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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)

RESULTS OF THE RIGHTS ISSUE OF 333,784,800 RIGHTS SHARES ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE WITH BONUS ISSUE ON THE BASIS OF TWO (2) BONUS SHARES FOR EVERY THREE (3) RIGHTS SHARES TAKEN UP UNDER THE RIGHTS ISSUE

Reference is made to the prospectus of China New Economy Fund Limited (the “**Company**”) dated 23 December 2016 (the “**Prospectus**”) in connection with the Rights Issue and the Bonus Issue. Unless provided otherwise, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

RESULTS OF THE RIGHTS ISSUE

The Board is pleased to announce that at 4:00 p.m. on Thursday, 12 January 2017, being the latest time for acceptance and payment for the Rights Shares, a total of 13 valid PAL acceptance and 4 valid excess applications were received in respect of an aggregate of 134,878,824 Rights Shares and 1,569,999 Rights Shares respectively, representing approximately 40.41% and 0.47% of the total number of 333,784,800 Rights Shares available for subscription under the Rights Issue respectively.

As all the conditions set out in the Underwriting Agreement have been fulfilled and the Underwriting Agreement has not been terminated under its terms by the Underwriter, the Rights Issue became unconditional at 5:00 p.m. on Monday, 16 January 2017.

UNDERWRITING ARRANGEMENTS

Based on the above results, the Rights Issue was under-subscribed by 197,335,977 Rights Shares (the “**Untaken Rights Shares**”). In accordance with the terms of the Underwriting Agreement, the Underwriter has procured subscription for all the Untaken Rights Shares, representing approximately 59.12% of the total number of 333,784,800 Rights Shares available for subscription under the Rights Issue.

BONUS ISSUE

As Bonus Shares will be issued by the Company on the basis of two Bonus Shares for every three Rights Shares taken up under the Rights Issue, a total of 90,965,880 Bonus Shares will be issued to the valid applicants under the PAL and the excess applications pursuant to the Bonus Issue, and a total of 131,557,318 Bonus Shares will be issued for the Untaken Rights Shares taken up by subscribers procured by the Underwriter. Fractional Bonus Shares will be disregarded and will not be issued to the relevant applicant(s) and subscriber(s).

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and after the completion of the Rights Issue and the Bonus Issue is set out below:

Name of Shareholder	Immediately before completion of the Rights Issue and the Bonus Issue		Immediately after completion of the Rights Issue and the Bonus Issue	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Subscribers procured by the Underwriter	—	—	328,893,295	42.23
Other public Shareholders	<u>222,523,200</u>	<u>100.00</u>	<u>449,937,903</u>	<u>57.77</u>
Total	<u>222,523,200</u>	<u>100.00</u>	<u>778,831,198</u>	<u>100.00</u>

DESPATCH OF SHARE CERTIFICATES AND COMMENCEMENT OF DEALINGS IN THE RIGHTS SHARES AND THE BONUS SHARES

It is expected that the share certificates for the Rights Shares in respect of the valid acceptances of the Rights Shares under the PAL and the excess applications, together with the share certificates for the Bonus Shares, will be despatched to those relevant Qualifying Shareholders' registered addresses (as shown on the register of members of the Company) on or before Monday, 23 January 2017 by ordinary post at their own risk.

Dealings in the fully paid Rights Shares and the Bonus Shares are expected to commence on the Stock Exchange at 9:00 a.m. on Tuesday, 24 January 2017.

ARRANGEMENT ON ODD LOT TRADING

In order to facilitate the trading of odd lots (if any) of the Shares, the Company has appointed the Underwriter as an agent to provide matching services, on a best effort basis, to the Shareholders who wish to acquire odd lots of the Shares to make up full board lot, or to dispose of their holding of odd lot of the Shares during the period from 9:00 a.m. on Tuesday, 24 January 2017 to 4:00 p.m. on Tuesday, 14 February 2017 (both dates inclusive). Holders of Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility should contact Mr. Kenneth Wong of the Underwriter at Room 907, 9/F, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong (telephone: 21683792 and facsimile: 23253575) during such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. Shareholders are recommended to consult their professional advisers if they are in doubt about the above odd lot arrangement.

By order of the Board
China New Economy Fund Limited
GU Xu
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 20 January 2017

As at the date of this announcement, the Board comprises Mr. GU Xu and Mr. CHAN Cheong Yee as executive Directors, Mr. LAM Chun Ho, Mr. Faris Ibrahim Taha AYOUB and Mr. PUN Tit Shan as independent non-executive Directors.