
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 stockbroker or other registered dealer 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, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibilities for the contents of the Prospectus Documents, make no representations 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 the Prospectus Documents.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “Documents delivered to the Registrar of Companies in Hong Kong” 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.

Dealings in the Shares and the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

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

Capitalised terms used in this cover have the same meanings as those defined in this Prospectus.

It should be noted that the Shares have been dealt on an ex-rights basis from Thursday, 9 October 2025. Dealings in the Rights Shares in their nil-paid form will take place from Wednesday, 22 October 2025 to Thursday, 30 October 2025, (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable), the Rights Issue will not proceed. Any persons contemplating dealings in the Shares prior to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable), and/or dealings in the nil-paid Rights Shares, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

The Rights Issue will be made on a non-underwritten basis. There is no requirement for a minimum level of subscription in the Rights Issue and there is no minimum amount to be raised under the Rights Issue. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced.

The latest date and time for acceptance of and payment for the Rights Shares and payment for Excess Rights Shares is 4:00 p.m. on Tuesday, 4 November 2025. The procedures for acceptance and payment and/or transfer of the Rights Shares are set out in “Letter from the Board” of this Prospectus.

20 October 2025

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms shall have the following meaning:

“Announcement”	the announcement of the Company dated 2 October 2025 in relation to the Rights Issue
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Beneficial Owner(s)”	any beneficial owner(s) of Shares whose Shares are registered in the name of a Registered Shareholder
“Board”	the board of Directors
“Business Day(s)”	a day on which banks in Hong Kong are generally open for business (other than a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which “extreme conditions” caused by a super typhoon or a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“CCASS”	the Central Clearing and Settlement System operated by HKSCC
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	China New Economy Fund Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board (stock code: 80)
“Controlling Shareholder”	Longling Capital Ltd, a company incorporated in the British Virgin Islands with limited liability and as at the Latest Practicable Date is interested in 670,016,095 Shares, representing approximately 50.77% of the existing issued share capital of the Company. The Controlling Shareholder is wholly owned by Mr. Cai, who is also the chairman of the Company and a non-executive Director

DEFINITIONS

“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) issued to the Qualifying Shareholders to apply for Excess Rights Shares
“Excess Rights Shares”	any Rights Shares provisionally allotted but not subscribed for prior to the Latest Time for Acceptance, any entitlements not provisionally allotted to any Non-Qualifying Shareholders and any Rights Shares which would otherwise be allotted but subject to scale down
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the beneficial owner’s shares with a CCASS participant
“Investment Manager”	China Everbright Securities (HK) Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation licensed to carry on 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 investment manager of the Company
“Last Trading Day”	Thursday, 2 October 2025, being the date of the Announcement and the last full trading day of the Shares on the Stock Exchange immediately preceding the publication of the Announcement
“Latest Practicable Date”	15 October 2025, being latest practicable date prior to the publication of this Prospectus for ascertaining certain information herein

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 4 November 2025, being the latest time and date for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares
“Listing Committee”	the listing committee of the Stock Exchange for considering application for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cai”	Mr. Cai Wensheng, the sole shareholder and director of the Controlling Shareholder, who is also the chairman of the Company and a non-executive Director
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board, after making reasonable enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions or prohibitions under the laws of the relevant jurisdictions or the requirements of the relevant regulatory body or stock exchange in such jurisdictions
“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Prospectus”	this prospectus in connection with the Rights Issue
“Prospectus Documents”	this Prospectus, the PAL and the EAF issued by the Company
“Prospectus Posting Date”	Monday, 20 October 2025, being the despatch date of the Prospectus Documents

DEFINITIONS

“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Friday, 17 October 2025, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue are determined
“Registered Shareholder”	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorised custodian or third party which is the registered holder in the register of members of the Company of the Share(s) in which the Beneficial Owner is beneficially interested
“Registrar”	Union Registrars Limited, the Hong Kong branch share registrar and transfer office of the Company, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Rights Issue”	the proposed issue by way of rights of the Rights Shares to the Qualifying Shareholders on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price
“Rights Share(s)”	up to (i) 659,850,137 new Shares (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date); or (ii) 661,857,718 new Shares (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date) proposed to be offered to the Qualifying Shareholders for subscription by way of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance
“Share(s)”	ordinary share(s) with par value of HK\$0.04 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)

DEFINITIONS

“Share Options”	the outstanding option(s) to subscribe for Share(s) with the exercise price of HK\$0.2759 per Share, which were granted pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted by the Shareholders at the extraordinary general meeting of the Company held on 28 May 2015 and has expired on 31 May 2025
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.35 per Rights Share under the Rights Issue
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC (as may be amended from time to time)
“Undertaking”	the letter of undertaking executed by the Controlling Shareholder in favour of the Company dated 2 October 2025 (after trading hours of the Stock Exchange)
“%”	per cent.

EXPECTED TIMETABLE

All times and dates stated in this Prospectus refer to Hong Kong times and dates. Any changes to the anticipated timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

Event	Date (Hong Kong time)
First day of dealings in nil-paid Rights Share	Wednesday, 22 October 2025
Latest time for splitting the PAL	4:00 p.m. on Friday, 24 October 2025
Last day of dealing in nil-paid Rights Shares	Thursday, 30 October 2025
Latest time for acceptance of and payment for the Rights Shares and application and payment for Excess Rights Shares	4:00 p.m. on Tuesday, 4 November 2025
Announcement of results of the Rights Issue	Tuesday, 11 November 2025
Despatch of share certificates for fully-paid Rights Shares or refund cheques for payment for Rights Shares if the Rights Issue does not proceed	Wednesday, 12 November 2025
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Thursday, 13 November 2025
Designated broker starts to stand in the market to provide matching service for odd lots of Shares	9:00 a.m. on Thursday, 13 November 2025
Designated broker ceases to stand in the market to provide matching service for odd lots of Shares	4:00 p.m. on Wednesday, 3 December 2025

EXPECTED TIMETABLE

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

The Latest Time for Acceptance of and payment for Rights Shares and application and payment for Excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, a “black” rainstorm warning signal and/or extreme conditions is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 4 November 2025. Instead, the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for Excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 4 November 2025. Instead, the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for Excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for Excess Rights Shares does not take place on Tuesday, 4 November 2025, the dates mentioned in the timetable section above may be affected. The Company will notify the Shareholders by way of announcement of any change to the timetable as soon as practicable.

LETTER FROM THE BOARD

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)

Executive Director

Mr. CHAN Cheong Yee

Non-Executive Directors

Mr. CAI Wensheng (*Chairman*)

Mr. HONG Yupeng

Independent Non-executive Directors

Dr. ZHU Haokang

Ms. HSIEH Yafang

Mr. LI Jianbin

Registered office:

P.O. Box 309

Ugland House

South Church Street

George Town

Grand Cayman KY1-1104

Cayman Islands

Principal Place of Business

in Hong Kong:

20/F, CAI Building

54–58 Electric Road

Tin Hau, Hong Kong

20 October 2025

To the Shareholders

Dear Sir/Madam,

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

INTRODUCTION

On 2 October 2025, the Company announced that it proposed to raise up to (i) approximately HK\$230.95 million by issuing up to 659,850,137 Rights Shares (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$231.65 million by issuing up to 661,857,718 Rights Shares (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date), on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

The purpose of this Prospectus is to provide you with, among others, further details on the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to you, and certain financial information and other general information on the Company.

LETTER FROM THE BOARD

PROPOSED RIGHTS ISSUE

Details of the Rights Issue are summarised below:

Basis of Rights Issue:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$0.35 per Rights Share
Net price per Rights Share (the aggregate Subscription Price of the maximum number of Rights Shares to be issued less costs and expenses estimated to be incurred in the Rights Issue divided by the maximum number of Rights Shares to be issued):	Approximately (i) HK\$0.349 per Rights Share (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date); or (ii) HK\$0.349 (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date)
Number of Shares in issue as at the Latest Practicable Date:	1,319,700,274 Shares
Maximum number of Rights Shares to be issued pursuant to the Rights Issue:	Up to (i) 659,850,137 Rights Shares (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date); or (ii) 661,857,718 Rights Shares (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares:	(i) HK\$26,349,006 (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date); or (ii) HK\$26,474,309 (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date)
Total number of Shares in issue immediately upon completion of the Rights Issue:	Up to (i) 1,979,550,411 Shares (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date); or (ii) 1,985,573,155 Rights Shares (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date)

LETTER FROM THE BOARD

Maximum proceeds from the Rights Issue before expenses:	Up to (i) approximately HK\$230.95 million (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$231.65 million (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date)
Maximum net proceeds from the Rights Issue:	Up to (i) approximately HK\$230.11 million (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$230.81 million (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date)
Rights of excess application:	Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotments

As at the Latest Practicable Date, there are 1,319,700,274 Shares in issue and 4,015,163 outstanding Share Options, entitling the optionholders to subscribe for an aggregate of 4,015,163 Shares at an exercise price of HK\$0.2759 per Share. Save for the 4,015,163 outstanding Share Options, as at the Latest Practicable Date, the Company does not have any outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into or confer any right to subscribe for the Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the maximum of 659,850,137 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent (i) 50% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Share Options, and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the maximum of 661,857,718 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent (i) approximately 50.15% of the existing issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 49.99% of the issued share capital of the Company as enlarged by the exercise of the Share Options in full; and (iii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

LETTER FROM THE BOARD

IRREVOCABLE UNDERTAKING BY THE CONTROLLING SHAREHOLDER

As at the Latest Practicable Date, the Controlling Shareholder directly holds 670,016,095 Shares, representing approximately 50.77% of the issued share capital of the Company. The Controlling Shareholder is a company wholly-owned by Mr. Cai, the chairman of the Company and a non-executive Director. Pursuant to the Undertaking, the Controlling Shareholder has provided an irrevocable undertaking to the Company that, among other things:

- (a) it will not sell, transfer or dispose of any of the 670,016,095 Shares comprising the current shareholding in the Company owned by it, and such Shares will remain beneficially owned by it from the date of the Undertaking to the date of completion of the Rights Issue;
- (b) subject to the Company despatching the Prospectus Documents to the Qualifying Shareholders:
 - (i) it will lodge its acceptance of the 335,008,047 Rights Shares, which will be the number of Rights Shares provisionally allotted to it in nil-paid form under the Rights Issue, with the Share Registrar or the Company, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents; and
 - (ii) it confirms that it intends to apply for Excess Rights Shares if there is an undersubscription of the Rights Issue.

Save for the Undertaking, the Board has not received, as at the Latest Practicable Date, any information or other undertakings from any other Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that the provisional allotments for the Rights Issue are not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

As the Rights Issue is not underwritten and has not set a minimum subscription amount, a Shareholder who applies to take up all or part of his/her/its entitlement under the PAL and/or Excess Rights Shares under the EAF may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or result in insufficient Shares in public hands. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue or

LETTER FROM THE BOARD

Excess Rights Shares under the EAF will be scaled down to a level which (a) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules; and (b) will ensure that sufficient Shares will be in public hands. Any subscription monies not utilised due to the scaled-down application of entitled Rights Shares or Excess Rights Shares will be refunded to the affected applicants.

Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Subscription Price

The Subscription Price of HK\$0.35 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 29.29% to the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 27.23% to the average closing price of HK\$0.481 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 28.13% to the average closing price of HK\$0.487 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 21.88% to the average closing price of HK\$0.448 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 37.5% to the closing price of HK\$0.56 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a discount of approximately 21.70% to the theoretical ex-rights price of approximately of HK\$0.447 per Share based on the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vii) a premium of approximately 660.87% over the audited net assets attributable to owners of the Company per Share of approximately HK\$0.046 as at 31 December 2024;

LETTER FROM THE BOARD

- (viii) a premium of approximately 775.00% over the unaudited net asset value per Share of approximately HK\$0.04 as at 30 June 2025 as extracted from the interim report of the Company for the six months ended 30 June 2025; and
- (ix) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 9.70%, represented by the theoretical diluted price of approximately HK\$0.447 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules, based on the higher of the closing price on the Last Trading Day of HK\$0.495 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK\$0.478 per Share) of approximately HK\$0.495 per Share.

The Subscription Price was determined with reference to, among others,

- (i) the prevailing market conditions of the Hong Kong stock market: although the Hong Kong capital market has shown signs of gradual recovery in 2025, overall market sentiment remains relatively subdued. In particular, the trading liquidity of the Shares has been limited, with the average daily trading volume during the three-month period prior to the Last Trading Day representing merely approximately 2.5% of the Company's issued share capital;
- (ii) recent market price of the Shares as quoted on the Stock Exchange: while the Company's share price has recorded a significant increase in recent months following the introduction of the Controlling Shareholder, the Board noted that such increase has not been accompanied by a corresponding improvement in the performance of the Company's investment portfolios or other underlying fundamentals. In particular, the net asset value of the Company remains at a level substantially below the prevailing market price of the Shares. For reference, the average daily closing price of the Shares for the three-month period immediately prior to 7 July 2025 (i.e. being the date of announcement of a trading halt in the Shares pending publication of an announcement in relation to inside information concerning the Takeovers Code) was approximately HK\$0.07, which is significantly lower than the Subscription Price;
- (iii) the financial conditions of the Company: according to the Company's interim report for the six months ended 30 June 2025, the Company recorded net loss attributable to Shareholders of HK\$4,349,297, resulting in loss per Share of approximately HK\$0.003 and net asset value per Share of approximately HK\$0.04. Further, based on the Company's annual report for the year ended 31 December 2024 which sets forth the latest published audited financial statements of the Company, the Company also recorded net loss attributable to Shareholders of HK\$28,978,531 with loss per Share of approximately HK\$0.02 and net asset value per Share of approximately HK\$0.05 for the corresponding year; and
- (iv) the reasons for and benefits of proposed Rights Issue as discussed in the section head "Reasons for and benefits of the Rights Issue and Use of Proceeds" in this Prospectus.

LETTER FROM THE BOARD

The Board has assessed the immediate and medium-term funding needs of the Company, including the capital requirement for further investments and working capital requirement, in determining the Subscription Price and the subscription ratio of the Rights Issue. Furthermore, the subscription ratio of the Rights Issue, which will not increase the issued share capital or the market capitalisation of the Company by more than 50% and hence not subject to Shareholders' approval and the more time consuming process of convening an extraordinary general meeting, was determined in a view to expedite the fund-raising procedures and minimise the dilution effect of the Rights Issue. The Board believes this structure optimises the trade-off between speed of execution and minimising dilution, ultimately serving the best interests of the Shareholders. The Board also considers that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, 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, after taking into account the following factors: (i) the Qualifying Shareholders are provided with an equal opportunity to subscribe for their assured entitlements under the Rights Issue for the purpose of maintaining their respective existing shareholding interests in the Company; (ii) the Subscription Price represents a discount of approximately 28.13% and 21.88% to the average of the closing prices of the Shares for the last 10 consecutive trading days and 30 consecutive trading days up to and including the Last Trading Day respectively, such discount would encourage the Qualifying Shareholders to subscribe for their assured entitlements under the Rights Issue. The Subscription Price was set at a level that balances the need to raise adequate capital while minimising undue dilution to existing shareholders. The discount to the benchmarked price reflects prevailing market conditions, investor sentiment, and the fundraising needs to address the Company's financial obligations.

After thoroughly evaluating current market conditions and shareholder sentiment, the Board has determined that a relatively substantial discount to the current market price would be necessary to provide adequate incentive for shareholder participation in the Rights Issue, while ensuring the fundraising objectives can be met.

Conditions of the Rights Issue

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

- (i) the electronic delivery to the Stock Exchange for authorisation, the issue by the Stock Exchange on or before the Prospectus Posting Date of a certificate authorizing the registration of the Prospectus Documents with the Registrar of Companies in Hong Kong and the registration with the Registrar of Companies in Hong Kong respectively of 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 no later than the Prospectus Posting Date of the Prospectus Documents and other documents in compliance with the Companies (WUMP) Ordinance and otherwise complying with the requirements of the Listing Rules and the Companies (WUMP) Ordinance;

LETTER FROM THE BOARD

- (ii) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders and the publication of this Prospectus on the website of the Stock Exchange on or before the Prospectus Posting Date;
- (iii) the grant of listing of the Rights Shares (in both nil-paid and fully paid forms) by the Stock Exchange (either unconditionally or subject only to the allotment and despatch of the share certificates in respect thereof) and the grant of permission to deal in the nil-paid Rights Shares and the fully-paid Rights Shares by the Stock Exchange (and such permission and listing not subsequently having been withdrawn or revoked);
- (iv) no applications of Rights Shares or Excess Rights Shares by any Shareholders which would result in (a) a general offer obligation as required under the Takeovers Code being triggered, or (b) insufficient Shares in public hands, be allowed, in which circumstance, relevant applications of Rights Shares and Excess Rights Shares will be scaled down and subscription monies not utilized due to scaled down application will be refunded to the affected applicants; and
- (v) all other necessary waivers, consent and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transaction contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent can be waived. If any of the above conditions are not satisfied at or before 5:00 p.m. on 31 December 2025 (or such later date as the Company may determine), the Rights Issue will not proceed.

As at the Latest Practicable Date, no condition has been fulfilled. Upon the Qualifying Shareholders' receipt of the Prospectus Documents, conditions (i) and (ii) above can be considered as fulfilled.

The Rights Issue is subject to the fulfilment of conditions including 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 to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholder as at the close of business on the Record Date.

LETTER FROM THE BOARD

The PAL entitle the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong on or before the Latest Time for Acceptance.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date. Overseas Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date whom the Company, based on legal opinions provided by legal advisers, considers necessary or expedient not to offer the Rights Shares 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 will not be regarded as Qualifying Shareholders.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company.

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the avoidance of doubt, unless the Qualifying Shareholders submit their requests in writing to the Company for printed form of the Prospectus, the Company will send the Prospectus to Qualifying Shareholders in electronic form, while the PAL and the EAF, as actionable corporate communications, will be despatched in printed form.

Qualifying Shareholders who take up their pro rata assured entitlement in full will not suffer any dilution to their interests in the Company. **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 may be diluted.**

The Overseas Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. As at the Latest Practicable Date, according to the register of members of the Company, there is no Shareholder with registered address outside Hong Kong. Since the register of members is closed from Monday, 13 October 2025 to Friday, 17 October 2025 (both dates inclusive), there will not be any Overseas Shareholders as at the Record Date.

LETTER FROM THE BOARD

Since there was no Non-Qualifying Shareholder as shown on the register of members of the Company on the Record Date, no arrangements will need to be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders (if any) to be provisionally allotted to a nominee and to be sold in the market in their nil-paid form.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire the Rights Shares or to take up any entitlements to the Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

No fractional entitlement to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and made available for excess application by Qualifying Shareholders under the EAFs.

Odd lot 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, Lego Securities Limited has been appointed by the Company to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Thursday, 13 November 2025 to Wednesday, 3 December 2025 (both dates inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot, may directly or through their broker, contact Mr. Kelvin Li at (852) 2128 9433 of Room 1506, 15/F, Wheelock House, 20 Pedder Street, Central, Hong Kong during such period. Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is on a best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

Procedures for acceptance, payment and transfer

Any person (including, without limitation, agents, custodians, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

LETTER FROM THE BOARD

No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply or subscribe for the Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. Completion and return of the PAL(s) and/or EAF(s) by anyone outside Hong Kong will constitute a warranty and representation by such person to the Company that all registration, legal and regulatory requirements of such relevant jurisdictions in connection with the PAL and/or the EAF(s) and any acceptance of the PAL, have been, or will be, duly complied with. The Company reserves the right to refuse to accept any application or subscription for or transfer of Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation.

Action to be taken by Qualifying Shareholders

Subscription for all Rights Shares provisionally allotted

For each Qualifying Shareholder, a PAL is a form of temporary document of title and will be despatched in printed form which entitles the Qualifying Shareholder to whom it is addressed to subscribe for the number of Rights Shares shown thereon. If a Qualifying Shareholder(s) wish(es) to take up his/her/their right to subscribe for any or all the Rights Shares provisionally allotted to him/her/them as specified in the PAL, he/she/they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar by no later than the Latest Time for Acceptance. All remittances must be made in Hong Kong dollars and cheques must be drawn on an account with, or cashier's orders 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”**.

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by the Latest Time for Acceptance, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be made available for application under the EAFs by the Qualifying Shareholders. The Company is not obliged but may, at its absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

LETTER FROM THE BOARD

The PAL contains further information regarding the procedures to be followed for acceptance 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 upon receipt and any interests earned on such monies will be retained for the benefit of the Company. Completion and lodgement of a PAL together with a cheque or cashier's order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Without prejudice to its other rights 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 and entitlements thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Rights Issue are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be refunded to the Qualifying Shareholders (or such other persons to whom the nil-paid Rights Shares have been validly transferred) without interest, by means of cheques to be despatched by ordinary post to their registered addresses, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the register of members or the transfer form, at their own risk.

Transfer and "Splitting" of nil-paid Rights Shares

The nil-paid Rights Shares can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and sell the remaining part on the Stock Exchange.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer all or part of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation no later than 4:00 p.m. on Friday, 24 October 2025 with the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly known as "splitting" the nil-paid Rights Shares.

Having "split" the nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in relation to the subscription for all the Rights Shares provisionally allotted.

LETTER FROM THE BOARD

If a Qualifying Shareholder wishes to transfer all of his/her/its nil-paid Rights Shares under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign the registration information in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then complete and sign the registration details in the PAL and lodge the PAL intact, together with a remittance for the full amount payable on acceptance with the Registrar by no later than the Latest Time for Acceptance.

The PAL contains further information regarding the procedures to be followed for transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Shareholder (other than Shares deposited in CCASS)

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Shareholder and you wish to subscribe for the Rights Shares provisionally allotted to such Registered Shareholder, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should contact the Registered Shareholder and provide the Registered Shareholder with instructions or make arrangements with the Registered Shareholder in relation to the acceptance, transfer and/or “splitting” of the nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance and before the relevant dates stated in the section headed “Expected Timetable” of this Prospectus in order to provide the Registered Shareholder with sufficient time to ensure that your instructions are given effect.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should (unless you are a CCASS participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of the nil-paid Rights Shares.

LETTER FROM THE BOARD

Such instructions and/or arrangements should be given or made in advance and before the relevant dates stated in the section headed “Expected Timetable” of this Prospectus and otherwise in accordance with the requirements of your Intermediary in order to provide your Intermediary with sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the General Rules of HKSCC, the HKSCC Operational Procedures and any other requirements of CCASS.

Beneficial Owners who are CCASS participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in nil-paid Rights Shares should be dealt with.

Application for Excess Rights Shares

All Qualifying Shareholders are entitled to apply by way of excess application under the EAFs for additional Rights Shares in excess of their assured entitlements.

The Excess Rights Shares will comprise:

- (i) any Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) any Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders; and
- (iii) any unsold Rights Shares created by aggregating fractions of Rights Shares in nil-paid form.

Application for Excess Rights Shares can be made only by Qualifying Shareholders duly completing the EAFs (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders who wish to apply for Excess Rights Shares in addition to their provisional allotments must complete both the PAL and the EAF.

LETTER FROM THE BOARD

Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for Excess Rights Shares made by the Controlling Shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for Excess Rights Shares to the extent that the total number of Excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

The Controlling Shareholder confirmed that it intends to apply for Excess Rights Shares if there is an undersubscription of the Rights Issue. Pursuant to Rule 7.21(3)(b), the Controlling Shareholder may apply for (i) a maximum of 324,842,090 Excess Rights Shares (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date); or (ii) a maximum of 326,849,671 Excess Rights Shares (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date).

A Shareholder who applies to take up all or part of his/her/its entitlement under the PAL and/or Excess Rights Shares under the EAF may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or result in insufficient Shares in public hands. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue or Excess Rights Shares under the EAF will be scaled down to a level which (a) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules; and (b) will ensure that sufficient Shares will be in public hands. Any subscription monies not utilised due to the scaled-down application of entitled Rights Shares or Excess Rights Shares will be refunded to the affected applicants.

Basis of allocation of Excess Rights Shares

Pursuant to Rule 7.21(3)(a) of the Listing Rules, the Company will allocate the Excess Rights Shares at its discretion on a fair and equitable basis as far as practicable on the following principles:

- (i) if there are insufficient Excess Rights Shares to satisfy all EAFs, Excess Rights Shares will be allocated on a pro rata basis by reference to the number of Excess Rights Shares applied for in the relevant EAFs by the relevant Qualifying Shareholders;
- (ii) otherwise (i.e. if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs), Excess Rights Shares will be allocated in full in accordance with the EAFs to each Qualifying Shareholder who applies for Excess Rights Shares.

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For the avoidance of doubt, in applying the principles above, reference will only be made to the number of Excess Rights Shares being applied for in the relevant EAFs, and no reference will be made to the Rights Shares comprised in applications through PAL or the existing number of Shares held by the relevant Qualifying Shareholders; and no preference will be given to applications for topping up odd lots.

Important notice to Beneficial Owners: Shareholders whose Shares are held by a nominee (or held through CCASS) should note that the Board will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the aforesaid arrangement for allocation of Excess Rights Shares by the Company may not be extended to the Beneficial Owners individually.

Action to be taken by Qualifying Shareholders who wish to apply for Excess Rights Shares

Application for Excess Rights Shares can be made only by Qualifying Shareholders duly completing the EAFs (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

All remittances must be made in Hong Kong dollars and cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to **"CHINA NEW ECONOMY FUND LIMITED – EXCESS APPLICATION A/C"** and crossed **"Account Payee Only"**.

Qualifying Shareholders who wish to apply for Excess Rights Shares in addition to their provisional allotments must complete both the PAL and the EAF.

Completion and return of the EAF by anyone outside Hong Kong will constitute a warranty and representation to the Company that all the local registration, legal and regulatory requirements of such relevant jurisdictions other than Hong Kong in connection with the EAF and any application under it, have been, or will be, duly complied with. For the avoidance of doubt neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties. The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including refund cheques for wholly or partially unsuccessful applications for Excess Rights Shares, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown on the Record Date in the register of members of the Company.

All cheques or cashier's orders will be presented for payment immediately upon receipt and all interests earned on such monies will be retained for the benefit of the Company. Completion and lodgement of an EAF together with a cheque or cashier's order in payment for the Excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or cashier's order is dishonoured on first presentation.

LETTER FROM THE BOARD

The Company is not obliged but may, at its absolute discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

If no Excess Rights Shares are allotted and issued to a Qualifying Shareholder, the amount tendered on application is expected to be refunded to that Qualifying Shareholder in full without any interest by means of cheque(s) despatched by ordinary post and at the risk of that Shareholder. If the number of Excess Rights Shares allotted and issued to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be refunded to that Shareholder without any interest by means of cheque(s) despatched by ordinary post and at the risk of that Shareholder.

If the conditions of the Rights Issue are not fulfilled, the monies received in respect of relevant applications for Excess Rights Shares will be returned to the relevant persons without interest, by means of cheques to be despatched by ordinary post to their registered address, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the register of members, at their own risk.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Shareholder (other than Shares deposited in CCASS) who wish to apply for Excess Rights Shares

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Shareholder and you wish to apply for Excess Rights Shares, you should contact the Registered Shareholder and provide the Registered Shareholder with instructions or make arrangements with the Registered Shareholder in relation to such application. Such instructions and/or arrangements should be given or made in advance and before the latest time for application and payment for Excess Rights Shares stated in the section headed “Expected Timetable” of this Prospectus, in order to provide the Registered Shareholder with sufficient time to ensure that your instructions are given effect.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS who wish to apply for Excess Rights Shares

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for Excess Rights Shares, you should (unless you are a CCASS participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to such application. Such instructions and/or arrangements should be given or made in advance and before the date stated in the section headed “Expected Timetable” of this Prospectus as the latest time for application and payment for Excess Rights Shares and otherwise in accordance with the requirements of your Intermediary, in order to provide your Intermediary with sufficient time to ensure that your instructions are given effect.

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The procedures for application for Excess Rights Shares by CCASS participants shall be in accordance with the General Rules of HKSCC, the HKSCC Operational Procedures and any other requirements of CCASS.

Beneficial Owners who are CCASS participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to any applications for Excess Rights Shares. HKSCC Nominees Limited will allocate the Excess Rights Shares it receives to the relevant CCASS participants pro rata to the number of Excess Rights Shares each has applied for, or in such other manner as HKSCC Nominees Limited considers fair and appropriate, pursuant to the allocation basis stipulated in Rule 8.10.4(ix) of the HKSCC Operational Procedures.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully paid and successful Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses, at their own risks, on or before Wednesday, 12 November 2025. Refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares and Excess Rights Shares, or for refunds if the Rights Issue does not proceed, are expected to be despatched on or before Wednesday, 12 November 2025 to the applicants without interest to their registered addresses by ordinary post at their own risks.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 10,000 Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the Registrar will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

Admission of Rights Shares into CCASS

Subject to the granting of the listing of, and 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 both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

LETTER FROM THE BOARD

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 HKSCC and HKSCC Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty, taxation and other applicable fees

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

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares.

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

The Company is an exempted company incorporated in the Cayman Islands and is a close-ended investment company listed pursuant to Chapter 21 of the Listing Rules. The principal investment objective of the Company is to achieve long-term capital appreciation 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.

Owing to the business nature of the Company, being an investment company, the Company requires extensive cash to grow. Unlike other companies with regular cash revenues from operations, investments of investment companies under Chapter 21 of the Listing Rules do not necessarily generate sufficient cash for its operations and its cash position is largely dependent on the market conditions and its investment strategies. The Company's revenues mainly comprise of amounts received and receivable on investments, net profit/loss on financial assets at fair value through profit or loss, dividend income and interest income. The Directors consider that the cash position on hand will not be sufficient for the Company to capture suitable investment opportunities as they arise in the near future, hence the Rights Issue is being undertaken with a view to strengthening the capital base of the Company and providing it with readily available funds for capturing suitable investment opportunities in a timely fashion to provide investment returns to the Company and Shareholders as well as additional financial resources to support its long-term business strategy and investment objectives.

The Controlling Shareholder has indicated its intention to further increase its equity interest in the Company through participation in the Rights Issue. As at the Latest Practicable Date, the Controlling Shareholder intends to maintain the Company's existing business focus on listed and unlisted equity investments, and to continue investing in a diversified portfolio of financial

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products following the close of the Rights Issue. In particular, the Company aims to increase its exposure to early-stage equity investments in the Crypto-AI and Web3 sectors, with a focus on enterprises in China, Hong Kong, and other international markets. These investments may include artificial intelligence (AI) technology companies or projects that are in the research and development phase or at an early stage of commercialisation, particularly in areas such as innovative algorithms, machine learning models, data-driven solutions, decentralised technology, blockchain infrastructure, and cryptocurrency. In line with the Hong Kong Government's policy initiative to promote the development of a digital asset financial centre, the Company intends to expand its digital asset investment portfolio. The Company's ultimate objective is to transform into a comprehensive investment holding group with diversified interests across traditional and emerging sectors.

In the implementation of the aforesaid intentions, the Company will ensure compliance with the requirements under Chapter 21 of the Listing Rules (including the restrictions under Rules 21.04(3)(a) and (b) of the Listing Rules).

The Directors believe that the Rights Issue represents an appropriate means of raising additional capital to fund the Company's future investments, while also allowing Qualifying Shareholders to participate in the Company's future development in proportion to their respective shareholdings. The Company will ensure that all future investments and business activities will remain in compliance with Chapter 21 of the Listing Rules (including the restrictions set out in Rules 21.04(3)(a) and (b) of the Listing Rules).

The Company has also considered other financing alternatives which include debt financing and placing of new Shares or open offer and believe that the Rights Issue is the most efficient way in terms of time and costs for the Company. In particular, the Company has explored the possibility of obtaining debt financing from its usual banks in Hong Kong. However, it has proven difficulty to secure such financing for the following reasons: (a) the collateral requirement – most banks require acceptable collateral as a condition for extending debt facilities, but the majority of the Company's investment portfolio consists of private equity securities, which are illiquid in nature and generally not regarded by banks as acceptable collateral; (b) timing considerations – even if debt financing were available, the approval and drawdown process would typically take more than three months, and given the Company's funding needs, such a timeframe would not be time effective or suitable for addressing the Company's immediate capital requirements; and (c) liquidity risk – the Company may be subject to periodic repayment obligation under the debt financing, the Board considers that the over-reliance on debt financing would expose the Company to higher liquidity risk, especially when there are any unforeseen economic downturns and the additional finance costs would also affect the Company's financial performance. In all, the Board considers it is prudent to finance the Company's long-term growth by long term financing, preferably in the form of equity which will not increase the Company's finance costs and liquidity risk. For placing of new Shares, it would dilute the shareholding of the existing Shareholders while the Rights Issue will allow the Qualifying Shareholders to maintain their respective shareholdings in the Company on a pro rata basis. As for open offer, while it is similar to a right issue, it does not allow free trading of rights entitlements in the open market. In view of the above, the Company considers that the

LETTER FROM THE BOARD

Rights Issue is an appropriate means to raise fund. The Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position while providing the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company. Hence, the Board considers raising funds by way of Rights Issue is more attractive in the current market condition than an open offer, and thus, in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Rights Issue will be (i) approximately HK\$230.95 million (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$231.65 million (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date). The estimated net proceeds from the Rights Issue after deducting all necessary expenses will be (i) approximately HK\$230.11 million (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$230.81 million (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date). Assuming no material fluctuations in the stock market, the Company intends to apply (i) approximately HK\$207.10 million, representing approximately 90% of the net proceeds from the Rights Issue, for investment into the listed and unlisted securities of companies in the Crypto-AI and Web3 sectors, which are expected to include but without limitation: (a) AI-driven technology firms across a broad range of industries, including those developing innovative applications and solutions in artificial intelligence, (b) AI or digital assets related exchange-traded funds (ETFs) listed on the Stock Exchange, the New York Stock Exchange or NASDAQ; and (c) regulated digital asset service providers such as exchanges, custody platforms, or real world assets (RWA) tokenisation projects, by year ending 2026; and (ii) the remaining of approximately HK\$23.01 million, representing approximately 10% of the net proceeds from the Rights Issue, for general working capital needs (being “directors’ fee, salaries, investment manager’s fee, audit fee, legal and professional fees, valuation fee and rental expenses”) of the Company by end of June 2027. If the Rights Shares are not fully subscribed, the Company will reduce the proposed size of investments in listed securities and unlisted debt securities proportionally. The proposed investments are in line with the investment objectives of the Company.

As at the Latest Practicable Date, the Company has not identified any specific investment targets and is not currently in negotiations for any possible investments.

As at the Latest Practicable Date, save for the Rights Issue, the Company does not have any other immediate plan or is not contemplating to have further fund raising for at least the next 12 months for financing its existing investments or any other new investments.

As at the Latest Practicable Date, the Company has no intention to conduct further fund raising activities in the twelve months immediately following the completion of the Rights Issue regardless of the level of subscription.

LETTER FROM THE BOARD

In view of the above and the reasons described in the sub-section headed “Subscription Price” under the section headed “Proposed Rights Issue” above, the Board considers that the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE

Set out below are the shareholding structures of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue (assuming only the Controlling Shareholder has taken up its Rights Shares entitlement); (iii) immediately after completion of the Rights Issue (assuming full acceptance of the Rights Shares by all Qualifying Shareholders); and (iv) immediately after completion of the Rights Issue (assuming only the Controlling Shareholder has taken up its Rights Shares entitlement and has taken up the maximum number of Excess Rights Shares):

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming only the Controlling Shareholder has taken up its Rights Shares entitlement)		Immediately after completion of the Rights Issue (assuming full acceptance of the Rights Shares by all Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming only the Controlling Shareholder has taken up its Rights Shares entitlement and has taken up the maximum number of Excess Rights Shares)	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Longling Capital Ltd ¹	670,016,095	50.77	1,005,024,142	60.74	1,005,024,142	50.77	1,329,866,232	67.18
Public Shareholders	649,684,179	49.23	649,684,179	39.26	974,526,269	59.23	649,684,179	32.82
Total	1,319,700,274	100	1,654,708,321	100	1,979,550,411	100	1,979,550,411	100

Notes:

1. Longling Capital Ltd is a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially owned by Mr. Cai.
2. The above percentage figures are subject to rounding adjustments.

LETTER FROM THE BOARD

POSSIBLE ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS

As at the Latest Practicable Date, there are 4,015,163 outstanding Share Options granted by the Company under the Share Option Scheme, entitling the holders thereof to subscribe for up to an aggregate of 4,015,163 Shares.

Pursuant to the terms of the Share Option Scheme, the subscription prices on the exercise of the Share Options and/or number of Shares related to the Share Options may be adjusted in accordance with the Share Option Scheme as a result of the Rights Issue.

The Company will notify the holders (if any) of the 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 the auditors of the Company.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any fundraising activity involving issue of equity securities in the past twelve months immediately preceding the date of this Prospectus.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of the Announcement, and the Rights Issue will not on its own increase either the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders under Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

FURTHER INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this Prospectus.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including 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 to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

LETTER FROM THE BOARD

Any Shareholder or other person dealing in Shares and/or the nil-paid Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

By order of the Board
China New Economy Fund Limited
Cai Wensheng
Chairman

1. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY

Details of the audited financial information of the Company for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 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):

- (i) the annual report of the Company for the year ended 31 December 2022 (pages 74 to 163), which is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042400439.pdf>

- (ii) the annual report of the Company for the year ended 31 December 2023 (pages 73 to 159), which is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042401031.pdf>

- (iii) the annual report of the Company for the year ended 31 December 2024 (pages 73 to 163), which is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0423/2025042300565.pdf>

- (iv) the interim report of the Company for the six months ended 30 June 2025 (pages 39 to 80), which is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0919/2025091900790.pdf>

2. STATEMENT OF INDEBTEDNESS

As at 30 September 2025, being the latest practicable date for the purpose of this indebtedness statement prior to printing of this Prospectus, the Company had outstanding indebtedness of lease liabilities amounting to approximately HK\$1,974,219, which are unsecured and unguaranteed.

Save for the aforesaid outstanding indebtedness of lease liabilities as at the close of business on 30 September 2025, the Company did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills and payables), acceptance credits, debentures, mortgages, pledges, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors, after due and careful enquiries, are of the opinion that, after taking into account the financial resources presently available to the Company including internally generated funds and the estimated net proceeds from the Rights Issue, the Company will have sufficient working capital to satisfy its present requirements for at least the next twelve months from the date of publication of this Prospectus.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there has been no material change in the financial or trading position or outlook of the Company since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE COMPANY

The Company is an exempted company incorporated in the Cayman Islands and is a close-ended investment company listed pursuant to Chapter 21 of the Listing Rules. The principal investment objective of the Company is to achieve long-term capital appreciation 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.

The global investment market continued to experience a complex and evolving macroeconomic environment. In early April, the President of the United States (the “U.S.”), Donald Trump, launched a new round of tariff measures against major trading partners which caused significant volatility in global markets and raised concerns over the outlook for international trade and growth. Although subsequent negotiations led to new tariff standards with several countries and some easing of tensions, the fundamental landscape of the global economy may have shifted, posing new challenges for investors. Despite the persistent uncertainties surrounding the Chinese property sector, China’s overall economic momentum has gradually stabilised, underpinned by a series of supportive government measures introduced in late 2024 and early 2025. These measures have resulted in a modest rebound in property transactions and improved investor confidence. According to the National Bureau of Statistics of China, China’s gross domestic product (the “GDP”) in the first half of 2025 increased by 5.3% year-over-year, reaching RMB66,054 billion. The second quarter of 2025 saw a year-on-year GDP growth rate of 5.2%, indicating that the pace of economic recovery remains on track, especially as consumer sentiment and domestic demand continued to recover.

In contrast with the same period last year, Hong Kong’s financial market displayed a more resilient performance. The Hang Seng Index rose by 20% during the Period, while the Hang Seng China Enterprises Index saw a notable increase of 10%, driven by an improved outlook for Chinese enterprises and a more stable external environment. Meanwhile, in the U.S., the United States Federal Reserve Board (the “**Federal Reserve**”) maintained its policy rate throughout the Period, following three cumulative rate cuts totaling 1 percentage point in 2024, which brought the federal funds rate to a target range of 4.25%–4.50% as of January 2025. By the end of June 2025, the Federal Reserve had held four policy meetings without any further rate adjustments, although market participants continued to anticipate the possibility of up to two additional rate cuts in the second half of the year. While this wait-and-see approach reflects the evolving macroeconomic outlook and persistent geopolitical uncertainties, expectations for additional interest rate cuts have helped bolster market confidence and contributed to greater stability in capital markets. The Company remained committed to its diversified investment approach in the Period. As of 30 June 2025, the portfolio comprised investments in one listed company, two funds, and three private equity securities. This mix reflects the Company’s goal to capture near-term capital gains through listed securities, while pursuing long-term value through private equity investment and funds. The stable performance of funds and private equity investments during the period provided resilience amidst market fluctuations. Looking ahead, the Company will continue to execute its prudent investment strategy, focusing on growth sectors within Greater China and selectively targeting global opportunities to further diversify risks and enhance returns. The Company will leverage the expertise of its seasoned investment and risk management professionals to actively seek emerging opportunities presented by ongoing economic reforms and technological advancements, with the ultimate aim of delivering sustainable value for our esteemed shareholders. Despite ongoing market uncertainties, the Company remains optimistic about the region’s long-term fundamentals and will continue to adapt its strategy to the evolving investment landscape, ensuring both resilience and growth in the coming periods.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE COMPANY

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

The unaudited pro forma statement of adjusted net tangible assets of the Company as at 30 June 2025 (the “**Unaudited Pro Forma Financial Information**”) prepared by the Directors in accordance with Paragraph 13 of Appendix D1B and Paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effects of the Rights Issue on the net tangible assets of the Company attributable to owners of the Company as at 30 June 2025 as if the Rights Issue had taken place on 30 June 2025.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, may not give a true picture of the net tangible assets of the Company attributable to owners of the Company immediately or at any future date.

The following Unaudited Pro Forma Financial Information was prepared based on the unaudited net tangible assets of the Company attributable to owners of the Company as at 30 June 2025, as extracted from the published interim report for the six months ended 30 June 2025 of the Company and adjusted as described below:

Unaudited net tangible assets of the Company attributable to ordinary equity holders of the Company as at 30 June 2025 (Note 1) HK\$'000		Estimated net proceeds from Rights Issue (Note 2) HK\$'000	Unaudited pro forma adjusted net tangible assets of the Company attributable to ordinary equity holders of the completion of the Rights Issue HK\$'000	Unaudited net tangible assets per Share attributable to ordinary equity holders of the Company as at 30 June 2025 (Note 3) HK\$	Unaudited pro forma adjusted net tangible assets per Share attributable to ordinary equity holders of the completion of the Rights Issue (Note 4) HK\$
Rights Issue of 659,850,137 Rights Shares to be issued at the Subscription Price of HK\$0.35 per share					
	56,510	230,110	286,820	0.043	0.145

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE COMPANY

Notes:

- (1) The amount is determined based on the unaudited net asset of the Company attributable to ordinary equity holders of the Company of approximately HK\$56,510,000 as at 30 June 2025, which is extracted from the published interim report of the Company for the six months ended 30 June 2025.
- (2) The estimated net proceeds from the Rights Issue of approximately HK\$230,110,000 are based on the proceeds of HK\$230,950,000 from the issue of 659,850,137 Rights Shares at the Subscription Price of HK\$0.35 per Rights Share after deduction of the estimated related expenses of approximately HK\$840,000.
- (3) The calculation is determined based on the unaudited net tangible assets of the Company as at 30 June 2025 of approximately HK\$56,510,000 divided by the number of Shares in issue of 1,319,700,274 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) 1,319,700,274 Shares in issue at the Latest Practicable Date and (ii) 659,850,137 Rights Shares to be issued upon completion of the Rights Issue, as if the Rights Issue had been completed on 30 June 2025.
- (5) No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Company entered into subsequent to 30 June 2025.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE COMPANY

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

The following is the text of the independent reporting accountants' assurance report received from Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Company's unaudited pro forma financial information prepared for the purpose of incorporation in this Prospectus.

Unit 1503,
15/F, Jubilee Centre,
18 Fenwick Street,
Wan Chai, Hong Kong

ELITE PARTNERS CPA LIMITED

To the Board of Directors of China New Economy Fund Limited

We have completed our assurance engagement to report on the compilation of unaudited 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 as at 30 June 2025, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages I-1 to I-2 of the prospectus dated 20 October 2025 issued by the Company (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 659,850,137 rights shares at the subscription price of HK\$0.35 per rights share on the basis of two rights shares for every one existing share of the Company held on the record date (the “**Rights Issue**”) on the Company's financial position as at 30 June 2025 as if the Rights Issue had taken place as at 30 June 2025. As part of this process, information about the Company's net tangible assets has been extracted by the Directors from the Company's statement of financial position as at 30 June 2025, on which an interim 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 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE COMPANY

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 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA, 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 accountants 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 the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Company as if the Rights Issue 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 Rights Issue would have been as presented.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE COMPANY

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 Rights Issue, 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 Rights Issue 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 purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29 (1) of the Listing Rules.

Yours faithfully,

Elite Partners CPA Limited
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors 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, 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 as at the Latest Practicable Date and following completion of the Rights Issue will be as follows:

As at the Latest Practicable Date

Authorised share capital: HK\$

<u>25,000,000,000</u>	Shares of HK\$0.04 each	<u>1,000,000,000.00</u>
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Issued and paid-up share capital:

<u>1,319,700,274</u>	Shares of HK\$0.04 each	<u>52,788,010.96</u>
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Immediately following the completion of the Rights Issue (assuming full acceptance of the Rights Issue, no exercise of Share Options and no other issue or repurchase of Shares up to completion of the Rights Issue)

Authorised share capital: HK\$

<u>25,000,000,000</u>	Shares of HK\$0.04 each	<u>1,000,000,000.00</u>
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Issued and paid-up share capital:

<u>1,979,550,411</u>	Shares of HK\$0.04 each	<u>79,182,016.44</u>
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Immediately following the completion of the Rights Issue (assuming full acceptance of the Rights Issue, all Share Options having been exercised and no other issue or repurchase of Shares up to completion of the Rights Issue)

Authorised share capital:

HK\$

<u>25,000,000,000</u>	Shares of HK\$0.04 each	<u>1,000,000,000.00</u>
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Issued and paid-up share capital:

<u>1,985,573,155</u>	Shares of HK\$0.04 each	<u>79,422,926.20</u>
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All the Shares rank *pari passu* with each other in all respects including the rights as to dividends, voting and return of capital. The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* with each other and the Shares in issue on the date of allotment and issue of the Rights Shares in all respects including rights to dividends, voting and return of capital. Holders of 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 issue of the fully-paid Rights Shares.

The Company has made an application to the Stock Exchange for the listing of, and permission to deal in the Rights Shares in both their nil-paid and fully-paid forms to be allotted and issued pursuant to the Rights Issue. 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 any other securities of the Company to be listed or dealt in on any other stock exchange. As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

The Company had not issued any Shares since 31 December 2024, being the end of the last financial year of the Company, and up to the Latest Practicable Date.

As at the Latest Practicable Date, the Company has 4,015,163 outstanding Share Options granted under the Share Option Scheme. Details of the Share Options are set out below:

Name of the grantee	Date of grant	Exercise price per Share of Share Options	Exercise Period of Share Options	Number of Share Options outstanding as at the Latest Practicable Date
Employees	19 July 2019	HK\$0.2759	19 July 2019–18 July 2029	4,015,163

As at the Latest Practicable Date, save for the outstanding Share Options as disclosed above, the Company had no outstanding debt securities, derivatives, warrants, options, convertible securities or other similar securities in issue which confer any right to subscribe for, convert or exchange into Shares.

As at the Latest Practicable Date, none of the capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option.

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

3. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares or debentures of the Company and 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 and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares, underlying shares and debentures of the Company

Name of Director	Capacity	Number of Shares held	Approximate percentage of the total issued share capital of the Company
Mr. Cai	Interest of controlled corporation	670,016,095 (Note 1)	50.77%

Note:

- The Controlling Shareholder is owned as to 100% by Mr. Cai, who is also the chairman of the Company and a non-executive Director. By virtue of Part XV of the SFO, Mr. Cai is deemed to be interested in all the Shares held by the Controlling Shareholder.

As at the Latest Practicable Date, saved as disclosed above, none of the Directors and chief executive of the Company were interested in 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 (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; or (iv) were required to be disclosed under the Takeovers Code.

Interest of substantial shareholders

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following person, other than a Director or chief executive of the Company, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position in the Shares

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of the total issued share capital of the Company
Mr. Cai	Interest of controlled corporation	670,016,095 (Note 1)	50.77%
The Controlling Shareholder	Beneficial owner	670,016,095 (Note 1)	50.77%

Note:

1. The Controlling Shareholder is owned as to 100% by Mr. Cai, who is also the chairman of the Company and a non-executive Director. By virtue of Part XV of the SFO, Mr. Cai is deemed to be interested in all the Shares held by the Controlling Shareholder.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had, or was taken or deemed to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company under section 336 of the SFO.

4. DIRECTORS' SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which is not expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business apart from the business of the Company or its subsidiaries which competes or is likely to compete, either directly or indirectly, with the business of the Company or its subsidiaries which is required to be disclosed pursuant to the Listing Rules.

6. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND OTHER INTERESTS

On 7 August 2025, the Company entered into a lease agreement with the Controlling Shareholder in respect of the use of the Company's principal place of business in Hong Kong at 20/F, CAI Building, 54–58 Electric Road, Tin Hau, Hong Kong for a term of 2 years commencing from 1 September 2025 at a monthly rental of HK\$90,000. The Controlling Shareholder is wholly owned by Mr. Cai.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which, since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up, had been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to the Company.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Company.

7. MATERIAL CONTRACTS

No material contract (not being a contract entered into in the ordinary course of business of the Company) has been entered into by the Company within the two years immediately preceding the date of this Prospectus.

8. LITIGATION

As at the Latest Practicable Date, the Company was not engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company and no litigation, arbitration or claims which would materially and adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against the Company.

9. EXPERT AND CONSENT

The qualifications of the expert who has given opinions, letters or advice contained in this Prospectus are set out below:

Name	Qualification
Elite Partners CPA Limited	Certified public accountants

Elite Partners CPA Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion therein of its letter, advice, report and/or references to its names, in the form and context in which they are respectively included.

As at the Latest Practicable Date, Elite Partners CPA Limited was not beneficially interested in the share capital of the Company or its subsidiaries or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for any securities in the Company or its subsidiaries, nor did it have any interest, either directly or indirectly, in the assets which have been acquired or disposed of by or leased to the Company or its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company or its subsidiaries, since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up.

10. EXPENSES

The expenses payable by the Company in connection with the Rights Issue, including printing, registration, translation, legal, financial advisory, accounting and other professional fees, are estimated to be approximately HK\$0.84 million.

11. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

Registered office	P.O. Box 309 Ugland House South Church Street George Town Grand Cayman KY1-1104 Cayman Islands
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Principal place of business in Hong Kong:	20/F, CAI Building 54–58 Electric Road Tin Hau, Hong Kong
Legal advisers to the Company as to Hong Kong law:	Loeb & Loeb LLP 2206–19 Jardine House 1 Connaught Place Central, Hong Kong
Hong Kong branch share registrar and transfer office:	Union Registrars Limited Suites 3301–04 33/F., Two Chinachem Exchange Square 338 King’s Road, North Point Hong Kong
Auditors and reporting accountants:	Elite Partners CPA Limited Unit 1503, 15/F. Jubilee Centre 18 Fenwick Street Wan Chai Hong Kong
Principal bankers:	DBS Bank (Hong Kong) Limited 73/F, The Center 99 Queen’s Road Central Hong Kong
Authorised representatives:	Mr. Chan Cheong Yee 20/F, CAI Building 54–58 Electric Road Tin Hau, Hong Kong Mr. Lin Cheng 20/F, CAI Building 54–58 Electric Road Tin Hau, Hong Kong
Company Secretary:	Mr. Lin Cheng

12. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

Copies of the Prospectus Documents and the written consent of the expert as referred to in the section headed “9. Expert and Consent” in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (WUMP) Ordinance.

14. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.chinaneweconomyfund.com), for a period of 14 days commencing from the date of this Prospectus:

- (i) the report from Elite Partners CPA Limited on the unaudited pro forma financial information of the Company, the text of which is set out in Appendix II to this Prospectus;
- (ii) the written consent of the expert as referred to in the section headed “9. Expert and Consent” in this Appendix; and
- (iii) the Prospectus Documents.

15. MISCELLANEOUS

This Prospectus is prepared in both English and Chinese. In the event of inconsistency, the English text of this Prospectus shall prevail over the Chinese text unless otherwise specified.

As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

This appendix serves as an additional disclosure requirement pursuant to Rule 21.09 of Listing Rules in connection with the listing document of the Company. This appendix includes particulars given in compliance with the Listing Rules for the purpose of giving information to the public with regard to the Company.

1. INVESTMENT PORTFOLIO

Set out below are the details of all investments of the Company as at 30 June 2025.

Listed 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) recognized (Note 1)	Net asset attributable to the Company (Note 2)	Dividend received/receivable during the Period	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
(a) Strong Petrochemical Holdings Limited	The Cayman Islands	22,000 ordinary shares of HK\$0.025 each	0.00%	4	3	(1)	HK\$0.01 million	–	0.01

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) recognized (Note 1)	Net asset attributable to the Company (Note 3)	Dividend received/receivable during the Period	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
(b) Gransing Financial Group Limited	British Virgin Islands	64 shares of USD1 each	18.08%	46,377	6,627	(39,750)	HK\$14.51 million	–	11.02

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) recognized (Note 1)	Net asset attributable to the Company (Note 3)	Dividend received/receivable during the Period	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
(c) iPro Financial Press Limited	Hong Kong	17,493 shares	19.97%	34,999	15,350	(19,649)	HK\$15.45 million	–	25.53

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognized (Note 1)	Net asset attributable to the Company (Note 3)	Dividend received/ receivable during the Period	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
(d) Gransing Finance Limited	Hong Kong	2,779,570 shares	19.90%	16,876	2,723	(14,153)	HK\$4.52 million	–	4.53

Funds – 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) recognized (Note 1)	Net asset attributable to the Company (Note 3)	Dividend received/ receivable during the Period	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
(e) SWK Dynamic OFC	Hong Kong		9.10%	8,792	9,187	395	HK\$9.19 million	–	15.28
(f) Goldstone 1 LPF	Hong Kong		8.25%	12,703	5,678	(7,025)	HK\$5.68 million	–	9.44

Notes:

- (1) The unrealised gain/(loss) recognised 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 reports of the respective investments as at the latest practicable date at the end of each reporting period.
- (3) The calculation of net assets/(liability) attributable to the Company is based on the latest financial information/statements of the respective investments as at the latest practicable date at the end of each reporting period.

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

- (a) Strong Petrochemical Holdings Limited (“**Strong Petrochemical**”) is a Hong Kong-based investment holding company principally engaged in the trading of oil products. The unaudited loss attributable to shareholders of Strong Petrochemical for the six months ended 30 June 2024 was approximately HK\$8,750,000 and the unaudited net assets attributable to shareholders of Strong Petrochemical as at 30 June 2024 was approximately HK\$1,284,433,000. The trading of shares of Strong Petrochemical has been suspended since 31 December 2024. Strong Petrochemical resumed the crude oil trading business and made headway to enter the oil and gas development and production sector. Strong Petrochemical will proactively seek for business opportunities. The fair value of the investment in Strong Petrochemical is based on quoted market bid prices.

- (b) 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’s launched several new services including the online account opening 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 operational efficiency and earn more new potential clients. The fair value of the investment in Gransing Financial is based on valuation by independent valuer.
- (c) iPro Financial Press Limited (“**iPro**”) is principally engaged in financial printing services, production of announcements such as IPO prospectus and financial reports, and provision of venues for financial related forums. The fair value of the investment in iPro is based on valuation by independent valuer.
- (d) Gransing Finance Limited (“**Gransing Finance**”) is engaged in the provision of money lending. Gransing Finance is held by Gransing Financial which is the largest shareholder of Gransing Finance. The fair value of the investment in Gransing Finance is based on valuation by independent valuer.
- (e) SWK Dynamic OFC (“**SWK**”) is private open-ended fund company with variable capital. The strategy of SWK is long-biased focusing on Hong Kong and China equity market. The fair value of the investment in SWK is based on net asset value.
- (f) Goldstone 1 LPF (“**Goldstone 1**”), is a limited partnership fund. Goldstone 1 seeks to achieve maximum capital appreciation over the life of the limited partnership fund through equity investments, specifically, investments in IPOs on securities to be listed on the Stock Exchange and in private placements by companies listed on the Stock Exchange. The fair value of the investment in Goldstone 1 is based on net asset value.

2. PROVISION FOR DIMINUTION

Given all the existing investments of the Company are primarily financial assets at fair value though profit and loss and debt instruments at fair value though other comprehensive income, there shall be no provision for diminution in value of investments of the Company.

3. PARTICULARS OF DIRECTORS

Biographies of the existing Directors are set out below:

Executive Director

Mr. Chan Cheong Yee (“Mr. Chan”)

Mr. Chan, aged 61, was appointed as an executive Director on 1 June 2013. He is the representative of Sinolink Securities (Hong Kong) Limited and 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), Capital Realm Financial Holdings Group Limited (204.HK), Capital VC Limited (2324.HK), Goldstone Investment Group Limited (901.HK) and Goldstone Capital Group Limited (1160.HK), the shares of which are listed on the Main Board of the Stock Exchange. 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. Cai Wensheng (“Mr. Cai”)

Mr. Cai, aged 55, was appointed as the chairman of the Company and a non-executive Director on 5 September 2025 and is the chairman of the nomination committee of the Board. He is the sole shareholder and sole director of the Controlling Shareholder. Mr. Cai is an entrepreneur and renowned investor in the internet and technology industry in the PRC. He is the co-chairman (聯席主席) of the Early-stage Investment Committee of the Asset Management Association of China (中國證券投資基金業協會早期投資專委會) and an honorary chairman of the Angel Investment Union (天使聯合匯). Angel Investment Union (天使聯合匯) is the largest angel investor organization in China. It was founded in 2013 and currently has more than 220 angel investment governing units. Angel Investment Union provides growth space for investors, opportunities for entrepreneurs, development opportunities for entrepreneurs, and encourages more people to join the angel investment business. Mr. Cai has been appointed by the Government of Hong Kong as a new non-official member of the Task Force on Promoting Web3 Development for a term of two years, with effect from 1 July 2025. Mr. Cai was appointed as Adjunct Professor in the Faculty of Business and Economics of The University of Hong Kong (now known as HKU Business School) for the period of 1 September 2024 to 31 August 2025. Mr. Cai has also

been appointed as the Professor of Practice to the Department of Data Science & Artificial Intelligence of The Hong Kong Polytechnic University, with effect from 2 May 2025.

In 2004, Mr. Cai established 265.com Inc. (北京二六五科技有限公司), a company that provides site navigation services. 265.com Inc. was sold to Google in 2007. Since then, Mr. Cai has become an influential figure in the internet start-up community in the PRC.

Mr. Cai is the founder and currently a substantial shareholder of Meitu, Inc. (Hong Kong Stock Exchange Stock Code: 1357) (“**Meitu**”). He is also the single largest shareholder of China Financial Leasing Group Limited (“**CFLG**”) (Hong Kong Stock Exchange Stock Code: 2312). Mr. Cai has invested in various technology start-ups in the PRC, including Baofeng Group Co., Ltd (暴風集團股份有限公司) (formerly listed on the Shenzhen Stock Exchange with a stock code of 300431), 58.com Inc. (NYSE: WUBA) and Feiyu Technology International Company Ltd. (Hong Kong Stock Exchange Stock Code: 1022). Mr. Cai is also the founder and chairman of Longling Capital Co., Ltd. From January 2009 to October 2013, Mr. Cai was the chairman of 4399 Network Co., Ltd (四三九九網絡股份有限公司) (“**4399 Network**”), a software enterprise that provides Internet gaming applications and information services. He was also appointed as a part-time professor at the School of Management, Xiamen University in September 2015. From May 2011 to November 2015, Mr. Cai served as a director of 58.com Inc. Mr. Cai also held directorships in Xiamen Fei Bo Network Technology Co., Ltd (廈門飛博共創網絡科技股份有限公司) (National Equities Exchange and Quotations Stock Code: 834617) between June 2015 and October 2016, and TTG Fintech Limited (Australian Securities Exchange Ticker: TUP) between September 2012 and August 2017. Mr. Cai served as the chairman of Meitu from July 2013 to June 2023 and was appointed as a non-executive director of CFLG since 5 September 2025.

Mr. Hong Yupeng (“Mr. Hong”)

Mr. Hong, aged 48, was appointed as a non-executive Director on 5 September 2025. He has been the chief executive officer and partner of Longling Investment Co., Ltd. (隆領投資股份有限公司) from July 2015, and the executive director and general manager of Xiamen Longling Asset Management Co., Ltd. (廈門隆領資產管理有限公司) from August 2022, each of which principally engages in venture capital investments primarily in technology related start-up companies with the attitude of embracing change and the future.

Between March 2014 and July 2015, Mr. Hong served as the vice president of Xiamen Home Meitu Technology Co., Ltd. (廈門美圖之家科技有限公司), an indirect wholly-owned subsidiary of Meitu. From August 2011 to February 2014, he was the deputy general manager and board secretary of 4399 Network. Between March 2007 and August 2011, he was a practising lawyer at Beijing Shanggong Law Firm (北京市尚公律師事務所) and from September 2003 to March 2007, he was a practising lawyer at Fujian Shili Lawyer Office (福建世禮律師事務所).

Mr. Hong graduated from Fuzhou University (福州大學) with a bachelor's degree in Industrial Management Engineering in July 1997 and also a Juris Master from Xiamen University (廈門大學) in July 2003. Mr. Hong was appointed as a non-executive director of Meitu since 1 June 2023. Mr. Hong served as an independent non-executive director of FinTech Chain Limited (Australian Securities Exchange: FTC) from January 2021 to December 2024.

Independent Non-executive Directors

Dr. Zhu Haokang (“Dr. Zhu”)

Dr. Zhu, aged 34, was appointed as an independent non-executive Director on 5 September 2025 and is a member of each of the audit committee, remuneration committee and nomination committee of the Board. He is a co-founder and CEO of the global digital asset platform AlloyX, with a background in both traditional finance and blockchain technology.

From July 2015 to March 2020, Dr. Zhu served as a Representative of Type 1 (Dealing in Securities) (“**Type 1 Regulated Activities**”) regulated activities under the SFO at Goldman Sachs (Asia) L.L.C., from July 2015 to October 2016, he served as a Representative of Type 2 (Dealing in Futures Contracts) (“**Type 2 Regulated Activities**”) regulated activities under the SFO at Goldman Sachs Futures (Asia) Limited, from October 2016 to March 2020, he served as a Representative of Type 2 Regulated Activities at Goldman Sachs (Asia) Securities Limited and from April 2018 to March 2020, he served as a Representative of Type 4 (Advising on Securities) (“**Type 4 Regulated Activities**”) regulated activities under the SFO at Goldman Sachs (Asia) L.L.C. He also served as an executive director of Goldman Sachs Hong Kong Securities Department from December 2019 to May 2020, completing 100+ initial public offerings and financing deals across New York, Boston, and Hong Kong.

From June 2020 to October 2022, Dr. Zhu served as a Representative of Type 4 Regulated Activities and Type 9 (Asset Management) (“**Type 9 Regulated Activities**”) regulated activities under the SFO at Dongxing Securities (Hong Kong) Asset Management Company Limited.

From January 2023 to March 2023, Dr. Zhu served as a Representative of Type 4 Regulated Activities at Holly International Financial Holdings Limited and from July 2023 to March 2024, Dr. Zhu also served as a Representative of Type 1 Regulated Activities and Type 2 Regulated Activities at Holly International Financial Holdings Limited. From January 2023 to March 2024, Dr. Zhu served as a Representative of Type 9 Regulated Activities at Holly International Financial Holdings Limited.

From January 2024 to July 2025, Dr. Zhu served as the Head of Digital Assets and Head of Family Office Business and Responsible Officer of Type 1 Regulated Activities, Type 4 Regulated Activities and Type 9 Regulated Activities at China Asset Management (Hong Kong), overseeing crypto ETFs, fund tokenization, stablecoin treasury management, and central bank digital currency sandboxes. In 2024, Dr. Zhu led the issuance of Asia's first and largest Bitcoin and Ethereum spot ETFs. In 2025, he led the launch of Asia's first approved compliant retail tokenized money market fund.

In 2023, Dr. Zhu founded the Asia RWA Work Group at Cyberport to promote the tokenization of real world assets. In addition, Dr. Zhu founded the APAC Blockchain Policy Lab and was appointed as its President since July, 2025. Dr. Zhu has also been a member and vetting judge of the Entrepreneurship Committee Advisory Group and a Web3 incubation mentor at Cyberport since September 2023.

Dr. Zhu obtained his Bachelor of Economics from Bucknell University in Lewisburg in May 2014 and obtained his Doctorate in FinTech degree at The Hong Kong Polytechnic University in August 2025. He also co-authored the first Chinese-language book on RWA tokenization, published by China's Ministry of Finance publishing house. The English version was published by Springer Nature, the world's largest academic book publisher.

Ms. Hsieh Yafang (“Ms. Hsieh”)

Ms. Hsieh, aged 52, was appointed as an independent non-executive Director on 5 September 2025 and is the chairman of the remuneration committee and a member of each of audit committee and nomination committee of the Board.

Ms. Hsieh is a senior media worker, a former senior presenter and anchor for a channel of Phoenix Satellite Television Holdings Limited. She has close to 30 years of journalist experience in the Mainland China, Taiwan and Hong Kong. Since 2010, Ms. Hsieh has served as the Secretary-General and Executive Vice President to the board of the Hong Kong alumni association of the Cheung Kong Business School and currently serves as the Executive President. She was an independent non-executive director of China VAST Industrial Urban Development Company Limited (a company previously listed on the Stock Exchange with stock code 6166 and delisted on 6 December 2022) from 10 November 2017 to 6 December 2022. Ms. Hsieh has more than 25 years of investment experience in the financial market. Ms. Hsieh received her EMBA from Cheung Kong Business School in 2007 and her Bachelor of Art with focus in Japanese studies from Soochow University in Taiwan in 1996.

Mr. Li Jianbin (“Mr. Li”)

Mr. Li, aged 47, was appointed as an independent non-executive Director on 5 September 2025 and is the chairman of the audit committee and a member of each of remuneration committee and nomination committee of the Board.

Mr. Li has over 23 years of experience in tax advisory, investment matters and financial management. From April 2020 to September 2023, he served as the Managing Partner at the Strategic Investment Department of Beijing Xiaomi Mobile Software Co., Ltd. (北京小米移動軟件有限公司), a subsidiary of Xiaomi Corporation, a company listed on the Main Board of the Stock Exchange (stock code: 1810), and prior to that, between December 2017 and April 2020, he was the Vice President of the Finance Department where he was responsible for optimizing the capabilities of the group's Finance Department, managing its tax matters and overseeing its merger and acquisition projects. From July 2001 to November 2017, he held various positions at PricewaterhouseCoopers Consultants (Shenzhen) Limited Beijing Branch (普華永道諮詢(深圳)有限公司北京分公司), where his last position was Tax and Commercial Advisory Partner. Mr. Li was appointed as (i) an independent non-executive director of Chaoju Eye Care Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2219) since 7 July 2021, (ii) an independent non-executive director of Beijing Fourth Paradigm Technology Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 6682) since 16 July 2021; and (iii) an independent non-executive director of Goneo Group Co., Ltd. (公牛集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603195) since 20 December 2023.

Mr. Li obtained his bachelor's degrees in laws and economics from Peking University (北京大學) in Beijing, China in July 2001. He has been a member of The Chinese Institute of Certified Public Accountants since September 2010 and a member of the China Certified Tax Agents Association since March 2013 and received his PRC lawyer's practicing licence issued by the Ministry of Justice of the People's Republic of China in February 2007.

Business address of the Directors

The business address of the Directors is the same as the Company's principal office in Hong Kong at 20/F, CAI Building, 54–58 Electric Road, Tin Hau, Hong Kong.

4. CUSTODIAN

Bank of Communications Trustee Limited, 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 custodian agreement with Bank of Communications Trustee Limited was effective and will continue to be in force until terminated until terminated by not less than 30 days' prior notice in writing by either the Company or the custodian.

Pursuant to the custodian agreement effective from 15 August 2019, the Company will pay the custodian a monthly fee of the higher of (a) the net asset value of the portfolio of the Company at each month equal to the rate 0.04% per annum, or (b) HK\$12,500 per month.

The Directors confirm that none of the directors of the Company, 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.

5. 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. Save as disclosed above, the Directors are of the view that investing in the Company is not subject to any abnormal risks.

6. INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS

On 2 October 2025, the Board adopted a new investment policy in place of the previous investment policy adopted on 23 January 2014 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:

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 realization of any investment) (collectively the “**Company's Funds**”) in such forms and terms in accordance with this investment policy and as 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, digital assets or such other investments as the Board, or such committees or person as the Board may authorize, may decide from time to time, so as to achieve long term capital appreciation. The Company has no intention to invest in commodities and precious metals.

Policies

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 issued by listed or unlisted enterprises established and/or conducting business in or outside The Hong Kong Special Administrative Region of the People's Republic of China, (ii) the form of interests in private companies, establishment of a partnership or participation in unincorporated investments, (iii) the digital assets (including cryptocurrencies, cryptocurrencies-related exchange-traded funds (ETFs) or regulated real world assets (RWA) tokenization projects); (iv) 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 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 (the "**Investment Manager**") appointed from time to time, or such committees or person as the Board may authorize from time to time, consider to be of high growth potential or to be with significant potential return; provided that the Company may focus on investments in companies operating in the Crypto-AI and Web 3.0 sectors, and provided further that 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, believe 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 authorize 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 each Investment 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 authorize 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.
- (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.
- (viii) **Concentration Limits on Cryptocurrencies:** At the time of any investment on cryptocurrencies is made, the Company shall ensure that (a) the aggregate value of all cryptocurrencies (taking into account of the proposed new investment of the relevant cryptocurrencies) shall not exceed 30% of net asset value of the Company; and (b) the value of any single cryptocurrency shall not exceed 15% of the net asset value of the Company.

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

Restrictions

Under the Articles of Association 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 make any investment in digital assets associated with illegal activities, privacy coins where ownership is completely untraceable; or
- (iii) 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.

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.

7. FEES AND EXPENSES

The Company will pay the fees of the Custodian as described above. In addition, the Company will pay certain other costs and expenses incurred in its operation, including taxes, expenses for legal, auditing and consulting services, promotional expenses, registration fees and other expenses due to supervisory authorities in various jurisdictions, insurance, interest and brokerage cost.

8. INVESTMENT MANAGEMENT

The Company currently does not have an investment manager, hence no costs and charges are payable from the Company's assets to any investment manager, nor are there any deductions made from money subscribed for securities.

9. BORROWING POWER

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.

10. 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.

11. 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. The PRC's system of foreign exchange administration imposes significant restrictions on the ability of enterprises located in the PRC to purchase, retain and make outward remittance of foreign currency. The relevant rules governing exchange control relating to the inflow and outflow of foreign exchange are contained primarily in the Regulations of Foreign Exchange Control (as amended) promulgated on 29 January 1996 and effected on 1 April 1996. In summary, all foreign exchange receipts (from capital injection or sales) must be deposited in the foreign exchange account opened with the designated bank approved to operate foreign exchange business by State Administration of Foreign Exchange ("SAFE"). Foreign exchange under current account items (such as dividends and profits) can be remitted abroad upon presentation of necessary documents, including auditor's report, capital verification report, foreign exchange registration certificate and tax certificates as well as other documents requires by SAFE. Foreign exchange under capital account items (such as interest and repatriation of capital) may be remitted abroad upon presentation of necessary documents and subject to approval of SAFE. The Company may also enter into hedging transactions to seek to reduce risk associated with currency exchange rate.

12. TAXATION

The taxation of income and capital gains of the Company are 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 under the laws of the jurisdiction in which they are liable to taxation.