

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Circular 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 this Circular, together with the enclosed form of proxy, to the purchaser or the transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

PROPOSALS RELATING TO

(1) RE-ELECTION OF RETIRING DIRECTORS

AND

(2) GENERAL MANDATE TO ALLOT AND ISSUE SHARES

AND

(3) GENERAL MANDATE TO REPURCHASE SHARES

AND

NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting (“AGM”) of China New Economy Fund Limited to be held at 3/F, Nexus Building, 77 Des Voeux Road Central, Hong Kong on Thursday, 28 May 2015 at 10:00 a.m., at which the above proposals will be considered, is set out in this Circular. Whether or not you are able to attend the AGM, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude shareholders from attending and voting in person at the AGM if they so wish.

27 April 2015

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DEFINITIONS

In this Circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be held at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Thursday, 28 May 2015
“Articles”	the articles of association of the Company, in force from time to time
“Associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Circular”	this circular dated 27 April 2015
“Company”	China New Economy Fund Limited, an exempted company incorporated in the Cayman Islands with limited liability on 1 February 2010, the Shares of which are listed on the Main Board of the Stock Exchange
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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
“Latest Practicable Date”	22 April 2015, being the latest practicable date prior to the printing of this Circular for ascertaining certain information
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFC”	the Securities and Future Commission
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

DEFINITIONS

“Share(s)”	ordinary share(s) in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers approved by the Securities and Futures Commission as amended from time to time
“US\$”	United States dollars, the lawful currency of the United States of America

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)

Board of Directors

Executive Directors

Mr. LINDSAY, Craig Blaser

(Chairman and Chief Executive Officer)

Mr. GU, Xu

Mr. CHAN, Cheong Yee

Registered Office

PO Box 309, Uglan House,
South Church Street,
George Town,
Grand Cayman KY1-1104,
Cayman Islands

Independent Non-executive Directors

Mr. LAM, Chun Ho

Mr. DALLY, Doyle Ainsworth

Mr. AYOUB, Faris Ibrahim Taha

Mr. HUANG, Liangkuai

Principal Place of Business

Room 707, 7/F,
New World Tower 1,
16–18 Queen's Road Central,
Hong Kong

27 April 2015

To the Shareholders

Dear Sir or Madam,

**PROPOSALS RELATING TO
(1) RE-ELECTION OF RETIRING DIRECTORS
AND
(2) GENERAL MANDATE TO ALLOT AND ISSUE SHARES
AND
(3) GENERAL MANDATE TO REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this Circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the AGM to be held on Thursday, 28 May 2015.

2. RE-ELECTION OF RETIRING DIRECTORS

Pursuant to the Listing Rules, Mr. Craig Blaser Lindsay and Mr. Doyle Ainsworth Dally shall retire but they have indicated not to seek for re-election at the AGM. According to Article 34.2 of the Articles, Mr. Lam Chun Ho and Mr. Huang Liangkuai, who were appointed by the Board on 22 October 2014 and 17 February 2015 respectively, shall hold office until the AGM and then shall be subject to re-election at the AGM. Mr. Lam and Mr. Huang, being eligible, will offer themselves for re-election at the AGM.

LETTER FROM THE BOARD

Details of the retiring Directors are set out in Appendix 1 to this Circular.

3. MANDATE TO ALLOT AND ISSUE SHARES

At the annual general meeting of the Company held on 28 May 2014, a general mandate was granted to the Directors to issue Shares. Such general mandate will lapse at the conclusion of the upcoming AGM. In order to ensure flexibility and to give discretion to the Directors in the event that it becomes desirable to allot and issue Shares, an ordinary resolution will be proposed at the AGM to approve the granting of unconditional mandate to the Directors, separately or concurrently allot, issue or deal with additional Shares of not exceeding 20% of the total number of issued shares of the Company as at the date of the passing of the proposed resolution contained in the notice of the AGM (i.e. a total of 103,020,000 Shares on the basis that the issued shares of the Company remains unchanged on the date of/no further Shares are issued or repurchased before the AGM) (the “**Share Issue Mandate**”) and adding to such general mandate so granted to the Directors any Shares repurchased by the Company pursuant to the Repurchase Mandate (as defined below).

The Directors have no present intention to issue any new Shares pursuant to the Share Issue Mandate (if granted).

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to have a general authority from Shareholders to enable the Directors to allot and issue new Shares of the Company. Such allotment or issuance of new Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such allotment or issuance of new Shares will benefit the Company and its shareholders as a whole.

4. MANDATE TO REPURCHASE SHARES

At the annual general meeting held on 28 May 2014, the Directors were granted a general unconditional mandate to repurchase Shares. Such mandate will expire at the conclusion of the AGM.

In order to give the Company the flexibility to repurchase Shares if and when appropriate, an ordinary resolution will be proposed at the AGM to approve the granting of a further general unconditional mandate to the Directors to exercise the powers of the Company to repurchase Shares on the Stock Exchange up to 10% of the total number of issued shares of the Company as at the date of passing of the related proposed ordinary resolution contained in the notice of the AGM (i.e. a total of 51,510,000 Shares on the basis that the issued share capital of the Company remains unchanged on the date of/no further Shares are issued or repurchased before the AGM) (“**Repurchase Mandate**”).

The Directors wish to state that they have no immediate plan to repurchase any Shares pursuant to the Repurchase Mandate.

LETTER FROM THE BOARD

An explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate is set out in Appendix II to this Circular.

5. ANNUAL GENERAL MEETING

The notice convening the AGM proposed to be held at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong is set out on pages 14 to 17 of this Circular.

Pursuant to the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. An announcement on the poll results will be published by the Company after the AGM in the manner prescribed under the Listing Rules.

A form of proxy for use at the AGM is enclosed with this Circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.chinaneweconomyfund.com>). Whether or not Shareholders are able to attend the AGM, they are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. To be valid, this form of proxy, together with the notarized power of attorney or other document of authorization (if any), must be delivered to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM if you so wish and in such event, the proxy form shall be deemed to be revoked.

6. RECOMMENDATION

The Directors consider that the proposed retiring Directors and granting of the Repurchase Mandate and Share Issue Mandate are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,
By Order of the Board
China New Economy Fund Limited
Craig Blaser Lindsay
Chairman and Chief Executive Officer

Pursuant to the Listing Rules, the details of the Directors, who will retire and offer themselves for re-election at the AGM according to the Articles, are provided below.

INDEPENDENT NON-EXECUTIVE DIRECTORS

- (1) **Mr. Lam Chun Ho**, aged 32, is currently an independent non-executive Director. Mr. Lam was appointed as an independent non-executive Director, the chairman of each of the Audit Committee and Remuneration Committee as well as a member of the Nomination Committee of the Company since 22 October 2014. He graduated from Hong Kong Baptist University with a bachelor degree of Business Administration in Accounting. Mr. Lam is a member of the Hong Kong Institute of Certificate Public Accountants and he has over 8 years' experience in the field of auditing, financial reporting and financial management. Mr. Lam is currently a manager of a local corporate service company.

Since 24 October 2014, Mr. Lam has been appointed as an independent non-executive director of China Renji Medical Group Ltd (648.HK), a company listed in the Main Board of the Stock Exchange.

Saved as disclosed above, Mr. Lam did not hold any directorship in any other public companies the securities of which are listed on any securities marker in Hong Kong or overseas in the last three years.

Mr. Lam does not have any relationships with any other Directors, senior management or substantial or controlling Shareholders of the Company.

Mr. Lam has entered into a service contract with the Company for an initial term of three years commencing on 22 October 2014 and he is subject to retirement by rotation and is eligible for re-election at least once every three years at the annual general meeting of the Company in accordance with the Listing Rules. Mr. Lam is entitled to receive a director's fee of US\$15,000 per annum, which is based on the recommendation of the Remuneration Committee of the Company and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market conditions.

As at the Latest Practicable Date, Mr. Lam does not have any interest in Shares or underlying shares of the Company within the meaning of Part XV of the SFO.

Save for the information disclosed above, there is no other information of Mr. Lam to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there are no other matters concerning Mr. Lam that need to be brought to the attention of the shareholders.

- (2) **Mr. Huang Liangkuai**, aged 72, is currently an independent non-executive Director. He was appointed as an independent non-executive Director, a member of each of the Audit Committee, Remuneration Committee and the Nomination Committee of the Company since 17 February 2015. Mr. Huang graduated from the department of economics of Xiamen University (Fujian, PRC) in August 1966, majoring in statistics. Mr. Huang has been appointed as an external supervisor of Shengjing Bank Co., Ltd. (Stock Code: 2066) since May 2014. He has been the chief representative of the Shenzhen Research Institute of Xiamen University (廈門大學深圳研究院) and vice chairman of Xiamen University Alumni General Association since August 1999. From November 1984 to December 1998, he served as chief of the general affairs division, chief of the assets division and vice chairman of the alumni association at Xiamen University. He was the secretary to the party committee of the school of economics at Xiamen University from September 1979 to October 1984.

Mr. Huang acted as the chairman of Beijing Kaixuan Investment Management Co., Ltd. (北京凱旋投資管理有限公司) from 6 February 2007 to 17 December 2010. This company was established in China and had no substantial business operations upon its establishment and its business license was revoked by the relevant authority on 17 December 2010 due to the failure to conduct annual inspection. Mr. Huang confirmed that he was not involved in the actual operation of the company and has not assumed any contingent liabilities nor has he been subject to any relevant claims as a result of the revocation of the business license of the aforesaid company.

Saved as disclosed above, Mr. Huang did not hold any directorship in any other public companies the securities of which are listed on any securities marker in Hong Kong or overseas in the last three years.

Mr. Huang does not have any relationships with any other Directors, senior management or substantial or controlling Shareholders of the Company.

Mr. Huang has entered into a service contract with the Company for an initial term of three years commencing on 17 February 2015 and he is subject to retirement by rotation and is eligible for re-election at least once every three years at the annual general meeting of the Company in accordance with the Listing Rules. Mr. Huang is entitled to receive a director's fee of US\$15,000 per annum, which is based on the recommendation of the Remuneration Committee of the Company and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market conditions.

As at the Latest Practicable Date, Mr. Huang does not have any interest in Shares or underlying shares of the Company within the meaning of Part XV of the SFO.

Save for the information disclosed above, there is no other information of Mr. Huang to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there are no other matters concerning Mr. Huang that need to be brought to the attention of the shareholders.

The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the AGM in relation to the granting of Repurchase Mandate.

BACKGROUND TO REPURCHASE MANDATE

The information below on the proposed Repurchase Mandate contains all the information required to be given to all the Shareholders pursuant to Rule 10.06(1)(b) of the Listing Rules concerning the repurchase by the Company of its own Shares:

- (1) All repurchases of Shares by the Company must be approved in advance by an ordinary resolution of the Company whether by way of a general mandate to the Directors to make such repurchases or by a specific approval in relation to specific transactions.
- (2) Exercise in full of the Repurchase Mandate, on the basis that 515,100,000 Shares are in issue, may result in up to 51,510,000 Shares being repurchased by the Company during the period from the passing of the ordinary resolution granting the Repurchase Mandate up to (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the Company's next annual general meeting is required to be held by applicable laws and the Articles, or (iii) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting of the Company, whichever is earlier.

Under the Listing Rules, Shares proposed to be repurchased by the Company must be fully paid up. The total number of Shares which the Company is authorized to repurchase on the Stock Exchange is such number of Shares representing up to a maximum of 10% of the total number of Shares in issue as at the date of passing of the relevant resolution. The Company may not issue or announce an issue of new securities of the type that has been repurchased for a period of 30 days immediately following a repurchase of securities, other than an issue of securities pursuant to an exercise of warrants or similar instruments requiring the Company to issue securities, which were outstanding prior to such repurchase, without the prior approval of the Stock Exchange. In addition, the Company shall not repurchase the Shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the 5 preceding trading days on which the Shares were traded on the Stock Exchange. The Listing Rules also prohibit the Company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange from time to time which is currently 25%.

The Listing Rules further prohibit the Company from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

The Company shall procure that any broker appointed by it to effect the repurchase of the Shares shall disclose to the Stock Exchange such information with respect to repurchases made on behalf of the Company as the Stock Exchange may request.

- (3) The Directors believe that it is in the best interests of the Company and its Shareholders as a whole to have a general authority from Shareholders to enable the Directors to repurchase Shares of the Company in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share of the Company and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders as a whole.
- (4) In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable Cayman Islands laws. Upon exercise of the Repurchase Mandate, any repurchases by the Company may be made out of (i) profits of the Company; or (ii) out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, (iii) if authorized by the Articles and subject to the applicable Cayman Islands laws, out of capital and, in the case of any premium payable on the repurchase, out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, (iv) if authorized by the Articles and subject to the applicable laws of Cayman Islands, out of capital alone.
- (5) There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its latest published audited accounts for the year ended 31 December 2014) in the event that the Repurchase Mandate is exercised in full at any time during the proposed repurchase period. The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors is from time to time appropriate for the Company.
- (6) To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor their respective Associates, have any present intention, if the Repurchase Mandate is exercised, to sell any Shares held by them to the Company or its subsidiaries.
- (7) The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles and the applicable Cayman Islands laws.

- (8) If as a result of a repurchase of Shares pursuant to the Share Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purpose of the Takeovers Code. As a result, a Shareholder, or group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

To the best knowledge of the Company, as at the Latest Practicable Date, according to the register of interests kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following entities were directly or indirectly interested in 5% or more of the issued Shares:

Name of Shareholders	Capacity in which Shares are held	Number of Shares held (Direct interests)	Number of Shares held (Indirect interests)	Approximate % of Issued Share Capital of the Company
Athos Asia Event Driven Master Fund	Beneficial Owner	35,550,000 (Note 1)	—	6.90
Athos Capital Limited	Investment Manager	—	35,550,000 (Note 1)	6.90
Moskey Matthew Love	Interest in controlled corporation	—	35,550,000 (Note 1)	6.90
Guocang Group Limited	Interest in controlled corporation	—	34,350,000 (Note 2)	6.67

Notes:

- (1) These interests are 100% held by Athos Asia Event Driven Master Fund (the "AAED") with Athos Capital Limited ("ACL") as investment manager. Moskey Matthew Love ("Moskey") holds 45% of the issued share capital of ACL. Accordingly, each of ACL and Moskey is deemed to have interests in the 35,550,000 Shares of the Company held by AAED pursuant to the Securities and Futures Ordinance.
- (2) Guocang Group Limited ("GGL") owns the entire issued share capital of Brightpower Assets Management Limited ("Brightpower") which beneficially owns 34,350,000 Shares of the Company. Accordingly, GGL is deemed to have interests in the 34,350,000 Shares held by Brightpower pursuant to the Securities and Futures Ordinance.

In the event the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the shareholding of the above Shareholders in the issued share capital of the Company would be increased to:

Name of Shareholders	Approximate % of Issued Share Capital of the Company
Athos Asia Event Driven Master Fund	7.67
Athos Capital Limited	7.67
Moskey Matthew Love	7.67
Guocang Group Limited	7.41

The Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any repurchases to be made under the Repurchase Mandate.

- (9) The Listing Rules prohibit the Company from knowingly repurchasing its own Shares on the Stock Exchange from a Connected Person, that is, a director, chief executive, substantial shareholder of the Company or any of its subsidiaries or any of their respective Associates. A Connected Person shall not knowingly sell its Shares to the Company on the Stock Exchange.
- (10) There has been no purchase by the Company of Shares in the previous six months (whether on the Stock Exchange or otherwise).
- (11) No Connected Persons of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, if the Repurchase Mandate is exercised.

MARKET PRICES OF SHARES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months immediately before, and in the current month up to, the Latest Practical Date were as follows:

Month	Highest HK\$	Lowest HK\$
2014		
April	0.5530	0.4270
May	0.5670	0.4000
June	0.4100	0.2700
July	0.4100	0.2800
August	0.4100	0.3130
September	0.4550	0.3400
October	0.5200	0.3650
November	0.4100	0.3450
December	0.3800	0.3300
2015		
January	0.3700	0.3200
February	0.3600	0.2950
March	0.3200	0.2650
April (<i>up to the Latest Practicable Date</i>)	0.4200	0.2900

GENERAL

The Listing Rules provide that the listing of all repurchased securities (whether on the Stock Exchange or otherwise) is automatically cancelled and that the certificates for such repurchased securities must be cancelled and destroyed as soon as reasonably practicable following settlement of any such repurchase.

The authorized representative of the Company shall respond promptly to any request for information that the Stock Exchange may address to the Company concerning the repurchase of securities, at any time.

The Listing Rules prohibit any repurchase of securities at any time after inside information has come to the knowledge of the Company until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the Company may not

repurchase its Shares on the Stock Exchange, unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit repurchases of Shares on the Stock Exchange if the Stock Exchange considers that the Company has committed a breach of any of the Listing Rules which apply to the Company.

Under the Listing Rules, the Company shall submit for publication to the Stock Exchange through Hong Kong Exchange and Clearing Limited Electronic Publication System no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which the Company makes a repurchase of Shares (whether on the Stock Exchange or otherwise). In addition, the Company's annual report and accounts are required to include a monthly breakdown of repurchases of Shares made during the financial year under review showing the number of securities repurchased each month (whether on the Stock Exchange or otherwise), the repurchase price per Share or the highest and lowest price paid by the Company for all such repurchases (where relevant) and the aggregate price paid by the Company for such repurchase. The Directors' report is also required to contain reference to the repurchases made during the year and the Directors' reasons for making such repurchases.

NOTICE OF ANNUAL GENERAL MEETING

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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of China New Economy Fund Limited (the “**Company**”) for the year 2015 will be held at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Thursday, 28 May 2015 at 10:00 a.m. for the following purpose:

1. To receive, consider and adopt the audited financial statements, reports of the directors and auditors of the Company for the year ended 31 December 2014.
2. (a) to re-elect Mr. Lam Chun Ho as an independent non-executive Director of the Company;
(b) to re-elect Mr. Huang Lianguai as an independent non-executive Director of the Company; and
(c) to authorize the Board of Directors to fix the remuneration of the respective Directors.
3. To re-appoint Ernst and Young as auditors of the Company and to authorize the Board of Directors to fix their remuneration.

To consider and, if though fit, with or without amendments, the following resolutions as an Ordinary Resolutions:

4. to grant a further general mandate to the Directors to exercise the powers of the Company to allot and issue additional Shares and to repurchase Shares up to 10% of the total number of the issued Shares of the Company via the following resolutions:

A. “**THAT:**

- i. The Board of Directors be and is hereby granted an unconditional general mandate to, during the Relevant Period (as defined in (iv) below), separately or concurrently allot and issue additional Shares of the Company or securities convertible into such Shares or options in accordance with the status quo of the market, including to decide on the class and number of Shares to be issued; the pricing mechanism and/or the issue price (or the range of issue price); the opening and closing date and time of such issue; the class and number of Shares to be issued and allotted to current shareholders of the Company; and/or to make any proposals, enter into any agreements or grant any share options or conversion rights which may involve the exercise of the power mentioned above.

NOTICE OF ANNUAL GENERAL MEETING

- ii. The number of Shares issued and allotted or agreed conditionally or unconditionally to be issued and allotted (whether or not by way of the exercise of share options, conversion rights or by any other means) in accordance with (i) above shall not exceed 20% of the total number of the issued shares of the Company as at the date of passing this resolution and the said approval shall be limited accordingly.
- iii. The Board of Directors may during the Relevant Period make any proposals, enter into any agreements or grant any share options or conversion rights which may involve the exercise, after the expiry of the Relevant Period of this mandate, of the power mentioned above.
- iv. For the purpose of this resolution 4A:

“**Relevant Period**” means the period from the passing of this resolution until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; and
- (c) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.”

B. “THAT:

- i. Subject to paragraph (ii) below, the exercise by the Directors of the Company during the Relevant Period (as defined in (iii) below) of all the powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- ii. The total number of Shares of the Company which may be repurchased by the Company pursuant to the approval in paragraph (i) above during the Relevant Period shall not exceed 10% of the total number of the issued shares of the Company as at the date of passing of this Resolution and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

iii. For the purposes of this Resolution 4B:

“**Relevant Period**” means the period from the passing of this Resolution 4B until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; and
- (c) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.”

C. “**THAT:**

the general mandate granted to the Directors of the Company to allot and issue additional shares pursuant to Ordinary Resolution set out in Resolution 4A be and is hereby extended by the addition thereto of an amount representing the total number of shares repurchased by the Company under the authority granted pursuant to Ordinary Resolution as set out in Resolution 4B, provided that such amount shall not exceed 10% of the total number of the issued shares of the Company at the date of this Resolution.”

By Order of the Board
China New Economy Fund Limited
Craig Blaser Lindsay
Chairman and Chief Executive Officer

Hong Kong, 27 April 2015

Notes:

- (1) All resolutions at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
- (2) A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her/it. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.

NOTICE OF ANNUAL GENERAL MEETING

- (3) In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a copy of such authority notarially certified, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the form of proxy shall be deemed to be revoked.
- (4) The Register of Members of the Company will be closed from Tuesday, 26 May 2015 to Thursday, 28 May 2015, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the above meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 May 2015.
- (5) 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.
- (6) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.