

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

**If you are in any doubt** as to any aspect of this Circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China New Economy Fund Limited, you should at once hand this Circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**CHINA NEW ECONOMY FUND LIMITED**

**中國新經濟投資有限公司**

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

**(Stock Code: 80)**

**(A) PROPOSALS RELATING TO**

**(1) RE-ELECTION OF RETIRING DIRECTORS**

**AND**

**(2) GENERAL MANDATE TO ALLOT AND ISSUE SHARES**

**AND**

**(3) GENERAL MANDATE TO REPURCHASE SHARES**

**AND**

**(4) REFRESHMENT OF THE SCHEME MANDATE LIMIT**

**FOR SHARE OPTION SCHEME;**

**AND**

**(B) NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the AGM of China New Economy Fund Limited to be held at 5/F, Euro Trade Centre, 13–14 Connaught Road Central, Hong Kong on Monday, 29 May 2017 at 10:00 a.m., at which the above proposals will be considered, is set out on pages 13 to 16 of this Circular.

Whether or not you are able to attend the AGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 10:00 a.m. on 27 May 2017 (Saturday) (Hong Kong time). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the AGM if they so wish.

25 April 2017

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 5/F, Euro Trade Centre, 13–14 Connaught Road Central, Hong Kong on Monday, 29 May 2017 at 10:00 a.m., or any adjournment thereof
“Articles”	the articles of association of the Company
“Board”	the board of Directors
“Circular”	this circular to the Shareholders dated 25 April 2017
“Company”	China New Economy Fund Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	19 April 2017, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Rights Issue”	the issue of the 309,060,000 new Shares by way of rights on the terms set out in the announcement and the circular of the Company dated 23 November 2015 and 16 December 2015 respectively
“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued upon exercise of all Share Options to be granted under the Share Option Scheme which shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

## DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.5 each in the issued capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Option(s)”	the share option(s) granted or to be granted by the Company pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 1 June 2015
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers
“US\$”	United States dollars, the lawful currency of the United States of America

**LETTER FROM THE BOARD**

**CHINA NEW ECONOMY FUND LIMITED**

**中國新經濟投資有限公司**

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

**(Stock Code: 80)**

**Board of Directors**

*Executive Directors:*

Mr. GU Xu (*Chairman and Chief Executive Officer*)

Mr. CHAN Cheong Yee

*Independent Non-executive Directors:*

Mr. LAM Chun Ho

Mr. Faris Ibrahim Taha AYOUB

Mr. PUN Tit Shan

*Registered Office:*

P.O. Box 309, Ugland House,

South Church Street,

George Town,

Grand Cayman KY1-1104

Cayman Islands

*Principal Place of Business  
in Hong Kong:*

Room 707, 7/F,

New World Tower 1,

16–18 Queen's Road Central,

Hong Kong

25 April 2017

*To the Shareholders*

Dear Sir/Madam,

**(A) PROPOSALS RELATING TO  
(1) RE-ELECTION OF RETIRING DIRECTORS  
AND  
(2) GENERAL MANDATE TO ALLOT AND ISSUE SHARES  
AND  
(3) GENERAL MANDATE TO REPURCHASE SHARES  
AND  
(4) REFRESHMENT OF THE SCHEME MANDATE LIMIT  
FOR SHARE OPTION SCHEME;  
AND  
(B) NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this Circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the AGM to be held on 29 May 2017.

## LETTER FROM THE BOARD

### 2. RE-ELECTION OF RETIRING DIRECTORS

In accordance with the Listing Rules, Mr. Chan Cheong Yee and Mr. Faris Ibrahim Taha Ayoub shall retire at the AGM. All of the above retiring Directors, being eligible, will offer themselves for re-election at the AGM.

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

### 3. GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 27 May 2016, a general mandate was granted to the Directors to issue Shares. Such mandate will lapse at the conclusion of the AGM. In order to give the Company the flexibility to issue Shares if and when appropriate, an ordinary resolution will be proposed at the AGM to approve the granting of an Issuance Mandate to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 4 of the notice of the AGM (i.e. a total of 155,766,239 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the AGM) (the “**Issuance Mandate**”). An ordinary resolution to extend the Issuance Mandate by adding the number of Shares repurchased by the Company pursuant to the Share Repurchase Mandate (as defined below) will also be proposed at the AGM.

The Directors wish to state that they have no immediate plan to issue any new Shares pursuant to the Issuance Mandate.

### 4. GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 27 May 2016, a general mandate was granted to the Directors to repurchase Shares. Such mandate will lapse at the conclusion of the AGM. In order to give the Company the flexibility to repurchase Shares if and when appropriate, an ordinary resolution will be proposed at the AGM to approve the granting of a Share Repurchase Mandate to the Directors to repurchase Shares on the Stock Exchange of not exceeding 10% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 5 of the notice of the AGM (i.e. a total of 77,883,119 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the AGM) (the “**Share Repurchase Mandate**”). The Directors wish to state that they have no immediate plan to repurchase any Shares pursuant to the Share Repurchase Mandate.

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

## LETTER FROM THE BOARD

### 5. REFRESHMENT OF SCHEME MANDATE LIMIT

The Share Option Scheme was adopted on 1 June 2015, pursuant to an ordinary resolution passed at the extraordinary general meeting held on 28 May 2015. The Share Option Scheme will remain in force for a period of 10 years from the date of adoption. The purpose of the Share Option Scheme is to provide incentives to its Directors and eligible participants as incentives or rewards for their contribution or potential contribution to the Company or any invested entity. Apart from the Share Option Scheme, the Company has no other share option scheme.

Under the terms of the Share Option Scheme:

- (a) the maximum number of Shares which may be allotted and issued upon the exercise of all Share Options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme; and
- (b) the maximum number of Shares which may be issued upon the exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the Shares in issue from time to time.

Pursuant to the terms of the Share Option Scheme and in compliance with Chapter 17 of the Listing Rules, the Company may seek approval from Shareholders in general meeting for refreshing the Scheme Mandate Limit so that the maximum number of Shares which may be issued upon the exercise of all Share Options to be granted under the Share Option Scheme and any other share option schemes of the Company shall be reset at 10% of the Shares in issue as at the date of approval of the limit as refreshed. In this connection, Share Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the 10% Scheme Mandate Limit as refreshed.

The existing Scheme Mandate Limit is 51,510,000 Shares, being 10% of the Shares in issue as at the date of adoption of the Share Option Scheme. The existing Scheme Mandate Limit has not been previously refreshed since the adoption of the Share Option Scheme. On 11 September 2015, the Board resolved to grant Share Options to subscribe for a total of 40,177,800 Shares under the Share Option Scheme. As disclosed in the announcement of the Company dated 14 January 2016, due to the increase in the total number of issued Shares upon completion of the Rights Issue, adjustments were made to the exercise price of the Share Options and the number of Shares falling to be issued under the outstanding Share Options granted under the Share Option Scheme. Before the commencement of the Rights Issue, 5,151,000 Share Options had lapsed since the grant of Share Options on 11 September 2015. Upon completion of the Rights Issue, the number of total outstanding Share Options granted under the Share Option Scheme was adjusted from 35,026,800 to 36,007,550 Shares. On 22 September 2016, the Board resolved to approve the share consolidation of every 5 shares of HK\$0.1 each in the capital of the Company into 1 Share, pursuant to which the Scheme Mandate Limit was adjusted to 10,302,000 Shares. As at the Latest Practicable Date, none of the Share Options granted under the existing Scheme Mandate Limit were exercised or

## LETTER FROM THE BOARD

cancelled and they have all lapsed in accordance with the terms of the Share Option Scheme. Accordingly, there are no outstanding Share Options and 10,302,000 Share Options were left un-granted based on the existing Scheme Mandate Limit, representing only about 1.32% of the issued share capital of the Company as at the Latest Practicable Date.

In order to provide the Company with the flexibility in granting Share Options to eligible participants under the Share Option Scheme as incentives or rewards for their contribution to the Company, the Board decided to seek the approval from the Shareholders at the AGM for the refreshment of the existing Scheme Mandate Limit.

If the refreshment of the 10% Scheme Mandate Limit under the Share Option Scheme is approved by the Shareholders at the AGM, based on 778,831,198 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued or repurchased by the Company from the Latest Practicable Date up to and including the date of the AGM, the Company will be allowed to grant further Share Options under the Share Option Scheme of up to a total of 77,883,119 Share Options, representing 10% of the Shares in issue as at the date of passing the resolution, i.e., the date of the AGM. Assuming that the refreshed Scheme Mandate Limit is fully granted, the total number of outstanding Share Options will be 77,883,119 which represents approximately 10% of the issued share capital of the Company as at the Latest Practicable Date, and accordingly, does not exceed the 30% of the Shares in issue as at the Latest Practicable Date.

The proposed refreshment of the Scheme Mandate Limit is conditional upon:

- (1) the passing of an ordinary resolution by the Shareholders at the AGM to approve the proposed refreshment; and
- (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Shares to be issued pursuant to the exercise of the Share Options granted under the refreshed Scheme Mandate Limit.

Application will be made to the Stock Exchange for the listing of, and permission to deal in the Shares, representing 10% of the Shares in issue at the AGM, which may fall to be issued upon the exercise of the Share Options that may be granted under the refreshed Scheme Mandate Limit.

No Shareholder is required to abstain from voting in favour of the relevant resolution to approve the proposed refreshment of the Scheme Mandate Limit.

## **6. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT**

The notice of the AGM is set out on pages 13 to 16 of this Circular.

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



## LETTER FROM THE BOARD

For the purpose of ascertaining Shareholders who are entitled to attend and vote at the AGM or any adjournment thereof, the register of members of the Company will be closed from Wednesday, 24 May 2017 to Monday, 29 May 2017, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the right to attend and vote at the AGM or any adjournment thereof, 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 23 May 2017.

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, the form of proxy must be completed and signed in accordance with the instructions printed thereon and 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 as soon as possible but in any event not later than 10:00 a.m. on 27 May 2017 (Saturday) (Hong Kong time). 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.

### 7. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

### 8. RECOMMENDATION

The Directors consider that the proposed re-election of retiring Directors and granting of the Issuance Mandate and the Share Repurchase Mandate and the proposed refreshment of Scheme Mandate Limit 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 all the resolutions to be proposed at the AGM.

Yours faithfully,  
By Order of the Board  
**China New Economy Fund Limited**  
**Gu Xu**  
*Chairman and Chief Executive Officer*

The following are details of the Directors who will retire and being eligible, offer themselves for re-election at the AGM.

#### EXECUTIVE DIRECTOR

- (1) **Mr. CHAN Cheong Yee (“Mr. Chan”)**, aged 53, has been appointed as an executive Director since 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 an 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 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 and 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. On 14 February 2016, Mr. Chan was appointed as an executive director of China Trend Holdings Limited (8171.HK), a company listed on the Growth Enterprise Market of the Stock Exchange. He was an independent non-executive director of Agritrade Resources Limited (1131.HK) from June 2010 to October 2015.

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

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

Mr. Chan has entered into a service contract with the Company 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\$528,000 per annum, which is based on the

recommendation of the Remuneration Committee of the Company 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 did not have any interest in Shares or underlying shares of the Company within the meaning of Part XV of the SFO.

There is no information which is disclosable nor is Mr. Chan involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (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 of the Company.

#### INDEPENDENT NON-EXECUTIVE DIRECTOR

- (2) **Mr. Faris Ibrahim Taha AYOUB** (“**Mr. Ayoub**”), aged 37, has been appointed as an independent non-executive Director since 1 February 2014. He is the Chairman of the Nomination Committee as well as a member of the Audit 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 15 years' experience in financial advisory and investments. Mr. Ayoub was an executive director in global principal investments & trading division of JP Morgan, Hong Kong. Since March 2012, he became the managing director of Cassia Investments Limited, which is a consumer focused investment firm specializing in lower middle-market companies across Asia.

Save as disclosed above, Mr. Ayoub did not hold any directorship in any 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 Shareholders or controlling Shareholders of the Company.

Mr. Ayoub has entered into a service contract with the Company 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 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 did not have any interest in Shares or underlying shares of the Company within the meaning of Part XV of the SFO.

There is no information which is disclosable nor is Mr. Ayoub involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (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 of the Company.

<b>APPENDIX II      EXPLANATORY STATEMENT ON GENERAL MANDATE TO REPURCHASE SHARES</b>
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*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 the Share Repurchase Mandate.*

## **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 778,831,198 Shares of nominal value of HK\$0.5 each.

Subject to the passing of the ordinary resolution set out in item 5 of the notice of the AGM in respect of the granting of the Share Repurchase Mandate and on the basis that the issued share capital of the Company remains unchanged on the date of the AGM, i.e. being 778,831,198 Shares, the Directors would be authorized under the Share Repurchase Mandate to repurchase, during the period in which the Share Repurchase Mandate remains in force, a total of 77,883,119 Shares, representing 10% of the total number of Shares in issue as at the date of the AGM.

## **2. REASONS FOR SHARE REPURCHASE**

The Directors believe that the granting of the Share Repurchase Mandate is in the best interests of the Company and the Shareholders.

Shares repurchase may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole.

## **3. FUNDING OF SHARE REPURCHASE**

The Company may only apply funds legally available for share repurchase in accordance with its Memorandum and Articles of Association of the Company and the laws of Cayman Islands and/or any other applicable laws, as the case may be.

## **4. IMPACT OF SHARE REPURCHASE**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31 December 2016) in the event that the Share Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

<b>APPENDIX II      EXPLANATORY STATEMENT ON GENERAL MANDATE TO REPURCHASE SHARES</b>
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## 5. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange during each of the previous 12 months (and from April 2016 up to and including the Latest Practicable Date) were as follows:

<b>Month</b>	<b>Highest HK\$</b>	<b>Lowest HK\$</b>
<b>2016</b>		
April	1.024	0.809
May	0.856	0.762
June	0.851	0.701
July	0.776	0.645
August	0.678	0.351
September	0.454	0.365
October	0.505	0.393
November	0.430	0.332
December	0.351	0.290
<b>2017</b>		
January	0.350	0.300
February	0.320	0.232
March	0.265	0.200
April ( <i>up to the Latest Practicable Date</i> )	0.239	0.204

## 6. GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Share Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Share Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to repurchase Shares pursuant to the Share Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

## **7. TAKEOVERS CODE**

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 purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby 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, Universe International Financial Holdings Limited ("UIFHL"), a substantial shareholder of the Company as defined in the Listing Rules, was interested in 132,400,000 Shares representing approximately 17.00% of the total issued share capital of the Company. In the event that the Directors exercise the proposed Share Repurchase Mandate in full, the aggregate shareholding of UIFHL would be increased to approximately 18.89% of the issued share capital of the Company.

The Directors are not aware of any consequences which may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not consider such increase would reduce the issued share capital in the public to less than 25% (or the relevant prescribed minimum percentage required by the Stock Exchange). The Directors do not propose to exercise the Share Repurchase Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and/or result in the aggregate number of Shares held by the public shareholders falling below the prescribed minimum percentage required by the Stock Exchange.

## **8. SHARE REPURCHASE MADE BY THE COMPANY**

During the 6 months prior to the Latest Practicable Date, the Company had not repurchased any of the Shares (whether on the Stock Exchange or otherwise).

**NOTICE OF ANNUAL GENERAL MEETING**

**CHINA NEW ECONOMY FUND LIMITED**

**中國新經濟投資有限公司**

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

**(Stock Code: 80)**

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “**AGM**”) of China New Economy Fund Limited (the “**Company**”) will be held at 5/F, Euro Trade Centre, 13–14 Connaught Road Central, Hong Kong on Monday, 29 May 2017 at 10:00 a.m. for the following purposes:

1. To receive the audited financial statements of the Company and the reports of the directors and auditors for the year ended 31 December 2016.
2. (a) To re-elect the following retiring Directors:
  - (i) Mr. CHAN Cheong Yee as an executive Director
  - (ii) Mr. Faris Ibrahim Taha AYOUB as an independent non-executive Director
- (b) To authorize the Board of Directors to fix the remuneration of the respective Directors.
3. To re-appoint HLB Hodgson Impey Cheng Limited as auditors of the Company and to authorize the Board of Directors to fix their remuneration.
4. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) below, a general mandate be and is hereby generally and unconditionally given to the Directors of the Company during the Relevant Period (as defined below) to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers;
- (b) the mandate in paragraph (a) above shall authorize the Directors of the Company to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:
  - (i) a Rights Issue (as defined below);

## NOTICE OF ANNUAL GENERAL MEETING

- (ii) the exercise of options under a share option scheme of the Company; and
- (iii) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company,

shall not exceed 20% of the total number of issued shares of the Company as at the date of passing of this resolution, and if any subsequent consolidation or subdivision of shares is conducted, the maximum number of shares that may be issued under the mandate in paragraph (a) above as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same; and

- (d) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) 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
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Right Issue” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”

- 5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the Directors of the Company to exercise during the Relevant Period (as defined below) all the powers of the Company to repurchase its shares in accordance with all applicable laws, rules and regulations;



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(b) the total number of Shares of the Company to be repurchased pursuant to the mandate in paragraph (a) above shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution, and if any subsequent consolidation or subdivision of shares is conducted, the maximum number of shares that may be repurchased under the mandate in paragraph (a) above as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same; and

(c) for the purposes of this resolution:

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

(i) the conclusion of the next annual general meeting of the Company;

(ii) 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

(iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of the resolutions set out in items 4 and 5 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the resolution set out in item 4 of the Notice be and is hereby extended by the addition to the aggregate number of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate of the number of shares repurchased by the Company pursuant to the mandate referred to in resolution set out in item 5 of the Notice, provided that such amount shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution.”

7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares to be issued upon exercise of any share options to be granted under the Refreshed Limit (as defined below) pursuant to the share option scheme of the Company (the “**Share Option Scheme**”), the existing limit on the grant of share options under the Share Option Scheme and any other schemes of the Company be refreshed so that the aggregate nominal amount of share capital of the Company to be allotted and issued upon exercise of any share options to be granted under the Share Option Scheme and any other schemes of the Company (excluding share options previously granted,

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outstanding, cancelled, lapsed or exercised under the Share Option Scheme and any other schemes of the Company) shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution (“**Refreshed Limit**”) and that the Directors be and are hereby authorised to grant share options up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with Shares under the Refreshed Limit pursuant to the exercise of such share options.”

By Order of the Board  
**China New Economy Fund Limited**  
**Gu Xu**  
*Chairman and Chief Executive Officer*

Hong Kong, 25 April 2017

*Notes:*

1. 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**”). 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.
2. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her/it. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
3. In order to be valid, the instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of that power of attorney or authority, 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 later than 10:00 a.m. on 27 May 2017 (Saturday) (Hong Kong time). 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 instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the above meeting, the Register of Members of the Company will be closed from Wednesday, 24 May 2017 to Monday, 29 May 2017, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that 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 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23 May 2017.
5. A circular containing further details concerning items 2, 4, 5, 6 and 7 set out in the above notice will be sent to all members of the Company together with the 2016 Annual Report.
6. As at the date of this notice, 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.
7. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.