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NEW ENVIRONMENTAL ENERGY HOLDINGS LIMITED **新環保能源控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03989)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE

Placing Agent



華富嘉洛證券有限公司
Quam Securities Company Limited

Quam Securities Company Limited

THE PLACING AGREEMENT AND THE SUBSCRIPTION AGREEMENT

On 3 August 2012 (after trading hours), the Placing Agreement was entered into between the Vendor, the Company and the Placing Agent, upon which the Placing Agent has placed 127,244,000 Placing Shares held by the Vendor to Year Good at HK\$0.39 per Placing Share. Completion of the Placing will take place on the third business day after the date of the Placing Agreement.

Also on 3 August 2012 (after trading hours), the Subscription Agreement was entered into between the Company and the Vendor, upon which the Vendor conditionally agreed to subscribe for the Subscription Shares (which is equivalent to the number of Placing Shares sold to the Vendor), representing approximately 8.20% of the existing issued share capital of the Company and approximately 7.58% of the issued share capital of the Company as enlarged by the allotment and issue of the same number of Subscription Shares under the Subscription, at the same price as the Placing Price. The Subscription is subject to various conditions set out below under the section headed “Conditions of the Subscription”.

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 1 June 2012. On the basis that the Placing Shares will be placed under the Placing and the same number of Subscription Shares will be subscribed for by the Vendor under the Subscription Agreement, the net proceeds from the Subscription will be approximately HK\$48.77 million and the net price per Subscription Share will be approximately HK\$0.383. The Company intends to use the net proceeds as general working capital and for repayment of loans of the Group.

THE PLACING AGREEMENT AND SUBSCRIPTION AGREEMENT

The Placing Agreement

Date:

3 August 2012 (after trading hours)

Parties Involved:

The Vendor, the Company and the Placing Agent

Vendor:

Simple Success Investments Limited, a company incorporated in the British Virgin Islands with limited liability, a Shareholder which owns 270,760,000 Shares, representing approximately 17.45% of the issued share capital of the Company as at date of this announcement.

Number of Placing Shares:

The Placing Agent has agreed, on a best effort basis, to procure places for the purchase of up to a maximum of 127,244,000 Placing Shares held by the Vendor, representing approximately 8.20% of the issued share capital of the Company as at the date of this announcement and approximately 7.58% of the issued share capital of the Company as enlarged by the allotment and issue of the same number of Subscription Shares under the Subscription.

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 them, 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 completion of the Placing.

Placing price:

HK\$0.39 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 among the Vendor, the Company and the Placing Agent with reference to recent market prices of the Shares and prospect of the Group. The price represents (i) a premium of approximately 11.43% over the closing price of HK\$0.35 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; (ii) a premium of approximately 15.04% over the average closing price of

approximately HK\$0.339 per Share as quoted on the Stock Exchange for the last five trading days up to and including 2 August 2012, the trading day immediately before the day on which the Placing Agreement was signed; and (iii) a premium of approximately 27.04% over the average closing price of approximately HK\$0.307 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 2 August 2012, the trading day immediately before the day on which the Placing Agreement was signed.

Placing Agent and placing fee:

The Placing Agent is entitled to a placing fee (the “Placing Fee”) of 1.50% of the amount equal to the Placing Price multiplied by the actual number of Placing Shares placed under the Placing.

The Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners, are Independent Third Parties.

Completion of the Placing

The Placing Agent has secured Year Good to subscribe for the Placing Shares in their entirety. Completion of the Placing will take place on the third business day after the date of the Placing Agreement.

Year Good is a company incorporated in the British Virgin Islands with limited liability, who and whose ultimate beneficial owner, Mr. Lau, Andrew, Kim, are Independent Third Parties.

The Subscription Agreement

Date:

3 August 2012 (after trading hours)

Parties Involved:

The Vendor (as the Subscriber) and the Company (as the issuer)

Number of Subscription Shares

The Company has agreed to allot and issue and the Vendor has agreed to subscribe for the Subscription Shares, subject to a maximum number of 127,244,000 new Shares, which is equivalent to the number of the Placing Shares placed under the Placing. The Subscription Shares, if subscribed in full, have an aggregate nominal value of HK\$12,724,400 and represent approximately 8.20% of the issued share capital of the Company as at the date of this announcement; and approximately 7.58% of the issued share capital as enlarged by such Subscription Shares.

Subscription price:

HK\$0.39 per Subscription Share, which is equivalent to the Placing Price. The Subscription Price was determined after arm’s length negotiations between the Company and the Vendor with reference to the Placing Price. The total subscription money to be paid by the Vendor to the Company for the Subscription Shares will be the aggregate amount of the Subscription Price for the Subscription Shares, less all the expenses in relation to the Placing incurred by the

Vendor as provided in the Placing Agreement. The Subscription Agreement provides that all expenses incurred on the part of the Vendor in respect of the Placing and the Subscription shall be borne by the Company.

Mandate to allot and issue Subscription 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 annual general meeting of the Company held on 1 June 2012 subject to the limit of up to 20% of the then issued shares capital of the Company. Under the general mandate, the Company is authorised to issue up to 310,376,207 Shares. Up to the date of this announcement, no Shares have been issued under the general mandate. The Subscription and the issue of 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 completion of the Subscription is conditional upon:

- (a) completion of the Placing; and
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in all of the Subscription Shares and such listing and permission not being subsequently revoked prior to (i) the delivery of definitive certificates of title representing the Subscription Shares or (ii) deposit of the same into the account of the relevant person admitted for the time being by the Hong Kong Securities Clearing Company Limited as a participant of the Central Clearing and Settlement System with whom the Vendor has accounts in accordance with the Vendor's instructions.

The Subscription Agreement does not provide for either party to waive any of the above conditions.

Completion of the Subscription:

Completion of the Subscription will take place on 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.

In the event that the conditions of the Subscription are not fulfilled within 14 days after the execution of the Subscription Agreement, the Subscription will lapse and all rights and obligations pursuant to the Subscription Agreement shall cease and terminate and none of the parties shall have any claim against the other except for any antecedent breach of any obligation under the Subscription Agreement and liabilities of the Company to pay all costs and expenses incurred in relation to the Placing and the Subscription.

APPLICATION FOR LISTING

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

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 SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF THE PLACING AND THE SUBSCRIPTION

The table below sets out the shareholding structure of the Company (i) as of the date of this announcement but before completion of the Placing; (ii) immediately after completion of the Placing but before completion of the Subscription; and (iii) immediately after completion of the Placing and the Subscription (in each case assuming that there is no other change in the issued share capital of the Company from the date of this announcement except for the issue of the Subscription Shares):

	As at the date of this announcement		Immediately after completion of the Placing but before completion of the Subscription		Immediately after completion of the Placing and the Subscription	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Beijing Capital (Hong Kong) Limited (<i>Note 1</i>)	299,022,000	19.27	299,022,000	19.27	299,022,000	17.81
BC Water Investments Co., Ltd. (<i>Note 1</i>)	9,748,000	0.63	9,748,000	0.63	9,748,000	0.58
Simple Success Investments Limited (<i>Note 2</i>)	270,760,000	17.45	143,516,000	9.25	270,760,000	16.13
Best View Enterprises Limited (<i>Note 3</i>)	151,982,205	9.79	151,982,205	9.79	151,982,205	9.05
Bright King Investments Ltd.	69,326,000	4.47	69,326,000	4.47	69,326,000	4.13
Sycomore Limited, Appella Marcello and his associates (<i>Note 4</i>)	3,588,030	0.23	3,588,030	0.23	3,588,030	0.21
Year Good Limited	—	—	127,244,000	8.20	127,244,000	7.58
Existing public Shareholders	747,454,804	48.16	747,454,804	48.16	747,454,804	44.51
Total	<u>1,551,881,039</u>	<u>100.00</u>	<u>1,551,881,039</u>	<u>100.00</u>	<u>1,679,125,039</u>	<u>100.00</u>

Notes:

- (1) These Shares are held by Beijing Capital (Hong Kong) Limited and BC Water Investments Co., Ltd. respectively, which were wholly-owned subsidiaries of Beijing Capital Co., Ltd.
- (2) These Shares are held by Simple Success Investments Limited, which was a wholly-owned subsidiary of New World Strategic Investment Limited, which was in turn wholly-owned by New World Development Company Limited. Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited hold 49% and 40.2% interests in Chow Tai Fook Capital Limited, respectively. Chow Tai Fook Capital Limited in turn owns 74.1% interest in Chow Tai Fook (Holding) Limited which holds the entire interest in Chow Tai Fook Enterprises Limited, which in turn has more than one-third of the issued shares of New World Development Company Limited.

- (3) These Shares are held by Best View Enterprises Limited. In addition, Best View Enterprises Limited has security interest in 69,326,000 Shares held by Bright King Investments Ltd.. Best View Enterprises Limited is wholly owned by Chow Tai Fook Nominee Limited, which is in turn controlled by Dato' Dr. Cheng Yu Tung.
- (4) These Shares are held by Sycomore Limited, which is owned as to 50% by Mr. Marcello Appella, an executive Director of the Company, and 50% by Mrs. Maguy, Alice, Juliette, Marie Pujol ep. Appella, the spouse of Mr. Marcello Appella.

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 consider the terms (including the Placing Price and Placing fee) of the Placing Agreement and the terms (including the Subscription Price) 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\$49.63 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\$48.77 million;
- (iii) the net price per Subscription Share is approximately HK\$0.383.

The Company intends to use the net proceeds as general working capital and for repayment of loans of the Group.

GENERAL INFORMATION

The principal activities of the Company and its subsidiaries are provision of waste treatment technologies and services which specialize in technology development, design, system integration, project investment, consultancy, operation and maintenance of waste treatment facilities, especially waste-to-energy projects in the PRC.

Fund raising activities during the past twelve months

The following table summaries the fund raising activities of the Company in the last 12 months immediately before the date of this announcement:

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
6 December 2011	Issue of convertible bond — has not completed	HK\$96.8 million to be raised	Investment in any potential waste treatment or environmental-friendly energy development projects and general working capital of the Company	Yet to be completed
4 August 2011	Issue of new Shares and convertible note	HK\$54.8 million for issue of new Shares and HK\$80.5 million for issue of convertible note	To redeem the promissory notes	Redeemed the promissory note

Save as disclosed above, there has not been any other fund raising activities in the last 12 months immediately before the date of this announcement.

DEFINITIONS

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

“associates”	having the meaning ascribed thereto in the Listing Rules unless otherwise specified
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sunday or any statutory public holiday) on which banks generally are open for business in Hong Kong
“Company”	New Environmental Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“connected person(s)”	having the meaning ascribed thereto in the Listing Rules
“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 PRC

“Independent Third Party(ies)”	independent third party(ies) who are not connected person(s) (as defined in the Listing Rules) of the Company and are independent of and not connected with the Company and its directors, chief executive, and substantial shareholders of the Company or any of its subsidiaries and their respective associates
“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”	Quam Securities Company Limited, a licensed corporation to carry on Types 1, 2, 4 and 9 regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 3 August 2012 entered into between the Company, the Vendor and the Placing Agent in relation to the Placing
“Placing Price”	the placing price of HK\$0.39 per Placing Share
“Placing Shares”	127,244,000 Shares to be sold by the Vendor pursuant to the Placing
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share 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 by the Vendor pursuant to the terms of the Subscription Agreement
“Subscription Shares”	new Shares to be issued to the Vendor pursuant to the Subscription Agreement, the number of which shall be the same as that of the Placing Shares actually placed under the Placing
“Subscription Agreement”	the subscription agreement dated 3 August 2012 entered into between the Company and the Vendor relating to the Subscription
“Vendor” or “Subscriber”	Simple Success Investments Limited, a company incorporated in the British Virgin Islands with limited liability

“Year Good” Year Good Limited, a company incorporated in the British Virgin Islands with limited liability, an Independent Third Party

“%” per cent

By order of the Board of
New Environmental Energy Holdings Limited
Yu Chang Jian
Chairman

Hong Kong, 3 August 2012

As at the date of this announcement, the Board comprises six executive directors; namely, Mr. Yu Chang Jian, Mr. Cao Guo Xian, Mr. Liu Xiao Guang, Mr. Marcello Appella, Mr. Tang Zhi Bin and Mr. Xue Huixuan; one non-executive director; namely, Mr. Lim Jui Kian; one alternate non-executive director; namely Mr. Cai Qiao Herman (alternate director to Mr. Lim Jui Kian) and four independent non-executive directors; namely, Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen, Mr. Li Baochun and Ms. Chan Yee Wah, Eva.