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

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 03989)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF THE DUYUN TARGET COMPANY AND WENG'AN TARGET COMPANY**

#### **THE DUYUN ACQUISITION AGREEMENT**

On 24 August 2012 (after trading hours), the Purchaser entered into the Duyun Acquisition Agreement with the Vendor pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Duyun Shares, representing 100% equity interest in the Duyun Target Company at a consideration of RMB33.0 million (equivalent to approximately HK\$40.26 million). The Duyun Consideration shall be satisfied by cash.

#### **THE WENG'AN ACQUISITION AGREEMENT**

On 24 August 2012 (after trading hours), the Purchaser entered into the Weng'an Acquisition Agreement with the Vendor pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Weng'an Shares, representing 100% equity interest in the Weng'an Target Company at a consideration of RMB21.0 million (equivalent to approximately HK\$25.62 million). The Weng'an Consideration shall be satisfied by cash.

As the applicable percentage ratios in respect of the transactions contemplated under the Duyun Acquisition Agreement and Weng'an Acquisition Agreement exceed 5% but are less than 25%, the Duyun Acquisition Agreement and Weng'an Acquisition Agreement and the transactions contemplated thereunder constitute a disclosable transaction of the Company under Chapter 14 of the Listing Rules.

## **THE DUYUN ACQUISITION AGREEMENT**

### **Date**

24 August 2012

### **Parties**

Vendor: 北京科林皓華環境科技發展有限責任公司 (Beijing Kelin Haohua Environment Technology Development Company Limited\*)

Purchaser: 上海環境百瑪士投資有限公司 (Shanghai Environmental Biomax Investment Limited\*), an indirect wholly-owned subsidiary of the Company

### **Assets to be acquired**

The Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Duyun Shares, representing 100% equity interest in the Duyun Target Company.

### **The Duyun Consideration**

The Duyun Consideration shall be RMB33.0 million (equivalent to approximately HK\$40.26 million) which shall be satisfied by cash. 27% of the Duyun Consideration (being RMB8.91 million, equivalent to approximately HK\$10.87 million) shall be payable 5 working days after the execution of the Duyun Confirmation Letter, and upon which, the Vendor shall transfer the actual controlling right to the Purchaser. 36% of the Duyun Consideration (being RMB11.88 million, equivalent to approximately HK\$14.49 million) shall be payable 5 working days after completion of change in business registration at the relevant authority in the PRC ("Second Instalment"). Another 27% of the Duyun Consideration (being RMB8.91 million, equivalent to approximately HK\$10.87 million) shall be payable three months after the Second Instalment. The remaining 10% of the Duyun Consideration (being RMB3.3 million, equivalent to approximately HK\$4.03 million) shall be payable 10 days after the second anniversary of change in business registration at the relevant authority in the PRC.

The Duyun Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor and was determined after taking into consideration the audited net asset value and the assessed value of the Duyun Target Company as at 30 June 2012 and the future prospects of the Duyun Target Company.

### **Other Conditions**

In the event that the Duyun Confirmation Letter cannot be executed or waived by the Purchaser or the Vendor (as the case may be) on or before 24 November 2012, the Duyun Acquisition Agreement shall be automatically terminated forthwith and cease to be of any effect on the parties to the Duyun Acquisition Agreement.

### **Completion**

Completion shall take place upon the payment of the Second Instalment.

## **THE WENG'AN ACQUISITION AGREEMENT**

### **Date**

24 August 2012

### **Parties**

Vendor: 北京科林皓華環境科技發展有限責任公司 (Beijing Kelin Haohua Environment Technology Development Company Limited\*)

Purchaser: 上海環境百瑪士投資有限公司 (Shanghai Environmental Biomax Investment Limited\*), an indirect wholly-owned subsidiary of the Company

### **Assets to be acquired**

The Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Weng'an Shares, representing 100% equity interest in the Weng'an Target Company.

### **The Weng'an Consideration**

The Weng'an Consideration shall be RMB21.0 million (equivalent to approximately HK\$25.62 million) which shall be satisfied by cash. 80% of the Weng'an Consideration (being RMB16.80 million, equivalent to approximately HK\$20.50 million) shall be payable upon the execution of the Weng'an Confirmation Letter (the "First Instalment"), and at the same time, the Vendor shall transfer the actual controlling right to the Purchaser. The remaining 20% of the Weng'an Consideration (being RMB4.2 million, equivalent to approximately HK\$5.12 million) shall be payable two months after the acceptance of construction and commencing operation of Weng'an treatment of municipal waste project.

The Weng'an Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor and was determined after taking into consideration the audited net asset value and the assessed value of the Weng'an Target Company as at 30 June 2012 and the future prospects of the Weng'an Target Company.

### **Other Conditions**

In the event that the Weng'an Confirmation Letter cannot be fulfilled or waived by the Purchaser or the Vendor (as the case may be) on or before 24 November 2012, the Weng'an Acquisition Agreement shall be automatically terminated forthwith and cease to be of any effect on the parties to the Weng'an Acquisition Agreement.

### **Completion**

Completion shall take place upon the payment of the First Instalment.

## INFORMATION ON THE DUYUN TARGET COMPANY, THE WENG'AN TARGET COMPANY AND THE VENDOR

### The Duyun Target Company

The Duyun Target Company, established in the PRC on 28 February 2011, is principally engaged in the treatment of waste, investment, design, construction, installment and operating management. The registered capital of the Duyun Target Company is RMB33,000,000. The registered capital has been duly paid up.

Set out below is extracted from the PRC audited financial statement of the Duyun Target Company for the period from 28 February 2011 to 31 December 2011 and the six months ended 30 June 2012:

	<b>For the six months ended 30 June 2012 RMB'000 (Audited)</b>	<b>For the Period from 28 February 2011 to 31 December 2011 RMB'000 (Audited)</b>
Loss before taxation	298	467
Loss after taxation	284	427

As at 30 June 2012, the audited net assets value of the Duyun Target Company was approximately RMB32.3 million (equivalent to approximately HK\$39.4 million), and the valuation was approximately RMB59.87 million (equivalent to approximately HK\$73.04 million) which was assessed by an independent asset appraiser in PRC.

### The Weng'an Target Company

The Weng'an Target Company, established in the PRC on 24 November 2011, is principally engaged in the operation and management of waste treatment plants, investment, design, construction and installment. The registered capital of the Weng'an Target Company is RMB21,000,000. The registered capital has been duly paid.

Set out below is extracted from the PRC audited financial statement of the Weng'an Target Company for the period from 24 November 2011 to 31 December 2011 and the six months ended 30 June 2012:

	<b>For the six months ended 30 June 2012 RMB'000 (Audited)</b>	<b>For the Period from 24 November 2011 to 31 December 2011 RMB'000 (Audited)</b>
Loss before taxation	157	19
Loss after taxation	132	14

As at 30 June 2012, the audited net assets value of the Weng'an Target Company was approximately RMB20.85 million (equivalent to approximately HK\$25.44 million) and the valuation was approximately RMB37.11 million (equivalent to approximately HK\$45.27 million) which was assessed by an independent asset appraiser in PRC.

### **The Vendor**

The Vendor is principally engaged in the treatment of solid waste, disposal of medical waste, sludge and kitchen waste. The Directors confirms that to the best of their knowledge, information and belief having made all reasonable enquiry, the Vendor and ultimate beneficial owners of the Vendor, are independent third parties of the Group and connected persons of the Group.

### **REASONS FOR THE ACQUISITIONS**

The Company acts as an investment holding company. The Group is principally engaged in provision of waste treatment technologies and services which specializes in technology development, design, system integration, project investment, consultancy, operation and maintenance of waste treatment facilities, especially waste-to-energy projects.

The Group has been exploring investment opportunities in waste treatment and infrastructure businesses. The Directors consider that the Acquisition is a good opportunity for the Group to invest in waste treatment and infrastructure businesses with an aim to strengthen the Group's revenue base and to enhance Shareholders' value.

In view of the above, the Directors consider that the terms of the Duyun Acquisition Agreement and the Weng'an Acquisition Agreement are fair and reasonable and the Acquisitions are in the interests of the Company and the Shareholders as a whole.

As the applicable percentage ratios in respect of the transactions contemplated under the Duyun Acquisition Agreement and Weng'an Acquisition Agreement exceed 5% but are less than 25%, the Duyun Acquisition Agreement and Weng'an Acquisition Agreement and the transactions contemplated thereunder constitute a disclosable transaction of the Company under Chapter 14 of the Listing Rules.

**The Duyun Acquisition Agreement and Weng'an Acquisition Agreement may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution in dealing in the Shares.**

## DEFINITIONS

In this announcement, the following terms shall have the following meanings:

“Acquisitions”	the proposed acquisitions of the Duyun Shares and Weng’an Shares by the Purchaser from the Vendor at the Duyun Consideration and Weng’an Consideration pursuant to terms and conditions of the Duyun Acquisition Agreement and Weng’an Acquisition Agreement respectively
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	New Environmental Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules “associates” has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Duyun Acquisition Agreement”	the sale and purchase agreement dated 24 August 2012 entered into between the Purchaser and the Vendor in relation to the acquisition of Duyun Target Company after trading hours
“Duyun Confirmation Letter”	a confirmation letter to be entered into between the Purchaser and the Vendor within three months from the date of the Duyun Acquisition Agreement
“Duyun Consideration”	the consideration for the Duyun Shares of RMB33.0 million (equivalent to approximately HK\$40.26 million) payable by the Purchaser to the Vendor in accordance with the terms and conditions of Duyun Acquisition Agreement
“Duyun Shares”	100% equity interest in the Duyun Target Company
“Duyun Target Company”	都匀市科林環保有限公司(Duyun Kelin Environment Company Limited*), a company incorporated in the PRC with limited liability
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan for the purpose of this Announcement
“Purchaser”	上海環境百瑪士投資有限公司 (Shanghai Environmental Biomax Investment Limited*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Weng’an Acquisition Agreement”	the sale and purchase agreement dated 24 August 2012 entered into between the Purchaser and the Vendor in relation to the acquisition of Weng’an Target Company after trading hours
“Weng’an Confirmation Letter”	a confirmation letter to be entered into between the Purchaser and the Vendor within three months from the date of the Weng’an Acquisition Agreement
“Weng’an Consideration”	the consideration for the Weng’an Shares of RMB21.0 million (equivalent to approximately HK\$25.62 million) payable by the Purchaser to the Vendor pursuant to the terms and conditions of Weng’an Acquisition Agreement
“Weng’an Shares”	100% equity interest in the Weng’an Target Company
“Weng’an Target Company”	甕安縣科林環保有限公司 (Weng’an Kelin Environment Company Limited*), a company incorporated in the PRC with limited liability
“Vendor”	北京科林皓華環境科技發展有限責任公司 (Beijing Kelin Haohua Environment Technology Development Company Limited*), a company incorporated in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

*For illustration purposes, figures in RMB in this announcement have been translated into HK\$ at the exchange rate of RMB1 = HK\$1.22. Such conversion shall not be construed as a representation that amounts in RMB were or may have been converted into HK\$ using such exchange rate or any other exchange rate or at all.*

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

Hong Kong, 24 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.*

\* *For identification purpose only*