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**NEW ENVIRONMENTAL ENERGY HOLDINGS LIMITED**

**新環保能源控股有限公司**

**(FORMERLY KNOWN AS  
HEMBLY INTERNATIONAL HOLDINGS LIMITED**

**恒寶利國際控股有限公司)**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 03989)**

**PLACING OF EXISTING SHARES AND  
SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE  
RESUMPTION OF TRADING**

**PLACING AGENT**



On 1 April 2010, the Placing Agreement was entered into between the Vendor, the Company and the Placing Agent, upon which the Placing Agent has agreed to, on a fully underwritten basis, place to not less than 6 places an aggregate of 76,400,000 Placing Shares held by the Vendor to independent parties which (including their ultimate beneficial owners, where applicable) are third parties independent of the Company and connected persons of the Company (as defined in the Listing Rules) at HK\$2.02 per Placing Share. Completion of the Placing is expected to take place on or before 8 April 2010. On 1 April 2010, the Subscription Agreement was also entered into between the Company and the Vendor, upon which the Vendor conditionally agreed to respectively subscribe for 76,400,000 new Subscription Shares from the Company at HK\$2.02 per Subscription Share. The Subscription is subject to various conditions set out below under the section headed “Conditions of the Subscription”.

The price per Placing Share (which price is the same as that of the Subscription Share) represents (i) a discount of approximately 8.18% to the closing price of HK\$2.20 per Share as quoted on the Stock Exchange on the date of the Placing Agreement and the date of the Subscription Agreement; (ii) a discount of approximately 6.48% to the average closing price of approximately HK\$2.16 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the Placing Agreement and the date of the Subscription Agreement; and (iii) a discount of approximately 6.05% to the average closing price of approximately HK\$2.15 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the date of the Placing Agreement and the date of the Subscription Agreement.

The Placing Shares represent approximately 10.004% of the existing issued share capital of the Company and approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription is conditional upon the Listing Committee of the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Subscription Shares and completion of the Placing pursuant to the Placing Agreement. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares.

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the extraordinary general meeting of the Company held on 7 October 2009.

Assuming that the Placing Shares are fully placed under the Placing, the net proceeds from the Subscription will be approximately HK\$147,800,000 and the net price per Subscription Share will be approximately HK\$1.93. The Company intends to use the net proceeds as general working capital of the Group.

Trading in Shares on the Stock Exchange was suspended from 2:30pm on 1 April 2010 at the request of the Company pending the release of this announcement. Application will be made to the Stock Exchange for the resumption of trading in Shares with effect from 9:30am on 7 April 2010.

**Completion of the Placing and the Subscription are subject to the satisfaction of the conditions of the Placing Agreement and the Subscription Agreement, respectively, and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in Shares.**

## PLACING AGREEMENT AND SUBSCRIPTION AGREEMENT

### 1. *The Placing*

#### **Vendor:**

Best View Enterprises Limited, the Vendor, a company incorporated in the British Virgin Islands with limited liability, a substantial shareholder and a connected person (as defined in the Listing Rules) of the Company.

#### **Number of Placing Shares:**

The Placing Agent has agreed, on a fully underwritten basis, to procure placees for the purchase of 76,400,000 Shares owned by the Vendor, representing approximately 10.004% of the issued share capital of the Company as at the date of this announcement; and, assuming the Placing Shares are fully placed under the Placing, approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

#### **Placees:**

The Placing Shares will be placed to not less than 6 placees, being professional, institutional and other investors selected by or on behalf of the Placing Agent. The Placing Agreement provides that if the Placing Agent has not procured Placees for all the Placing Shares by 12:00 noon on the date of completion of the Placing, the Placing Agent will itself purchase the balance of the Placing Shares remaining unplaced at that time, at the Placing Price and otherwise on the terms and subject to the conditions set out in the Placing Agreement. All of the Placees will represent and warrant that they (and their ultimate beneficial owners, where applicable) are third parties independent of the Company and connected persons of the Company (as defined in the Listing Rules).

#### **Placing price:**

HK\$2.02 per Placing Share.

This price, which was fixed together with the other terms of the Placing Agreement and the Subscription Agreement, was agreed after arm's length negotiations between the Vendor, the Company and the Placing Agent with reference to recent market prices of the Shares. This price represents (i) a discount of approximately 8.18% to the closing price of HK\$2.20 per Share as quoted on the Stock Exchange on the date of the Placing Agreement and the date of the Subscription Agreement; (ii) a discount of approximately 6.48% to the average closing price of approximately HK\$2.16 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the Placing Agreement and the date of the Subscription Agreement; and (iii) a discount of approximately 6.05% to the average closing price of approximately HK\$2.15 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the date of the Placing Agreement and the date of the Subscription Agreement.

**Placing Agent and placing fee:**

The Royal Bank of Scotland N.V., Hong Kong Branch

The Placing Agent is entitled to a placing fee of approximately 3.98% of the aggregate placing price of the Placing Shares placed pursuant to the Placing Agreement.

**Independence of placees and Placing Agent**

The Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners, the proposed placees and their respective ultimate beneficial owners, are third parties independent of the Company and connected persons of the Company (as defined in the Listing Rules).

**Completion of the Placing:**

Completion of the Placing is conditional upon:

- (a) the Subscription Agreement having been entered into by the parties thereto and not having been revoked, terminated or modified without the written consent of the Placing Agent (such consent shall not be unreasonably withheld);
- (b) there not having come to the attention of the Placing Agent at any time prior to completion of the Placing (i) any material breach of any of the representations, warranties or undertakings referred to in clause 6.1 of the Placing Agreement, or (ii) any event rendering untrue, incorrect, misleading or breached in any material respect any of the representations, warranties or undertakings referred to in clause 6.1 of the Placing Agreement, or (iii) any material breach of, or failure to perform, any of the other obligations of the Company or the Vendor which are required to be performed at or before completion of the Placing;
- (c) there not having come to the attention of the Placing Agent at any time prior to completion of the Placing (i) any suspension of dealings in the Shares for any period of more than one day (even if such suspension is subsequently lifted prior to completion of the Placing) except for any suspension of dealings in the Shares caused by or due to the Placing and the Subscription and/or the clearance of this announcement by the Stock Exchange, or any cancellation of the listing of the Shares, on the Stock Exchange or (ii) any adverse announcement, determination, investigation, indictment or ruling of any governmental or other regulatory body and whether against the Vendor, the Company, any of their directors or senior management or otherwise which (in any case mentioned in (i) or (ii) above), in the reasonable opinion of the Placing Agent, would be likely to prejudice materially the success of the Placing;

- (d) there not having occurred:
- (i) any event, or series of events, beyond the reasonable control of the Placing Agent (including, without limitation, acts of government, strikes, labour disputes, lock-outs, fire, explosion, flooding, civil commotion, economic sanctions, epidemic, terrorism, acts of war and acts of God);
  - (ii) any material adverse change, or development (whether or not permanent) involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company or the Group as a whole, whether or not arising in the ordinary course of business;
  - (iii) any change or any development (whether or not permanent) involving a prospective material adverse change or any crisis in local, national or international monetary, financial, economic, legal, Taxation (as defined in the Placing Agreement) or political conditions (including, without limitation, conditions in the stock market, in the foreign exchange market, inter-bank market, money market and conditions with respect to interest rates in Hong Kong or otherwise) or foreign exchange controls in Hong Kong and overseas or any occurrence of a combination of any such changes or developments or crises or any deterioration of any such conditions;
  - (iv) any local, national or international occurrence, outbreak or escalation of hostilities whether war had been declared or not, or insurrection or armed conflict (whether or not involving financial markets), including, without limitation, the escalation of hostilities in Iraq or North Korea;

which, in the reasonable opinion of the Placing Agent, is likely to or may prejudice materially the success of the Placing;

- (e) there not having developed, occurred or come into force the introduction of any new law or regulation or change in existing laws or regulations (or the judicial interpretation thereof) or any other similar event which in the reasonable opinion of the Placing Agent has or is likely to have a material adverse effect on the business or financial condition of the Company;
- (f) there not having been imposed any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to Completion;
- (g) the delivery to the Placing Agent at completion of the Placing of legal opinions in such form and with such contents as the Placing Agent may require from:
- (i) legal advisers to the Placing Agent as to Hong Kong law;
  - (ii) legal advisers to the Company as to Cayman Islands law; and

- (iii) legal advisers to the Vendor as to British Virgin Islands law; and
- (h) the delivery to the Placing Agent at completion of the Placing of certified true copies of the board minutes of:
  - (i) the Company duly authorising the Company to enter into the Placing Agreement and the Subscription Agreement; and
  - (ii) the Vendor duly authorising the Vendor to enter into the Placing Agreement and the Subscription Agreement.

Completion of the Placing is expected to take place on or before 8 April 2010.

**Completion of the Placing is subject to the satisfaction of the conditions in the Placing Agreement, and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in Shares.**

**Rights of the Placing Shares:**

The Placing Shares will be sold by the Vendor free of liens, charges, encumbrances, claims, options and any third party rights and together with all rights attaching to the Placing Shares as at the date of the Placing Agreement, including the right to receive all dividends and other distributions declared, made or paid in respect of the Placing Shares at any time after the date of the Placing Agreement.

**Company also a party to the Placing Agreement:**

The Company is also a party to the Placing Agreement. Under the Placing Agreement, the Company has given customary representations, warranties and undertakings in relation to the business of the Company and its subsidiaries, and certain other matters, in favour of the Placing Agent; has agreed to pay certain costs and expenses incurred in connection with the Placing (including printing and publishing costs, the costs of the Company's share registrar in Hong Kong and the costs of the legal advisers to the Placing Agent); and has agreed to give the lock up undertaking described below.

**Lock Up:**

The Company has undertaken in the Placing Agreement that during the period commencing on the date of the Placing Agreement and ending 60 days thereafter, the Company will not (without the prior written consent of the Placing Agent) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe any Shares or interest in Shares or any securities convertible into or exercisable or exchangeable for any Shares or interests therein, or agree to enter into or effect any transactions with the same economic effect or announce any intention to enter into or effect such transactions, except for:

- (a) the issue of the Subscription Shares to be issued under the Subscription Agreement;

- (b) any new Shares to be issued pursuant to the exercise of existing employee share options in issue as at the date of the Placing Agreement;
- (c) any new Shares to be issued pursuant to the exercise of subscription rights under the existing warrants of the Company, (if any) outstanding as at the date of the Placing Agreement;
- (d) any new Shares to be issued pursuant to the exercise of conversion rights conferred by the Convertible Notes which are outstanding as at the date of the Placing Agreement;
- (e) any new Shares to be issued pursuant to the exercise of conversion rights conferred by the Convertible Bonds, which the Company has agreed to issue (subject to the fulfilment or waiver of certain conditions) as described in the Company's announcement dated 29 January 2010;
- (f) the 9,341,000 new Shares which the Company has agreed to issue (subject to the fulfilment or waiver of certain conditions), as described in the Company's announcement dated 29 January 2010;
- (g) any Shares or other securities or rights issued or granted to the Shareholders by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company; and
- (h) any other new Shares or other securities to be issued pursuant to the exercise of subscription, conversion or other rights which the Company has agreed to issue or grant (or which the Company has issued or granted) prior to the date of the Placing Agreement provided that the grant of (or agreement to grant) such subscription, conversion or other rights has been publicly announced by the Company prior to the date of the Placing Agreement.

In addition, the Vendor has undertaken to the Placing Agent in the Placing Agreement that, from the date of the Placing Agreement and ending 60 days thereafter:

- (a) the Vendor will not dispose of any Shares, or any interest therein, which may create a disorderly or false market for the Shares of the Company; and
- (b) except for the Placing of the Placing Shares pursuant to the Placing Agreement, the Vendor will not directly or indirectly dispose of its Shares in the Company or enter into an agreement or arrangement having substantially the same economic effect.

## **2. *The Subscription***

### **Subscriber:**

The Vendor

### **Number of Subscription Shares:**

The Company has agreed to allot and issue and the Vendor has agreed to subscribe for 76,400,000 new Shares which, together, have an aggregate nominal value of HK\$7,640,000, together representing approximately 10.004% of the issued share capital of the Company as at the date of this announcement; and assuming the Placing Shares are fully placed under the Placing, approximately 9.09% of the issued share capital as enlarged by the allotment and issue of the Subscription Shares.

### **Subscription price:**

HK\$2.02 per Subscription Share, which is equivalent to the price per Placing Share. The total subscription money to be paid by the Subscriber to the Company for the Subscription Shares will be the aggregate amount of the Subscription Price for the Subscription Shares, less the amount (if any) of the expenses in relation to the Placing paid by the Subscriber to the Placing Agent. The Subscription Agreement provides that all expenses incurred on the part of the Subscriber in respect of the Placing and the Subscription shall be borne by the Company.

## **MANDATE TO ALLOT AND ISSUE NEW SHARES**

The Subscription Shares will be allotted and issued under the general mandate granted to the Directors by a resolution of the Shareholders passed at the extraordinary general meeting of the Company held on 7 October 2009 subject to the limit of up to 20% of the then issued ordinary Shares with a par value of HK\$0.10 each in the capital of the Company. Under the general mandate, the Company is authorised to issue up to 102,126,200 Shares. Up to the date of this announcement, 25,000,000 Shares have been issued under the general mandate. The Subscription and the issue of new Subscription Shares are not subject to Shareholders' approval.

### **Ranking:**

The Subscription Shares will rank equally in all respects among themselves and with all other Shares in issue as at the date of allotment and issue of the Subscription Shares.



### **Conditions of the Subscription:**

The Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange having granted or agreeing to grant the listing of and permission to deal in the Subscription Shares (and such listing and permission not being subsequently revoked prior to the delivery of definitive certificates of title representing the Subscription Shares); and
- (b) completion of the Placing pursuant to the Placing Agreement.

None of the above conditions can be unilaterally waived by the parties to the Subscription Agreement.

### **Completion of the Subscription:**

Completion of the Subscription will take place no later than the business day following the day on which the conditions referred to above are fulfilled, and in any event not later than 14 days after the date of the Subscription Agreement.

If the conditions to the Subscription are not fulfilled on or before 15 April 2010 (or such later date, subject to the approval of the Stock Exchange, as may be agreed by the Company and the Vendor by way of amendment of the terms of the Subscription Agreement), the Subscription will lapse. If the date of completion of the Subscription is to be extended beyond 15 April 2010, the Subscription will constitute a connected transaction for the Company under Chapter 14A.31(3)(d) of the Listing Rules which will require approval of the independent Shareholders and the Company will take steps to ensure compliance with the Listing Rules. Further announcement will be made as and when appropriate.

**Completion of the Subscription is subject to the satisfaction of the conditions in the Subscription Agreement, and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in Shares.**

## CHANGES TO THE EXISTING ISSUED SHARE CAPITAL OF THE COMPANY AS A RESULT OF THE PLACING AND THE SUBSCRIPTION

The table below sets out the existing issued share capital of the Company (i) as of the date of this announcement; (ii) as it would be immediately after completion of the Placing but before completion of the Subscription (and assuming no other changes); and (iii) as it would be immediately after completion of the Placing and completion of the Subscription (and assuming no other changes and assuming no adjustment to the conversion price of the Convertible Notes as a result of completion of the Subscription):

Shareholders	(i) Existing issued share capital as at the date of this announcement		(ii) Immediately after completion of the Placing but before completion of the Subscription		(iii) Immediately after completion of the Placing and completion of the Subscription	
	No. of Shares	% (approx)	No. of Shares	% (approx)	No. of Shares	% (approx)
Simple Success Investments Limited	72,000,000	9.43%	72,000,000	9.43%	72,000,000	8.57%
The Vendor	<u>76,400,000</u>	<u>10.00%</u>	<u>—</u>	<u>—</u>	<u>76,400,000</u>	<u>9.09%</u>
Simple Success Investments Limited and the Vendor	148,400,000	19.43%	72,000,000	9.43%	148,400,000	17.66%
Charm Hero Investments Limited, Mr. Ngok Yan Yu and his associates ( <i>Note 1</i> )	76,594,205	10.03%	76,594,205	10.03%	76,594,205	9.12%
Other Directors (other than Mr. Ngok Yan Yu)	3,858,030	0.51%	3,858,030	0.51%	3,858,030	0.46%
Places	—	—	76,400,000	10.00%	76,400,000	9.09%
Other Public	<u>534,867,765</u>	<u>70.03%</u>	<u>534,867,765</u>	<u>70.03%</u>	<u>534,867,765</u>	<u>63.67%</u>
Total	<u><u>763,720,000</u></u>	<u><u>100%</u></u>	<u><u>763,720,000</u></u>	<u><u>100%</u></u>	<u><u>840,120,000</u></u>	<u><u>100%</u></u>

*Note:*

- These Shares include 76,344,205 Shares held by Charm Hero Investments Limited, a wholly owned subsidiary of Mensun Limited (which is controlled by Mr. Ngok Yan Yu, chairman and executive Director of the Company) and 250,000 Shares held by the spouse of Mr. Ngok Yan Yu.

As disclosed in the above shareholding table, immediately after the completion of the Placing as well as immediately after the completion of the Placing and completion of the Subscription, a minimum of 25% of the issued share capital of the Company will be in public hands.

On 11 December 2009, the Company issued the Convertible Notes. The instrument constituting the Convertible Notes includes an undertaking from each holder of the Convertible Notes not to exercise the conversion rights under the Convertible Notes if such conversion would result in a change of control of the Company.

As described in the Company's announcement dated 29 January 2010, the Company has agreed to issue (subject to the fulfilment or waiver of certain conditions) 9,341,000 new Shares and HK\$156 million in aggregate principal amount of Convertible Bonds.

The table below assumes completion of both the Placing and the Subscription and then shows changes to that enlarged share capital which would result from (i) conversion of the Convertible Notes to the extent that such conversion would not result in a change of control of the Company (and assuming no other changes); (ii) conversion of the Convertible Notes in full, but assuming no other changes and assuming no adjustment to the conversion price of the Convertible Notes as a result of completion of the Subscription (this is for illustrative purposes only, having regard to the undertaking given by each holder of the Convertible Notes not to exercise the conversion rights if such conversion would result in a change of control of the Company):

Shareholders	(i) Immediately after completion of both the Placing and the Subscription and conversion of the Convertible Notes to the extent that would not result in a change of control of the Company		(ii) Immediately after completion of both the Placing and the Subscription and conversion of the Convertible Notes in full	
	Number of Shares	% (approx)	Number of Shares	% (approx)
Simple Success Investments Limited	229,905,520	22.51%	406,666,666	33.94%
The Vendor	<u>76,400,000</u>	<u>7.48%</u>	<u>76,400,000</u>	<u>6.38%</u>
Simple Success Investments Limited and the Vendor	306,305,520	29.99%	483,066,666	40.32%
Charm Hero Investments Limited, Mr. Ngok Yan Yu and his associates ( <i>Note 1</i> )	76,594,205	7.50%	76,594,205	6.39%
Other Directors (other than Mr. Ngok Yan Yu)	3,858,030	0.38%	3,858,030	0.32%
Holder of the outstanding Convertible Notes (other than Simple Success)	23,333,333	2.28%	23,333,333	1.95%
Placees	76,400,000	7.48%	76,400,000	6.38%
Other Public	<u>534,867,765</u>	<u>52.37%</u>	<u>534,867,765</u>	<u>44.64%</u>
Total	<u><u>1,021,358,853</u></u>	<u><u>100%</u></u>	<u><u>1,198,119,999</u></u>	<u><u>100%</u></u>

Notes:

- These Shares include 76,344,205 Shares held by Charm Hero Investments Limited, a wholly owned subsidiary of Mensun Limited (which is controlled by Mr. Ngok Yan Yu, chairman and executive Director of the Company) and 250,000 Shares held by the spouse of Mr. Ngok Yan Yu.

2. As a result of completion of the Subscription, the conversion price of the Convertible Notes would be adjusted in accordance with the terms and conditions of the Convertible Notes. The exact adjustment to the conversion price of the Convertible Notes as a result of completion of the Subscription, which would be immaterial, would be disclosed upon completion of the Placing and Subscription by way of further announcement.

The table below also assumes there being no adjustments to the conversion price of the Convertible Notes as a result of completion of the Subscription and/or completion of the Company's proposed placing of 9,341,000 new Shares (referred above) and the Company's proposed issue of HK\$156 million in aggregate principal amount of the Convertible Bonds (at par) and assumes completion of both the Placing and the Subscription and then shows changes to that enlarged share capital which would result from (i) the issue of the 9,341,000 new Shares referred to above, but assuming no other changes, (ii) the issue of the 9,341,000 new Shares referred to above and the issue and conversion in full of the Convertible Bonds, but assuming no other changes and (iii) the issue of the 9,341,000 new Shares referred to above, the conversion in full of the Convertible Notes and the issue and conversion in full of the Convertible Bonds:

Shareholders	(i) Immediately after completion of both the Placing and the Subscription and the issue of the 9,341,000 new Shares		(ii) Immediately after completion of both the Placing and the Subscription, the issue of the 9,341,000 new Shares and the issue and conversion in full of the Convertible Bonds		(iii) Immediately after completion of both the Placing and the Subscription, the issue of the 9,341,000 new Shares, the conversion in full of the Convertible Notes and the issue and conversion in full of the Convertible Bonds	
	Number of Shares	% (approx)	Number of Shares	% (approx)	Number of Shares	% (approx)
Simple Success Investments Limited	72,000,000	8.48%	72,000,000	7.89%	406,666,666	32.02%
The Vendor	76,400,000	8.99%	76,400,000	8.38%	76,400,000	6.02%
Simple Success Investments Limited and the Vendor	148,400,000	17.47%	148,400,000	16.27%	483,066,666	38.04%
Charm Hero Investments Limited, Mr. Ngok Yan Yu and his associates (Note 1)	76,594,205	9.02%	76,594,205	8.40%	76,594,205	6.03%
Other Directors (other than Mr. Ngok Yan Yu)	3,858,030	0.45%	3,858,030	0.42%	3,858,030	0.30%
Holder of the outstanding Convertible Notes (other than Simple Success)	—	—	—	—	23,333,333	1.84%
Placees	76,400,000	8.99%	76,400,000	8.38%	76,400,000	6.02%
Waste Resources G.P. Limited acting as general partner of Waste Resources Fund L.P.	9,341,000	1.10%	71,741,000	7.87%	71,741,000	5.65%
Other Public	534,867,765	62.97%	534,867,765	58.66%	534,867,765	42.12%
<b>Total</b>	<b>849,461,000</b>	<b>100%</b>	<b>911,861,000</b>	<b>100%</b>	<b>1,269,860,999</b>	<b>100%</b>

*Notes:*

1. These Shares include 76,344,205 Shares held by Charm Hero Investments Limited, a wholly owned subsidiary of Mensun Limited (which was controlled by Mr. Ngok Yan Yu, chairman and executive Director) and 250,000 Shares held by the spouse of Mr. Ngok Yan Yu.
2. As a result of completion of the Subscription, the conversion price of the Convertible Notes would be adjusted in accordance with the terms and conditions of the Convertible Notes. The exact adjustment to the conversion price of the Convertible Notes as a result of completion of the Subscription, which would be immaterial, would be disclosed upon completion of the Placing and Subscription by way of further announcement. As the Company's proposed placing of 9,341,000 new Shares (referred above) and the Company's proposed issue of HK\$156 million in aggregate principal amount of the Convertible Bonds (at par) have not become unconditional, the conversion price of the Convertible Notes may or may not be adjusted as a result.

As at the date of the Placing Agreement, the Company also has options outstanding which entitle their holders to subscribe for an aggregate of 5,491,695 new Shares, which would represent approximately 0.65% of the issued share capital of the Company assuming completion of both the Placing and the Subscription and approximately 0.65% of that share capital as enlarged by the issue of new Shares on exercise of the options. The options have not been taken into account for the purposes of preparing the tables above.

#### **ADJUSTMENT OF THE CONVERSION PRICE UNDER THE CONVERTIBLE NOTES**

The terms of the instrument constituting the Convertible Notes require an adjustment to the conversion price under the Convertible Notes to be made if and whenever the Company shall issue Shares at less than 95% of the Current Market Price per Share (as that expression is defined in the Convertible Notes instrument) on the last dealing day preceding the date of the announcement of the terms of issue of the relevant Shares. On completion of the Subscription, the conversion price under the Convertible Notes will be subject to adjustment in accordance with the terms of the Convertible Note instrument and a further announcement containing details of the adjusted conversion price will be made at that time. The adjustment is not expected to be material. Please note that the percentage shareholdings given in the tables above in this announcement do not take into account any required adjustment to the conversion price under the Convertible Notes as a result of the Subscription, but the impact of that is not expected to be material.

#### **REASONS FOR THE PLACING AND SUBSCRIPTION AND USE OF PROCEEDS**

The Directors consider that it is in the interests of the Company to raise capital from the equity market in order to enhance the capital base of the Company. The Directors (including the independent non-executive Directors) consider the terms (including the placing fee) of the Placing Agreement and the terms of the Subscription Agreement to be fair and reasonable and are in the best interests of the Company, as far as the Shareholders as a whole are concerned.

Assuming that the Placing Shares are fully paid under the Placing:

- (i) the gross proceeds from the Subscription are estimated to be approximately HK\$154.3 million;

(ii) the net proceeds, after deducting related placing fee, professional fees and all related expenses which may be borne by the Company, from the Subscription are estimated to be approximately HK\$147.8 million;

(iii) the net price per Subscription Share is approximately HK\$1.93.

The Company intends to use the net proceeds as general working capital of the Group.

## GENERAL INFORMATION

The Company was incorporated in Cayman Islands under the Companies Law as an exempted company with limited liability on 27 May 2004 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 13 July 2006. The principal activities of the Company and its subsidiaries are the manufacture and sales of apparel and accessories, and waste-to-energy technology and services, a sector which the Company specializes in technology development, design, system integration, project investment, consultancy, operation and maintenance of waste treatment, especially waste-to-energy projects in the PRC.

## FUND RAISING EXERCISES DURING THE PAST 12 MONTHS

<b>Date of Announcement</b>	<b>Transaction</b>	<b>Net proceeds raised</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
2 July 2009	Private placing of 55,000,000 warrants and the subsequent conversion of all the warrants	HK\$38.83 million	To be used for the general working capital of the Group	Used as intended
27 August 2009	Placing of 29,900,000 new Shares under general mandate	HK\$16.91 million	To be used for the general working capital of the Group	Used as intended
24 November 2009	Placing of 25,000,000 new Shares under general mandate	HK\$63.5 million	To be used for strengthening the Company’s capital	Used as intended

In addition to the fundraising exercises listed above, which have been completed, the Company also announced the proposed issue of HK\$156 million in principal amount of the Convertible Bonds (at par) and the placing of the 9,341,000 new Shares referred to above (at a subscription price of HK\$1.67 per Share), as described in the Company’s announcement dated 29 January 2010. The issue of the Convertible Bonds and those new Shares is conditional upon the fulfilment or waiver of a number of conditions, summarised in the Company’s 29 January 2010 announcement.

As stated in the Company's 29 January 2010 announcement, the Company proposes to use the funds raised by the issue of the Convertible Bonds and those 9,341,000 Shares for the development of the Company's waste to energy project in the PRC and as general working capital, in which not more than HK\$70 million will be applied in settlement of payables of a wholly owned subsidiary of the Company principally engaged in the waste to energy business. It is expected that, after the deduction of the estimated expenses of about HK\$4 million, net proceeds of approximately HK\$167.6 million will be raised through the issue of those Convertible Bonds and the 9,341,000 new Shares.

Save as disclosed above, the Company has not conducted any other fund raising exercise in the past twelve months before the date of this announcement.

## **APPLICATION FOR LISTING**

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **RESUMPTION OF TRADING IN SHARES**

Trading in Shares on the Stock Exchange was suspended from 2:30pm on 1 April 2010 at the request of the Company pending the release of this announcement. Application will be made to the Stock Exchange for the resumption of trading in Shares with effect from 9:30am on 7 April 2010.

## **DEFINITIONS**

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

“associates”	having the meaning ascribed thereto in the Listing Rules
“Board”	the Board of Directors
“change of control”	having the meaning ascribed thereto in the Hong Kong Code on Takeovers and Mergers
“Company”	New Environmental Energy Holdings Limited (formerly known as Hembly International Holdings Limited)
“connected person(s)”	having the meaning ascribed thereto in the Listing Rules
“Convertible Bonds”	the zero coupon guaranteed convertible bonds due 2015 in the principal amount of HK\$156 million, which are convertible into shares of the Company or shares of Smartview Investment Holdings Ltd. (a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company) and which the Company has agreed to issue (subject to the fulfilment or waiver of a number of conditions) as described in the Company's announcement dated 29 January 2010

“Convertible Notes”	the convertible notes of the Company in the aggregate principal amount of HK\$676,040,000 issued to Simple Success Investments Limited and Bright Good Limited on 11 December 2009 in satisfaction of part of the consideration for the Group’s acquisition of the entire issued share capital of Smartview Investment Holdings Limited, as described in the Company’s announcement dated 23 September 2009 and in its shareholders circular dated 23 November 2009
“Directors”	directors of the Company
“Group”	collectively, the Company and its subsidiaries for the time being
“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
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	The Royal Bank of Scotland N.V., Hong Kong Branch, a registered institution under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities
“Placing Agreement”	the placing agreement dated 1 April 2010 between the Vendor, the Company and the Placing Agent
“Placing Shares”	a total of 76,400,000 Shares beneficially owned by the Vendor to be placed pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$ 0.10 each in the capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares pursuant to the terms of the Placing and Subscription Agreement



“Subscription Agreement”	the subscription agreement dated 1 April 2010 between the Company and the Vendor
“Subscription Shares”	a total of 76,400,000 Shares, the exact number of which shall be equivalent to the number of the Placing Shares actually placed by the Placing Agent
“subsidiary”	shall have the meaning as prescribed under the Companies Ordinance, Cap 32, of the laws of Hong Kong and “subsidiaries” shall be construed accordingly
“substantial shareholders”	having the meaning ascribed thereto in the Listing Rules
“Vendor”	Best View Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability, a substantial shareholder and a connected person (as defined in the Listing Rules)
“%”	percent

By order of the Board of  
**New Environmental Energy Holdings Limited**  
**(formerly known as Hembly International Holdings Limited)**  
**Ngok Yan Yu**  
*Chairman*

Hong Kong, 1 April 2010

*As at the date of this announcement, the Board comprises three executive directors, namely Mr. Ngok Yan Yu, Mr. Marcello Appella and Mr. Chan Tak Yan; two non executive directors, namely Mr. Ho Gilbert Chi Hang and Mr. Mok Chung Kwan, Stephen and four independent non-executive directors, namely Mr. Lo Ming Chi, Charles, Mr. Pao Ping Wing, Mr. Kwan Hung Sang, Francis and Mr. Cheng Kai Tai, Allen.*