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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about 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 and the accompanying 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.

Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this Circular.

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**CHINA NEW ECONOMY FUND LIMITED****中國新經濟投資有限公司**

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

**(Stock Code: 80)**

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

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A notice convening the annual general meeting (“AGM”) of the China New Economy Fund Limited to be held at 16th Floor, Chuang’s Tower, 30-32 Connaught Road Central, Hong Kong on Thursday, 23 May 2013 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 and 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 you from attending and voting at the AGM if you so wish.

This circular is required to be sent to Shareholders under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and also constitutes the memorandum required under section 49BA of the Hong Kong Companies Ordinance.

23 April 2013

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## DEFINITIONS

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*In this Circular, unless the context otherwise requires, the following expressions have the meanings set out below:*

“Articles”	the memorandum and articles of association of the Company, in force from time to time
“Associate(s)”	has the meaning ascribed thereto in the Listing Rules
“AGM”	the annual general meeting of the Company to be held at 16th Floor, Chuang’s Tower, 30-32 Connaught Road Central, Hong Kong on Thursday, 23 May 2013
“Circular”	this circular dated 23 April 2013
“Company”	China New Economy Fund Limited, an exempted company incorporated in the Cayman Islands with limited liability on 1 February 2010
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Directors” or “Board”	the directors of the Company, or the board of directors from time to time of the Company, as the case may require, and “Director” is to be construed accordingly
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Investment Manager”	CITIC Securities International Investment Management (HK) Limited, a company incorporated in Hong Kong and licensed by the SFC to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Latest Practicable Date”	18 April 2013, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“SFC”	The Securities and Future Commission
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary shares of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited or its market for listed securities, as the context may require

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## LETTER FROM THE BOARD

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### CHINA NEW ECONOMY FUND LIMITED

### 中國新經濟投資有限公司

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

**(Stock Code: 80)**

#### **Board of Directors**

##### *Executive Directors*

Mr. WANG, Junyan (*Chief Executive Officer*)

Mr. LINDSAY, Craig Blaser (*Chairman*)

Mr. GU, Xu

##### *Registered Office*

PO Box 309, Uglan House,

South Church Street,

George Town, Grand Cayman KY1-1104

Cayman Islands

##### *Independent Non-executive Directors*

Mr. SIU, Kam Chau

Professor XU, Yangsheng

Mr. DALLY, Doyle Ainsworth

##### *Principal Place of Business*

17/F., Chuang's Tower

30-32 Connaught Road Central

Central

Hong Kong

23 April 2013

*To the Shareholders*

Dear Sir or Madam,

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

#### **Introduction**

The purpose of this Circular is to provide you with information regarding the proposed general mandates to allot and issue new Shares, to repurchase existing Shares and to seek the re-election of retiring Directors in order to allow you to make an informed decision on voting in respect of the resolutions to be proposed at the AGM.

#### **Mandate to allot and issue Shares**

At the annual general meeting of the Company held on 7 June 2012, general mandate was granted to the Directors to allot and issue new Shares. That general mandate will lapse at the conclusion of the upcoming AGM unless renewed. Accordingly, 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 renew the

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## LETTER FROM THE BOARD

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unconditional mandate to the Directors, separately or concurrently allot and issue additional Shares of not more than 20% of the aggregate nominal issued share capital of the Company as at the date of the relevant resolution to be proposed and passed at the AGM (the “**Share Issue Mandate**”) (i.e. not exceeding 60,600,000 Shares based on the number of issued Share of 303,000,000 as at the Latest Practicable Date) 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 issue 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 issue will benefit the Company and its shareholders as a whole.

### **Mandate to Repurchase Shares**

At the annual general meeting held on 7 June 2012, the Directors were granted a general unconditional mandate to repurchase up to 10% of the aggregate nominal value of the share capital of the Company in issue. No repurchase of Shares has been made to date. However this mandate will expire at the conclusion of the upcoming AGM.

Thus at the AGM, an ordinary resolution will be proposed to grant a further general unconditional mandate to the Directors to exercise the powers of the Company to repurchase Shares up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM (“**Repurchase Mandate**”).

An explanatory statement as required under the Listing Rules to provide information reasonably necessary to enable Shareholders to make an informed decision whether to vote for or against the resolution for the Repurchase Mandate is in Appendix 1 to this letter from the Board.

### **Re-election of Retiring Directors**

Two Directors of the Company, Mr. Gu Xu and Professor Xu Yangsheng will retire by rotation at the AGM and, being eligible, offer themselves for re-election as Directors. If Mr. Gu and Professor Xu are re-elected at the AGM, the terms of their appointment as Directors of the Company will mirror those currently in place.

Mr. Gu and Professor Xu will receive an annual director fee of US\$15,000 per annum, subject to the annual review of the remuneration committee. The director fee will be also determined with reference to their duties and responsibilities with the Company, the Company’s performance and the prevailing market conditions.

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## LETTER FROM THE BOARD

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Save as disclosed above and the information in Appendix 2 to this letter from the Board, Mr. Gu and Professor Xu do not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company nor do they at present, nor did they in the past three years, hold any directorships in any other public companies the securities of which are listed in Hong Kong or overseas. Save as aforesaid, Mr. Gu and Professor Xu do not have any interest in shares or underlying shares of the Company or its associated corporations within the meaning of Part XV of the SFO.

Save for the information disclosed above and in Appendix 2, there is no information of Mr. Gu and Professor Xu which is discloseable 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. Gu and Professor Xu that need to be brought to the attention of the Shareholders.

Biographical details of Mr. Gu and Professor Xu are set out in Appendix 2 to this letter from the Board.

### **Annual General Meeting**

The notice convening the AGM proposed to be held at 16/F., Chuang's Tower, 30-32, Connaught Road, Central, Hong Kong is set out on pages 12 to 15 of this Circular. Shareholders are advised to read the notice and to complete and return the accompanying form of proxy for use at the AGM in accordance with the instructions printed thereon.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the AGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of 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 not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof.

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## LETTER FROM THE BOARD

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### **Recommendation of the Directors**

The Directors are of the opinion that the proposed granting of the Share Issue Mandate, Repurchase Mandate and the re-election of Mr. Gu and Professor Xu as Directors as mentioned above 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 each 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*

**Resolution proposed**

An ordinary resolution is proposed to grant the Directors a general unconditional mandate to exercise the powers to repurchase such number of Shares representing a maximum of 10% of the issued and fully paid-up share capital of the Company as at the date of the passing of the relevant ordinary resolution (the “**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 303,000,000 Shares are in issue, may result in up to 30,300,000 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 aggregate number of the 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 of the Company and/or its earnings per Share 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 2012) 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 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, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Code on Takeovers and Mergers ("**Code**"). As a result, a Shareholder, or group of Shareholders acting in concert, 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 Code.

To the best knowledge of the Directors, as at the Latest Practicable Date, Town Health International Investments Limited ("**Town Health Int'l.**"), a substantial Shareholder, is deemed to be interested in a total of 85,300,000 Shares representing approximately 28.15% of the total issued share capital of the Company. Such 85,300,000 Shares comprised of 71,000,000 Shares (representing approximately 23.43% of the total issued share capital of the Company) held by Ultimate Achieve Limited ("**Ultimate Achieve**") and 14,300,000 Shares (representing approximately 4.72% of the total issued share capital of the Company) held by Town Health Corporate Advisory and Investments Limited ("**Town Health Corp.**"). Ultimate Achieve is a wholly-owned subsidiary of Regal Boom Limited, which in turn is wholly-owned by Town Health Asset Management Limited. Town Health Asset Management Limited is owned as to 75% by Town Health (BVI) Limited ("**Town Health BVI**"). Town Health Corp. is a wholly-owned subsidiary of Town Health Corporate Management and Investment Limited, which is wholly controlled by Town Health BVI. Town Health BVI is wholly-owned by Town Health Int'l.

In the event the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the interest of Town Health Int'l. would be increased to approximately 31.27% of the total issued share capital of the Company. In the opinion of the Directors, such increase of interest may give rise to an obligation to make a mandatory offer under Rule 26 of the Code. The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstance, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Code.

- (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.

**Share Prices**

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 follow:–

	<b>Highest</b> (HK\$)	<b>Lowest</b> (HK\$)
<b>2012</b>		
April	0.7400	0.5000
May	0.7600	0.4950
June	0.6500	0.4150
July	0.6900	0.4700
August	0.5000	0.4400
September	0.5900	0.4450
October	0.6200	0.4500
November	0.5400	0.4500
December	0.5100	0.4300
<b>2013</b>		
January	0.7700	0.4500
February	1.0100	0.5600
March	0.7000	0.4800
April (up to the Latest Practicable Date)	0.6100	0.4900

**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.

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## APPENDIX 2 BIOGRAPHIES OF DIRECTORS FOR RE-ELECTION

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The following are the particulars of the two directors who will seek re-election at the AGM:

***Mr. GU Xu (Executive Director)***

Mr. GU Xu, aged 48, Executive Director of the Company. Mr. Gu completed a bachelor's degree majoring in Economics from Shanghai University of Finance and Economics (上海財經大學) in 1986. He further received a master's degree majoring in Economics from the same university in 1989 and a master's degree majoring in Business Administration awarded jointly by Fudan University (復旦大學) and The University of Hong Kong in 2003. Mr. Gu has accumulated 17 years' experience in asset management, investment and financial management in both financial conglomerate and private company. From October 2006 to May 2008, Mr. Gu was the president and partner of 上海格雷特投資管理有限公司 (Create Capital Co., Ltd.) and he was responsible for the management and investment decision making of a fund in the PRC. Since July 2009, Mr. Gu has been acting as the director of 河南農開投資基金管理有限責任公司 (Henan Agriculture Development Investment Fund Management Limited) and is responsible for the management and supervision of a fund named 河南農業開發產業投資基金 (Henan Agriculture Development Investment Fund). Since August 2010, Mr. Gu has been serving as the general manager of 上海宏華文化創業投資有限責任公司 (Shanghai Honghua Cultural Venture Investment Company Limited) (the "Honghua Fund"), a fund company targeting investment in culture industry in China. He is also the general manager and director of the investment manager of the Honghua Fund. Since July 2011, Mr Gu has been the executive partner of 上海藍點貫喜醫療投資中心(有限合伙) (Shanghai Landian Guanxi Medical Investment Centre (Limited Partnership)). Since December 2011, Mr Gu has been the director of 百佳婦嬰健康產業控股集團有限公司 (Baijia Maternal and Infant Health Industry Holding Group Co., Ltd). Mr Gu is also the chairman of the board of 上海東晟投資管理有限公司 (Shanghai Dongsheng Investment Management Co., Ltd). Mr. Gu was appointed as Executive Director of the Company on 25 November 2010.

***Professor XU Yangsheng (Independent Non-executive Director)***

Professor XU Yangsheng, aged 54, Independent Non-executive Director of the Company. He is a fellow of the Hong Kong Academy of Engineering Sciences (香港工程科學院院士), Academician of International Eurasian Academy of Sciences and an academician of Chinese Academy of Engineering (中國工程院院士). Professor Xu received his PhD degree from University of Pennsylvania, USA in 1989, and worked at Carnegie Mellon University in USA from 1989 to 1999. In 1997, he joined The Chinese University of Hong Kong ("CUHK") where he is currently a professor of Automation and Computer-Aided Engineering, and Pro-Vice-Chancellor starting from 1 March 2011. Professor Xu's research includes space robotics, intelligent control and systems, and human interface. Professor Xu has been appointed as an independent non-executive director of Sun East Technology (Holdings) Limited (365.HK), a company which shares are listed on the Main Board of the Stock Exchange, since May 2005. Professor Xu was appointed as an Independent Non-executive Director of the Company on 26 July 2010.

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## NOTICE OF ANNUAL GENERAL MEETING

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### CHINA NEW ECONOMY FUND LIMITED

### 中國新經濟投資有限公司

*(an exempted company incorporated in the Cayman Islands 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 2013 will be held at 16th Floor, Chuang’s Tower, 30-32 Connaught Road Central, Hong Kong on Thursday, 23 May 2013 at 10:00 a.m. to consider, approve and authorize the following matters:

#### ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass the following as ordinary resolutions:

1. to receive, consider and adopt the audited financial statements, Reports of the Board of Directors and auditors of the Company for the year ended 31 December 2012;
2. (i) to re-elect the following retiring Directors:
  - (a) Mr. Gu Xu as an Executive Director of the Company; and
  - (b) Professor Xu Yangsheng as an Independent Non-executive Director of the Company.
- (ii) to authorize the Board of Directors to fix the Directors’ remuneration;
3. To re-appoint Ernst and Young as auditors of the Company and authorize the Board of Directors to fix their remuneration;
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 aggregate nominal amount of the issued share capital 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

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## NOTICE OF ANNUAL GENERAL MEETING

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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.

- 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 aggregate nominal amount of the issued share capital 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 law 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;

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## NOTICE OF ANNUAL GENERAL MEETING

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ii. The aggregate nominal amount 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 aggregate nominal amount of the share capital of the Company in issue on the date of passing of this Resolution and the said approval shall be limited accordingly; and

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 law 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 aggregate nominal amount of the share capital of the Company 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 aggregate nominal amount of the issued share capital of the Company at the date of this Resolution.”

By Order of the Board  
**China New Economy Fund Limited**  
**Craig Blaser Lindsay**  
*Chairman*

Hong Kong, 23 April 2013

*Notes:*

- (1) 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. 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.



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## NOTICE OF ANNUAL GENERAL MEETING

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- (2) 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.
- (3) The Register of Members of the Company will be closed from Tuesday, 21 May 2013 to Thursday, 23 May 2013, 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 Monday, 20 May 2013.
- (4) Concerning Resolutions 4A and 4B, the Directors wish to state that they have no immediate plans to issue any new Shares or to repurchase any existing Shares pursuant to the relevant mandate.
- (5) All resolutions at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
- (6) As at the date thereof, the Directors of the Company are Mr. WANG Junyan, Mr. LINDSAY Craig Blaser and Mr. GU Xu as executive directors, Mr. SIU Kam Chau, Professor XU Yangsheng and Mr. DALLY Doyle Ainsworth as independent non-executive directors.
- (7) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.