

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

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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)

VOLUNTARY ANNOUNCEMENT: ISSUE OF NOTES

This is a voluntary announcement made by the Company in relation to the Subscription.

On 21 September 2016 (after trading hours), the Company, as the issuer, entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber agreed to subscribe for the Notes up to the aggregate principal amount of HK\$10,000,000.

THE SUBSCRIPTION AGREEMENT

On 21 September 2016 (after trading hours), the Company, as the issuer, entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber agreed to subscribe for the Notes up to the aggregate principal amount of HK\$10,000,000.

Date : 21 September 2016

Issuer : The Company

Subscriber : Pitta Income Fund

To the best of the Director's knowledge, information and belief after having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties.

PRINCIPAL TERMS OF THE NOTES

Salient terms of the Notes are summarised below:

- Principal amount : Up to HK\$10,000,000
- Minimum amount to be issued : HK\$3,000,000
- Issue price : 100% of the principal amount of the Notes
- Maturity date : On the first anniversary after the date of issue of the Notes (or, if that is not a Business Day, the first Business Day thereafter)
- Interest rate : 8% per annum payable quarterly in arrears
- Subscription rights : The minimum amount of the Notes for subscription shall be HK\$3,000,000 and the Subscriber shall have an option to further subscribe for the Notes in the principal amount of HK\$7,000,000 (or an integral multiple of HK\$500,000).
- Status : The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and such payment obligations of the Company under the Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- Transferability : A Note may be transferable in respect of a minimum principal amount of HK\$600,000 (or such lesser amount as may represent the entire principal amount thereof) and for any amount exceeding HK\$600,000, such principal amount must be in integral multiples of HK\$100,000 of the Notes and may be transferred to any person in accordance to the terms and conditions in the Agreement.
- Save with the consent of the Stock Exchange, none of the Notes may be transferred to a connected person of the Company. The Company shall give notice to the Stock Exchange for seeking consent only for any transfer of the Notes where a connected person of the Company is involved.
- Listing : No application will be made for the listing of the Notes.

The terms of the Notes were determined by the Board with reference to the prevailing market conditions.

Completion of the issue of the Notes is unconditional and shall take place one calendar month after the date of the execution of the Subscription Agreement.

REASONS FOR THE SUBSCRIPTION OF NOTES AND USE OF PROCEEDS

The Company is an investment company listed under Chapter 21 of the Listing Rules. The investment objective of the Company is to achieve long-term capital appreciation through investing globally in both private and publicly listed enterprises that have demonstrated the ability to manufacture a product or deliver a service that is supported by the economies of mainland China, Hong Kong, Macau and Taiwan.

There is no commission cost on the issuance of Notes and the proceeds from the Subscription are intended to be used by the Company as funds for investment opportunities in line with its ordinary course of business.

The Subscription will not result in any dilution effect on the shareholding of the existing Shareholders. The Directors are of the view that the Subscription provides a good opportunity to strengthen the Company's financial position and the terms of the Subscription are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday, Sunday or public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	China New Economy Fund Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Share of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a party which/who is not a connected person of the Company and is independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	8% coupon notes due 2017 to be issued by the Company in an aggregate principal amount of up to HK\$10,000,000
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Pitta Income Fund, a fund established in the Cayman Islands and managed by Convoy Fund Management Limited
“Subscription”	the subscription of the Notes by the Subscriber
“Subscription Agreement”	the subscription agreement dated 21 September 2016 and entered into between the Company and the Subscriber in relation to the Subscription
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 21 September 2016

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.