount of approximately 4.11% to the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the date of the Last Trading Day;
- (b) a premium of approximately 0.29% to the average closing price of approximately HK\$0.349 per Share for the last five consecutive trading days immediately prior to the Last Trading Day; and
- (c) a premium of approximately 1.3% to the average closing price of approximately HK\$0.3455 per Share for the last ten consecutive trading days immediately prior to the Last Trading Day.

The net proceeds from the Subscription is estimated to be approximately HK\$17.6 million. The net subscription price per Subscription Share is approximately HK\$0.34.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent trading performance of the Shares. The Directors consider that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The aggregate Subscription Price for the Subscription Shares is payable in cash by the Subscriber upon the Completion Date respectively.

### **Ranking of the Subscription Shares**

The Subscription Shares, when allotted 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 Subscription Shares.

### **Lock-up Period**

Within a period of six months after the date on which dealings in the Subscription Shares first commence on the Stock Exchange, the Subscriber undertakes to the Company that it shall not, and procure its beneficial owners not to, sell, dispose of or otherwise deal with or create any options, rights, interests or encumbrances in respect of (or to enter into any

agreement to sell, dispose of or otherwise deal with or create any options, rights, interests or encumbrances in respect of) the whole or any part of the Subscription Shares or any of its interests therein.

### **Application for listing**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### **Specific Mandate for the issue of the Subscription Shares**

The Subscription Shares will be allotted and issued by the Company pursuant to the Specific Mandate proposed to be sought from the Shareholders at the EGM.

### **INFORMATION ON THE COMPANY AND THE SUBSCRIBER**

The Company is a closed-ended investment company established on 1 February 2010. By investing in both private and public enterprises supported by the new economies of Greater China, the Company is devoted to achieving long-term capital appreciation for professional investors.

The Subscriber was incorporated in the British Virgin Islands and is wholly-owned by Mr. Wang Ping. To the knowledge of the Directors, Mr. Wang Ping is a highly and well recognised investor with 20 years of experience in the private equity industry. The Subscriber is principally engaged in capital and equity investment focused on Greater China and overseas markets.

### **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION 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.

The Board considers that the Subscription represents an opportunity to raise additional funds for the Company while broadening the capital base of the Company. The total gross proceeds from the Subscription will be approximately HK\$18.0 million. The net proceeds, after the deduction of the related expenses, are estimated to be approximately HK\$17.6 million, representing a net issue price of approximately HK\$0.34 per Subscription Share.

The Company intends to use the net proceeds arising from the Subscription for investment in line with its ordinary course of business.

## FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

On 12 August 2014, the Company announced a rights issue of 151,500,000 rights Shares to the qualifying Shareholders at a subscription price of HK\$0.28 per rights Share on the basis of one rights Share for every two Shares held on the record date. As at the date of this announcement, the net proceeds from the rights issue of approximately HK\$41.1 million have all been utilized for investment as intended.

On 11 November 2014, the Company announced a placing of up to 60,600,000 Shares at the placing price at HK\$0.35 per Share under the general mandate granted to the Directors at the annual general meeting on 28 May 2014. As at the date of this announcement, the net proceeds from the placing of approximately HK\$20.3 million have all been utilized for investment as intended.

Save as disclosed, the Company had not conducted any fund raising activities involving issue of its securities in the past twelve months immediately preceding the date of this announcement.

## CHANGES TO THE SHAREHOLDING IN THE COMPANY AS A RESULT OF THE ISSUE OF THE SUBSCRIPTION SHARES

The following table sets out the shareholding structure of the Company (based on the best knowledge of the Directors) (i) as at the date of this announcement and (ii) immediately after completion of the Subscription (assuming that there is no other change in the issued share capital of the Company):

	<b>As at the date of this announcement</b>		<b>Immediately after Completion of the Subscription</b>	
	<i>No. of Shares</i>	<i>Approximate percentage of shareholding %</i>	<i>No. of Shares</i>	<i>Approximate percentage of shareholding %</i>
Public Shareholders	515,100,000	100.00	515,100,000	90.91
Subscriber	—	—	51,510,000	9.09
<b>Total</b>	<b><u>515,100,000</u></b>	<b><u>100.00</u></b>	<b><u>566,610,000</u></b>	<b><u>100.00</u></b>

## SPECIFIC MANDATE

The Subscription Shares will be issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## EGM

The EGM will be convened to consider and, if thought fit, to approve, among other things, the Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate. To the best of the Directors' knowledge, information and belief having made all

reasonable enquiries, no Shareholders will be required to abstain from voting at the EGM in respect of the Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate.

## **GENERAL**

A circular containing, amongst other things, (i) further information on the Subscription and (ii) the Specific Mandate, together with a notice of the EGM and a form of proxy will be dispatched to the Shareholders as soon as practicable.

**As completion of the Subscription is subject to the fulfillment of the conditions precedent stated in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **DEFINITIONS**

Unless otherwise stated or the context requires otherwise, the terms in this announcement have the following meanings:

“Board”	the board of Directors;
“Company”	China New Economy Fund Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Completion”	completion of the Subscription in accordance with the Subscription Agreement;
“Completion Date”	the date which is second business day after satisfaction of the last of the conditions precedent under the Subscription Agreement or such other date as may otherwise be agreed by The Subscriber and the Company in writing;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	an extraordinary general meeting of the Company to consider and, if thought fit, to approve (i) the Subscription and (ii) the Specific Mandate;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Last Trading Day”	28 January 2015, being the last trading day prior to the signing of the Subscription Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China;
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Specific Mandate”	the mandate to allot and issue the Subscription Shares to be sought from the Shareholders at the EGM to authorise the Directors to issue the Subscription Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Kingwin International Capital Management Limited, a company incorporated in the British Virgin Islands on 3 September 2013 and Mr. Wang Ping is its ultimate beneficial shareholder;
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement;
“Subscription Agreement”	a subscription agreement dated 28 January 2015 entered into between the Company and the Subscriber;
“Subscription Price”	a subscription price of HK\$0.35 per Subscription Share;
“Subscription Shares”	51,515,000 new Shares to be subscribed by the Subscriber pursuant to the terms of the Subscription Agreement;
“%”	per cent.

By Order of the Board  
**China New Economy Fund Limited**  
**Craig Blaser LINDSAY**  
*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 28 January 2015

*As at the date of this announcement, the Board comprises Mr. Craig Blaser LINDSAY, Mr. GU Xu and Mr. CHAN Cheong Yee as executive Directors, Mr. LAM Chun Ho, Mr. Doyle Ainsworth DALLY and Mr. Faris Ibrahim Taha AYOUB as independent non-executive Directors.*