
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

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

A notice convening the annual general meeting (“AGM”) of the China New Economy Fund Limited to be held at 1st Floor, Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong on Wednesday, 28 May 2014 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.

23 April 2014

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
APPENDIX 1 – EXPLANATORY MEMORANDUM FOR GENERAL MANDATE TO REPURCHASE SHARES	7
APPENDIX 2 – BIOGRAPHIES OF DIRECTORS FOR RE-ELECTION	12
NOTICE OF ANNUAL GENERAL MEETING	18

DEFINITIONS

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

“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
“AGM”	the annual general meeting of the Company to be held at 1st Floor, Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong on Wednesday, 28 May 2014
“Circular”	this circular dated 23 April 2014
“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
“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”	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”	14 April 2014, 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”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s) from time to time

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited or its market for listed securities, as the context may require
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong as amended from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

LETTER FROM THE BOARD

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. LINDSAY, Craig Blaser

(Chairman and Chief Executive Officer)

Mr. GU, Xu

Mr. CHAN, Cheong Yee

Independent Non-executive Directors

Mr. SIU, Kam Chau

Mr. DALLY, Doyle Ainsworth

Mr. STUBBS, Arthur James Kay

Mr. AYOUB, Faris Ibrahim Taha

Registered Office

PO Box 309, Ugland House,

South Church Street,

George Town, Grand Cayman KY1-1104

Cayman Islands

Principal Place of Business

3/F, Town Health Technology Centre

10-12 Yuen Shun Circuit

Siu Lek Yuen

N.T.

Hong Kong

23 April 2014

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 and to repurchase existing Shares and 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 23 May 2013, 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. Accordingly, in order to ensure flexibility and to give discretion to the Directors in the event that it becomes desirable to allot and issue

LETTER FROM THE BOARD

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 aggregate nominal amount of the issued share capital of the Company as at the date of the relevant resolution to be proposed and passed at the AGM (i.e. an aggregate nominal amount of Shares up to HK\$6,060,000 (equivalent to 60,600,000 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) (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.

Mandate to Repurchase Shares

At the annual general meeting held on 23 May 2013, the Directors were granted a general unconditional mandate to repurchase Shares on the Stock Exchange of not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company. 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 on the Stock Exchange up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the relevant resolution to be proposed and passed at the AGM (i.e. an aggregate nominal amount of Shares up to HK\$3,030,000 (equivalent to 30,300,000 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**”).

In accordance with the requirements of the Listing Rules, the Company shall send to Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate. The explanatory statement as required by the Listing Rules in connection with the Repurchase Mandate is set out in Appendix 1 to this letter from the Board.

LETTER FROM THE BOARD

Re-election of Retiring Directors

Pursuant to the Listing Rules, Mr. Craig Blaser Lindsay, Mr. Siu Kam Chau and Mr. Doyle Ainsworth Dally shall retire by rotation at the AGM. According to Article 34.2 of the Articles, Mr. Chan Cheong Yee, Mr. Arthur James Kay Stubbs and Mr. Faris Ibrahim Taha Ayoub, who were appointed by the Board on 1 June 2013, 1 October 2013 and 1 February 2014 respectively, shall hold office until the AGM and then shall be subject to re-election at the AGM. Each of Mr. Lindsay, Mr. Siu, Mr Dally, Mr. Chan, Mr. Stubbs and Mr. Ayoub, being eligible, will offer themselves for re-election at the AGM. The terms of their appointment as Directors of the Company will mirror those currently in place.

Pursuant to Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any director(s) proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting. The requisite details of the above six retiring Directors 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 1st Floor, Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong is set out on pages 18 to 21 of this Circular.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of shareholders at the AGM will be taken by poll and the Company will announce the results of the poll after the AGM 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 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.

LETTER FROM THE BOARD

Recommendation of the Directors

The Directors are of the opinion that the proposed granting of the Share Issue Mandate and Repurchase Mandate and the re-election of Mr. Lindsay, Mr. Chan, Mr. Siu, Mr. Dally, Mr. Stubbs and Mr. Ayoub 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 and Chief Executive Officer

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 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 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 2013) 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 the issued Shares:

Name of the shareholders	Number of shares held (Direct Interests)	Number of shares held (Indirect Interests)	Approximate % of issued share capital of the Company
Town Health International Investments Limited	–	85,300,000 <i>(Note)</i>	28.15
Town Health (BVI) Limited	–	85,300,000 <i>(Note)</i>	28.15
Town Health Asset Management Limited	–	71,000,000 <i>(Note)</i>	23.43
Regal Boom Limited	–	71,000,000 <i>(Note)</i>	23.43
Ultimate Achieve Limited	71,000,000	–	23.43
Town Health Corporate Management and Investment Limited	–	14,300,000 <i>(Note)</i>	4.72
Town Health Corporate Advisory and Investments Limited	14,300,000	–	4.72

Note: These interests represented (i) 71,000,000 Shares held by Ultimate Achieve Limited (“UAL”); and (ii) 14,300,000 Shares held by Town Health Corporate Advisory and Investments Limited (“THCAIL”).

UAL is 100% owned by Regal Boom Limited (“RBL”) which in turn is 100% owned by Town Health Asset Management Limited (“THAML”). THAML is 75% owned by Town Health (BVI) Limited (“THL”) and THL is 100% owned by Town Health International Investments Limited (“THIIL”).

THCAIL is 100% owned by Town Health Corporate Management and Investment Limited (“THCMIL”) which in turn is 100% owned by THL.

Accordingly, each of THIIL, THL, THAML and RBL is deemed to have interest in the 71,000,000 Shares held by UAL; each of THIIL, THL and THCMIL are deemed to have interest in the 14,300,000 Shares held by THCAIL; and thus each of THIIL and THL is deemed to have an aggregate interest in the 85,300,000 Shares.

In the event the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the interest of THIL 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 Takeovers 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 Takeovers 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 follows:

	Highest <i>(HK\$)</i>	Lowest <i>(HK\$)</i>
2013		
April	0.6100	0.4900
May	0.6100	0.5000
June	0.7000	0.5100
July	0.6900	0.5600
August	0.7700	0.5900
September	0.6900	0.5900
October	0.7500	0.6000
November	0.7400	0.6000
December	0.7800	0.6200
2014		
January	0.7000	0.6500
February	0.6700	0.6100
March	0.7100	0.6700
April (up to the Latest Practicable Date)	0.6900	0.6300

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.

APPENDIX 2 BIOGRAPHIES OF DIRECTORS FOR RE-ELECTION

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.

Mr. Craig Blaser LINDSAY (Chairman and Chief Executive Officer)

Mr. Craig Blaser Lindsay, aged 59, Chairman and Chief Executive Officer of the Company. Mr. Lindsay is responsible for the management and formulation of the Company's overall investment objective and policies. Mr. Lindsay was appointed as Chairman and Chief Executive Officer on 28 July 2010 and 31 July 2013 respectively and has been Director of the Company since 1 February 2010.

Mr. Lindsay graduated from the Bloomfield College in USA with a Bachelor of Arts degree in Accounting in 1976. He pursued further studies at the Rutgers University Graduate School of Business in USA and received his Master of Business Administration in Finance in 1979. Mr. Lindsay has over 32 years' experience in the investment banking, proprietary trading and fund management industries. His expertise lies in areas of risk management, product accounting, financial reporting, regulatory and compliance and operations. From July 1980 to May 1996, Mr. Lindsay worked for Goldman, Sachs and Co. in areas of proprietary accounting and risk analysis, risk management, product accounting and risk analysis, government control and mortgage backed control, business analysis, risk management, product accounting and equities accounting. From June 1996 to December 2003, Mr. Lindsay served as an executive vice president and chief financial officer at Tokai Asia Limited (now known as UFJ Investments Asia Limited). From 2004 to 2006, Mr. Lindsay worked at Sattva Investment Advisors Limited as principal and chief financial officer.

Currently, Mr. Lindsay is the director of China Alpha II Fund Limited, CSI China A-Share QFII Fund Limited (formerly known as CSI Event Fund Limited), CITIC Securities Alpha Leaders Fund Limited and China Shenghai Investment Management Limited ("CSHIM"). He is also the director and chief operating officer of CITIC Securities International Fund Management Limited ("CSIFM") and the director of CITIC Securities International Investment Management (HK) Limited ("CSIIM"). Mr. Lindsay is also appointed as director of The American Club Hong Kong on 1 January 2011, Global Integrity Alpha Fund Limited (formerly known as CSI RMB Fund Limited) on 18 April 2011, Next Horizon Company Limited on 22 July 2011 and Hong Kong Securities and Investment Institute on 7 December 2011. Commencing on 1 April 2013, he also becomes a member of the HKTDC Financial Services Advisory Committee and Steering Committee of the Asian Financial Forum 2014. Mr. Lindsay is a licensed person for types 1, 4 and 9 regulated activities under the Securities and Futures Ordinance and a responsible officer of each of CSHIM and CSIIM.

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

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

APPENDIX 2 BIOGRAPHIES OF DIRECTORS FOR RE-ELECTION

Mr. Lindsay has entered into a service contract with the Company under which he is not appointed for a specific term but 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. Lindsay is entitled to receive a director's fee of HK\$360,000 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. Lindsay 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. Lindsay 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. Lindsay that need to be brought to the attention of the Shareholders.

Mr. CHAN Cheong Yee (Executive Director)

Mr. Chan Cheong Yee, aged 50, was appointed as an Executive Director on 1 June 2013. Mr. Chan is one of the responsible officers of China Everbright Securities (HK) Limited. Mr. Chan is currently a licensed person to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading) and type 9 (asset management) regulated activities under the SFO. Mr. Chan obtained a Bachelor of Science degree from the College of Business Administration of The University of South Florida in the United States of America. Mr. Chan is experienced in dealing in securities, fund management, corporate management, corporate finance and managing listed investment companies under Chapter 21 of the Listing Rules.

Since June 2003, Mr. Chan joined China Innovation Investment Limited (1217.HK), an investment company listed on the Stock Exchange, as executive director. Mr. Chan was appointed as an independent non-executive director of Bingo Group Holdings Limited (8220.HK), a company listed on the Growth Enterprise Market of the Stock Exchange, in August 2007, and was re-designated as an executive director of Bingo Group Holdings Limited in April 2009. Mr. Chan was appointed as an independent non-executive director of Agritrade Resources Limited (1131.HK), a company listed on the Stock Exchange, in June 2010. Mr. Chan was appointed as an executive director of China Investment and Finance Group Limited (1226.HK), an investment company listed on the Stock Exchange, in March 2011. Mr. Chan was appointed as an executive director of China Investment Development Limited (204.HK), an investment company listed on the Stock Exchange, in May 2012. Mr. Chan was appointed as an executive director of Capital VC Limited (2324.HK), an investment company listed on the Stock Exchange, in November 2012. Mr. Chan was appointed as an executive director of Alpha Returns Group PLC, an investment company listed on AIM of London Stock Exchange, in May 2013.

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

APPENDIX 2 BIOGRAPHIES OF DIRECTORS FOR RE-ELECTION

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

Mr. Chan has a service contract with the Company for an initial fixed term of three years commencing on 1 June 2013 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. Chan is entitled to receive a director's fee of HK\$360,000 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. Chan 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. Chan 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. Chan that need to be brought to the attention of the Shareholders.

Mr. SIU Kam Chau (Independent Non-executive Director)

Mr. Siu Kam Chau, aged 49, Independent Non-executive Director of the Company. Mr. Siu obtained a bachelor degree in accountancy from the City University of Hong Kong in 1992. He is a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is also a certified public accountant (practising) in Hong Kong. Mr. Siu has over 24 years of working experience in auditing, accounting, company secretarial and corporate finance functions. He is currently an executive director of Jun Yang Solar Power Investments Limited (formerly known as China Gogreen Assets Investment Limited) (397.HK), an independent non-executive director of Wang On Group Limited (1222.HK), which shares are listed on the Main Board of the Stock Exchange, and an independent non-executive director of Oriental Unicorn Agricultural Group Limited (8120.HK), which shares are listed on the Growth Enterprise Market of the Stock Exchange. On 14 March 2014, Mr. Siu was appointed as independent non-executive director of Deson Development International Holdings Limited (262.HK), which shares are listed on the Main Board of the Stock Exchange. Mr. Siu was appointed as an Independent Non-executive Director of the Company on 26 July 2010.

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

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

Mr. Siu has entered into a service contract with the Company under which he is not appointed for a specific term but 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. Siu is entitled to receive a director's fee of

APPENDIX 2 BIOGRAPHIES OF DIRECTORS FOR RE-ELECTION

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. Siu 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. Siu 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. Siu that need to be brought to the attention of the Shareholders.

Mr. Doyle Ainsworth DALLY (Independent Non-executive Director)

Mr. Doyle Ainsworth Dally, aged 67, Independent Non-executive Director of the Company. Mr. Dally was appointed as an Independent Non-executive Director of the Company on 26 July 2010. He is the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company. Mr. Dally obtained a Bachelor of Science Degree from Atlantic Union College in Massachusetts, USA in 1981 and a Master in Business Administration from Nova Southeastern University in Florida, USA in 1992. He also obtained the Trust and Estate Practitioner designation from the Society of Trust and Estates Practitioners since October 1993. Mr. Dally has been an independent non-executive director of CITIC Securities Alpha Leaders Fund Limited since 4 March 2008. He is also the independent non-executive director of China Alpha II Fund Limited, Global Integrity Alpha Fund Limited (formerly known as CSI RMB Fund Limited), BIAS Global Portfolios SPC and CSI China A Share QFII Fund Limited.

Mr. Dally was the former managing director of Wachovia Bank and Trust Company (Cayman) Limited from 3 February 2005, a subsidiary of Wachovia Corporation, all of which were acquired by Wells Fargo and Company in October 2008. As a result of such acquisition and subsequent consolidation between entities within Wachovia Corporation and those within Wells Fargo and Company, Mr. Dally served as a managing director of Wells Fargo Bank and Trust Co (Cayman) Limited, a subsidiary of Wells Fargo and Company, until 12 November 2010.

Mr. Dally served in the trust division of Bank of Butterfield International (Cayman) Ltd for 14 years. Before his retirement in 2004, he acted as the senior manager and head of the trust and corporate services division. Prior to that, he was manager of the trust administration division of Butterfield Bank in Bermuda for 9 years.

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

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

APPENDIX 2 BIOGRAPHIES OF DIRECTORS FOR RE-ELECTION

Mr. Dally has entered into a service contract with the Company under which he is not appointed for a specific term but 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. Dally 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. Dally 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. Dally 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. Dally that need to be brought to the attention of the Shareholders.

Mr. Arthur James Kay STUBBS (Independent Non-executive Director)

Mr. Arthur James Kay Stubbs, aged 49, was appointed as an Independent Non-executive Director on 1 October 2013. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Mr. Stubbs holds a Master of Arts (Politics) from University of Auckland awarded in 1990. He has extensive international banking and finance experience. From March 2008 to March 2013, he was the Chief Executive Officer for Tower Investments, one of New Zealand's largest asset managers. In 2007, he was appointed as the Chief Executive Officer of Hanover Group ("Hanover"), New Zealand's largest privately owned financial services group. Prior to joining Hanover, Mr. Stubbs spent ten years with Goldman Sachs in London and Hong Kong including five years as Head of Prime Brokerage Sales, Asia (ex. Japan). Mr. Stubbs has also held roles in NatWest Markets London and New Zealand. He obtained a Certificate in Investment Analysis issued by the New Zealand Society of Investment Analysts. In addition, Mr. Stubbs has undertaken extensive training in investments and securities including the General Securities Representative Exam.

Mr. Stubbs is currently a director of China Alpha II Fund Limited, CITIC Securities Alpha Leaders Fund Limited and Global Integrity Alpha Fund Limited (formerly known as CSI RMB Fund Limited), which are Cayman Islands incorporated open-ended hedge funds.

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

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

Mr. Stubbs has a service contract with the Company for an initial fixed term of three years commencing on 1 October 2013 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. Stubbs is entitled to receive a director's

APPENDIX 2 BIOGRAPHIES OF DIRECTORS FOR RE-ELECTION

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. Stubbs 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. Stubbs 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. Stubbs that need to be brought to the attention of the Shareholders.

Mr. Faris Ibrahim Taha AYOUB (Independent Non-executive Director)

Mr. Faris Ibrahim Taha Ayoub, aged 35, was appointed as an Independent Non-executive Director on 1 February 2014. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Mr Ayoub holds a Master of Arts (Hons) in Economics & Political Science from University of Edinburgh. He has over 12 years' experience in financial advisory and investments. Mr. Ayoub was an executive director in global principal investments & trading division of JP Morgan, Hong Kong. He is currently the Managing Director of Cassia Investments Limited, which is a consumer focused investment firm specializing in lower middle-market companies across Asia.

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

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

Mr. Ayoub has a service contract with the Company for an initial fixed term of three years commencing on 1 February 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. Ayoub 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. Ayoub 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. Ayoub 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. Ayoub that need to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING

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 2014 will be held at 1st Floor, Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong on Wednesday, 28 May 2014 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 directors and auditors of the Company for the year ended 31 December 2013;
2. (a) to re-elect Mr. Craig Blaser Lindsay as an Executive Director of the Company;
- (b) to re-elect Mr. Chan Cheong Yee as an Executive Director of the Company;
- (c) to re-elect Mr. Siu Kam Chau as an Independent Non-executive Director of the Company;
- (d) to re-elect Mr. Doyle Ainsworth Dally as an Independent Non-executive Director of the Company;
- (e) to re-elect Mr. Arthur James Kay Stubbs as an Independent Non-executive Director of the Company;
- (f) to re-elect Mr. Faris Ibrahim Taha Ayoub as an Independent Non-executive Director of the Company; and
- (g) 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;

NOTICE OF ANNUAL GENERAL MEETING

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 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 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.”

NOTICE OF ANNUAL 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 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 issued share capital of the Company as at 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 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.”

NOTICE OF ANNUAL 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 and Chief Executive Officer

Hong Kong, 23 April 2014

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/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.
- (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. 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.
- (3) The Register of Members of the Company will be closed from Monday, 26 May 2014 to Wednesday, 28 May 2014, 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, 23 May 2014.
- (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. LINDSAY, Craig Blaser, Mr. GU, Xu and Mr. CHAN, Cheong Yee as executive directors, Mr. SIU, Kam Chau, Mr. DALLY, Doyle Ainsworth, Mr. STUBBS, Arthur James Kay and Mr. AYOUB, Faris Ibrahim Taha 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.