

**For Immediate Release**

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**Korea Equity Fund, Inc.  
Announces Merger Negotiations with  
JPMorgan China Region Fund, Inc.**

NEW YORK, July 19, 2016: Korea Equity Fund, Inc. (NYSE: KEF) (the “Fund”) announced today that, following discussions between its Board and the Board of JPMorgan China Region Fund, Inc. (“JFC”), the Fund has entered into negotiations with JFC concerning a possible merger of the two funds.

While discussions between the Boards of the Fund and JFC are ongoing, it is anticipated that the terms of the proposed merger would include the following:

- The two funds would merge on terms based upon the two funds’ relative net asset values per share at the date of the merger. JFC will be the surviving fund (the “Successor Fund”) and would continue to retain the services of JF International Management, Inc. (“JFIMI”), a company that operates under the name of J.P. Morgan Asset Management as its investment adviser;
- Subject to JFC stockholder approval, the Successor Fund’s investment objective and principal investment strategies would be modified from JFC’s current investment objective to the extent necessary to permit the Successor Fund to actively invest in equity securities of the countries in North East Asia including China, South Korea, Taiwan and Hong Kong. The Successor Fund will continue to make direct investments in China A shares, seek to utilize Hong Kong Stock Connect, use leverage and actively invest in small / mid cap stocks as warranted;
- Based on the new investment objective and strategy, the proposed name of the Successor Fund will be The North East Asia Growth Fund;
- In addition, it is expected that the Successor Fund would adopt a more concentrated investment strategy under normal investment conditions so that it

can actively differentiate itself from other NYSE listed closed-end funds that invest in the Greater China and Asia-Pacific region;

- The Successor Fund's proposed benchmark would be the MSCI All Country Far East ex. Japan Total Return Index, which will be reweighted for purposes of the Fund's geographic scope to exclude the component attributable to issuers in southeast Asia;
- The investment advisory fee of the Successor Fund would be 0.90% per annum of the fund's managed gross assets;
- The Successor Fund Board would comprise two members from the current Fund Board and four members of the JFC Board; and
- Following the merger, the Successor Fund would seek to purchase up to 50% of the Successor Fund's issued shares at net asset value per share less associated costs.

The Board of the Fund will make a further announcement concerning the terms of the proposed transaction in due course. There is, however, no guarantee that any merger or reorganization transaction will proceed and any transaction proposed may materially differ from the terms outlined above. The proposal and these negotiations are non-binding. The terms described above are only potential terms and, as such, the final terms of any merger of the funds may vary from those outlined above. Further, any merger between the funds would be subject to due diligence review and all necessary and appropriate approvals by the Board and stockholders of each fund, as appropriate and the satisfaction of applicable regulatory requirements.

### **About the Fund**

The Fund primarily invests in the securities of companies domiciled in Korea and is designed for investors seeking long-term capital appreciation. Nomura Asset Management U.S.A. Inc. ("NAM USA") acts as the Manager of the Fund pursuant to a management agreement. Pursuant to such management agreement, NAM USA has retained its parent company, Nomura Asset Management Co., Ltd., to act as investment adviser to the Fund, and

Nomura Asset Management Hong Kong Limited and Nomura Asset Management Singapore Limited, as investment sub-advisers to the Fund.

**Forward Looking Statements**

Certain information discussed in this press release may constitute forward-looking statements within the meaning of the United States federal securities laws. Although the Fund believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, the Fund can give no assurance that its expectations will be achieved. Forward-looking information is subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected.

Past performance is not indicative of future results. There is a risk of loss.

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