

**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)**

7 August 2025

*To the Offer Shareholders and the Optionholders*

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY**



**ON BEHALF OF**

**LONGLING CAPITAL LTD**

**FOR ALL THE ISSUED SHARES IN**

**CHINA NEW ECONOMY FUND LIMITED**

**(OTHER THAN THOSE ALREADY OWNED OR AGREED**

**TO BE ACQUIRED BY LONGLING CAPITAL LTD AND PARTIES**

**ACTING IN CONCERT WITH IT)**

**AND**

**FOR ALL OUTSTANDING SHARE OPTIONS ISSUED BY**

**CHINA NEW ECONOMY FUND LIMITED**

**(OTHER THAN THOSE ALREADY OWNED OR AGREED**

**TO BE ACQUIRED BY LONGLING CAPITAL LTD AND PARTIES**

**ACTING IN CONCERT WITH IT) FOR CANCELLATION**

## INTRODUCTION

Reference is made to the Joint Announcement.

On 17 July 2025, the Offeror and the Company jointly announced, among others, that on 5 July 2025:

- (1) Vendor A, Vendor B and the Offeror entered into the SP Agreement 1, pursuant to which (a) Vendor A has agreed to sell and the Offeror has agreed to purchase the Sale Shares A (being all the Shares held by Vendor A immediately before Completion), being 45,485,000 Shares representing approximately 3.45% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$4,821,410.00 (equivalent to HK\$0.106 per Sale Share A) and (b) Vendor B has agreed to sell and the Offeror has agreed to purchase the Sale Shares B (being all the Shares held by Vendor B immediately before Completion), being 315,000,000 Shares representing approximately 23.87% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$33,390,000.00 (equivalent to HK\$0.106 per Sale Share B);
- (2) Vendor C, Vendor D and the Offeror entered into the SP Agreement 2, pursuant to which (a) Vendor C has agreed to sell and the Offeror has agreed to purchase the Sale Shares C (being all the Shares held by Vendor C immediately before Completion), being 61,150,000 Shares representing approximately 4.63% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$6,481,900.00 (equivalent to HK\$0.106 per Sale Share C) and (b) Vendor D has agreed to sell and the Offeror has agreed to purchase the Sale Shares D (being all the Shares held by Vendor D immediately before Completion), being 129,640,000 Shares representing approximately 9.82% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$13,741,840.00 (equivalent to HK\$0.106 per Sale Share D); and
- (3) Vendor E and the Offeror entered into the SP Agreement 3, pursuant to which Vendor E has agreed to sell and the Offeror has agreed to purchase the Sale Shares E (being all the Shares held by Vendor E immediately before Completion), being 117,898,595 Shares representing approximately 8.93% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$12,497,251.07 (equivalent to HK\$0.106 per Sale Share E).

Immediately after Completion which took place on 8 July 2025 and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned in aggregate 669,173,595 Shares, representing approximately 50.71% of the total number of Shares in issue. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to make an appropriate offer for all the outstanding Share Options (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) for cancellation.

Asian Capital has been appointed as financial adviser to the Company in respect of the Offers.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Company, the Offeror and the Offers; (ii) the recommendation of the Independent Board Committee to the Offer Shareholders and the Optionholders in respect of the Offers and as to acceptance of the Offers; and (iii) the letter from the Joint Independent Financial Advisers containing its advice and recommendation to the Independent Board Committee in respect of the Offers.

#### **INDEPENDENT BOARD COMMITTEE AND JOINT INDEPENDENT FINANCIAL ADVISERS**

The Independent Board Committee comprising all non-executive Directors who have no direct or indirect interest in the Offers, namely Mr. Chen Shengjie, Mr. Choi Koon Ming, Ms. Xiao Ruimei, Mr. Sze Tak Chi, Mr. Sui Fuxiang and Mr. Tong Yun Lung, has been established in accordance with Rules 2.1 and Rule 2.8 of the Takeovers Code to advise and give a recommendation to the Offer Shareholders and the Optionholders as to whether the Offers are fair and reasonable and as to the acceptance of the Offers.

Despite that (i) Mr. Chen Shengjie has multiple business relationships with Ms. Luo Yan (being the ultimate beneficial owner of Vendor C and Vendor D) and (ii) Mr. Choi Koon Ming is the brother of Mr. Choi Koon Shum (being the indirect controlling shareholder of Vendor E), given that Mr. Chen Shengjie and Mr. Choi Koon Ming were not nominated by, and do not act as nominees for, Ms. Luo Yan or Mr. Choi Koon Shum respectively, neither Mr. Chen Shengjie nor Mr. Choi Koon Ming is considered to have any direct or indirect interests in the Offers and therefore both of them are members of the Independent Board Committee.

Pursuant to Rule 2.1 of the Takeovers Code, Frontpage Capital and Quam Capital have been appointed as the Joint Independent Financial Advisers by the Company with approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offers and as to whether the Offers are, or are not, fair and reasonable so far as the Offer Shareholders and the Optionholders are concerned and as to the acceptance of the Offers.

## THE OFFERS

### Principal terms of the Offers

The terms of the Offers as set out in the “Letter from Kingston Securities” are extracted below. You are recommended to refer to the “Letter from Kingston Securities” as set out in this Composite Document and the Form(s) of Acceptance for further details.

Kingston Securities, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offers on the following basis:

#### *The Share Offer*

**For each Offer Share . . . . . HK\$0.106 in cash**

The Share Offer Price per Offer Share is the same as the purchase price per Sale Share of HK\$0.106 paid by the Offeror to the Vendors under the SP Agreements.

As at the Latest Practicable Date, (a) no dividends or distributions have been declared but unpaid; and (b) there is no intention for the Company to make, declare or pay any dividends or distributions.

#### *The Option Offer*

**For each Share Option . . . . . HK\$0.0001 in cash**

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 to the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise price of the Share Options and the Share Offer Price. Under the Option Offer, given that the exercise price of the outstanding Share Options of HK\$0.2759 per Share is above the Share Offer Price, the outstanding Share Options are out-of-money and the Option Offer Price for the cancellation of each outstanding Share Option is set at a nominal value of HK\$0.0001.

The Offers are unconditional in all respects.

The Share Offer is extended to all Offer Shareholders and the Option Offer is extended to all Optionholders (whether their respective Share Options are vested or not) in accordance with the Takeovers Code. Following acceptance of the Option Offer, the Share Options together with all rights attaching thereto will be entirely cancelled and renounced.

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 as disclosed above, as at the Latest Practicable Date, the Company did not have any outstanding options, warrants, derivatives or other securities which are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) and had not entered into any agreement for the issue of such options, warrants, derivatives or other relevant securities which are convertible or exchangeable into Shares.

Further details regarding the Offers, including the terms and procedures for acceptance of the Offers are set out in the “Letter from Kingston Securities” and Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

#### **INFORMATION ON THE COMPANY**

The Company is an exempted company incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the Main Board of the Stock Exchange. The Company 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. As at the Latest Practicable Date, the Company does not have any subsidiaries.

Your attention is drawn to Appendices II and III of this Composite Document which contain further financial and general information of the Company.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before Completion; and (ii) immediately after Completion and as at the Latest Practicable Date:

	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The Vendors				
Vendor A	45,485,000	3.45	—	—
Vendor B	315,000,000	23.87	—	—
Vendor C	61,150,000	4.63	—	—
Vendor D	129,640,000	9.82	—	—
Vendor E	117,898,595	8.93	—	—
The Offeror and parties acting in concert with it ( <i>Note 1</i> )	—	—	669,173,595 ( <i>Note 2</i> )	50.71
Other public Shareholders	650,526,679	49.29	650,526,679	49.29
	<b><u>1,319,700,274</u></b>	<b><u>100.00</u></b>	<b><u>1,319,700,274</u></b>	<b><u>100.00</u></b>

### Notes:

1. The Offeror 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 669,173,595 Shares are held directly by the Offeror.

## INFORMATION ON THE OFFEROR AND MR. CAI

Your attention is drawn to the section headed “Information on the Offeror and Mr. Cai” in the “Letter from Kingston Securities” as set out in this Composite Document.

## INTENTIONS OF THE OFFEROR AND THE BOARD REGARDING THE COMPANY

Your attention is drawn to the section headed “Intentions of the Offeror regarding the Company” in the “Letter from Kingston Securities” as set out in this Composite Document.

The Board is pleased to note that it is the Offeror's intention to further increase its interest in the Company pursuant to the Offers and as at the Latest Practicable Date, the Offeror intends to maintain the existing listed and unlisted equity investment business of the Company and also intends the Company to continue to invest in a diversified portfolio of financial products immediately after close of the Offers. In addition, it is intended that the Company will invest in licensed wealth management companies including licensed corporations to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, and will invest in various financial products such as global financial markets, bonds and financial derivatives. The Company will focus on investing in Crypto-AI technology companies in the PRC, Hong Kong and globally, and increase early-stage equity investments by the Company in companies or projects that are still in the research and development phase or in the early commercialisation of artificial intelligence (AI) technologies (including development of innovative algorithms, machine learning models and data-driven solutions) and Web3 industries, (including new decentralisation and blockchain-based technology and cryptocurrencies), in conjunction with the Hong Kong government's initiative to develop a digital asset financial centre, the Company will increase its investment in a diverse digital asset portfolio, striving to build the Company into a comprehensive investment holding group. In addition to the above, the Offeror will review the Company's operations and business activities and formulate a long-term business strategy for the Company. Depending on the results of the review, the Offeror may explore other investment opportunities for the Company, seek to expand the Company's business and consider any equity, debt and other appropriate fund raising, to enhance the long-term growth potential of the Company. In the implementation of the aforesaid intentions regarding the Company, the Offeror will ensure that the Company will comply 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 Board is also aware that as at the Latest Practicable Date, (i) the Offeror had no intention to make material changes to the employment of the employees of the Company (except for certain proposed changes to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate, as referred to below); (ii) the Offeror had no intention to dispose of or re-deploy the assets of the Company other than those in its ordinary course of business; and (iii) no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Company.

The Board is further aware of the Offeror's intentions to change the composition of the Board after the close of the Offers as mentioned in the section headed "Intentions of the Offeror regarding the Company" in the "Letter from Kingston Securities" as set out in this Composite Document.

The Board is willing to render reasonable co-operation with the Offeror if it considers that it is in the interests of the Company and the Shareholders as a whole.

## **MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Stock Exchange has stated that if, at the close of the Offers, the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Board noted from the section headed “Maintaining the Listing Status of the Company” in the “Letter from Kingston Securities” contained in this Composite Document that the Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offers. Each of the sole director of the Offeror and the proposed new Directors has jointly and severally undertaken to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that sufficient Shares will be in public hands after the close of the Offers.

The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

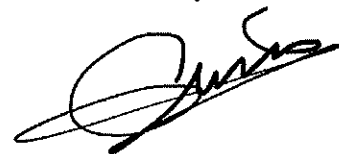
## **RECOMMENDATION**

Your attention is drawn to the “Letter from the Independent Board Committee” set out on pages 31 to 32 of this Composite Document and the “Letter from the Joint Independent Financial Advisers” set out on pages 33 to 53 of this Composite Document, which contain, among other things, their advice in relation to the Offers and the principal factors considered by them in arriving at their recommendation.

## **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form(s) of Acceptance for further details in respect of the procedures for acceptance of the Offers.

Yours faithfully,  
By order of the Board  
China New Economy Fund Limited



Chan Cheong Yee  
*Executive Director*