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CHINA NEW ECONOMY FUND LIMITED

中國新經濟投資有限公司

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

(Stock code: 80)

PROPOSED SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

Reference is made to the announcement of China New Economy Fund Limited (the “**Company**”) dated 28 January 2015 and the circular of the Company dated 18 February 2015 (the “**Circular**”) in respect of, amongst other things, the proposed subscription of new shares under specific mandate and the notice of the extraordinary general meeting (the “**Notice of EGM**”) of the Company to be held on 9 March 2015 (the “**EGM**”) to consider and if thought fit, approve, amongst other things, the Subscription Agreement and the grant of specific mandate to allot and issue the Subscription Shares. Capitalised terms used in this announcement shall have the same meanings as defined in the Circular unless the context requires otherwise.

The board of directors (the “**Board**”) of the Company has noticed recent media reports that Mr. Wang Ping (who wholly owns and controls the Subscriber) has been detained by the Beijing police for investigation on matters which are not related to the Company or the proposed Subscription of new Shares under specific mandate. The Company has no information as to the details of the incident and has been unable to contact Mr. Wang Ping, which casts doubt over the ability of the Subscriber to perform its obligations under the Subscription Agreement. In light of the current circumstances, the Board has decided that it is not in the best interests of the Company and its shareholders to proceed with the proposed issue of the Subscription Shares under specific mandate. The Company is seeking legal advice on the arrangement regarding proposed resolution no. 1 as set out in the Notice of EGM to approve the Subscription Agreement and the specific mandate to allot and issue the Subscription Shares. Further announcement(s) will be made by the Company as and when appropriate in respect of any material development on the above matters.

Yours faithfully,

By Order of the Board

China New Economy Fund Limited

Craig Blaser LINDSAY

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 5 March 2015

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