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If you have sold or transferred all your shares in New Environmental Energy Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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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: 3989)

**CONNECTED TRANSACTION
AND
NOTICE OF EGM**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 3 to 7 of this circular and a letter from the Independent Board Committee is set out on pages 8 to 9 of this circular. A letter of advice from China Galaxy to the Independent Board Committee is set out on pages 10 to 19 of this circular.

A notice convening the EGM to be held at Unit 1613–1618, 16/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong at 10:00 a.m. on Tuesday, 3 December 2013 is set out on pages 25 to 26 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

1 November 2013

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DEFINITION

In this circular, the following terms and expressions shall have the following meanings, unless the context otherwise requires:

“Announcement”	the announcement of the Company dated 16 October 2013 in relation to, among others, the Financial Assistance
“associate”	has the meaning ascribed thereto under the Listing Rules
“Beijing Capital (HK)”	Beijing Capital (Hong Kong) Limited, a company incorporated with limited liability under the laws of Hong Kong
“Board”	the board of Directors from time to time
“China Galaxy” or “Independent Financial Adviser”	China Galaxy International Securities (Hong Kong) Co., Limited, a licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement and the Share Pledge Agreement
“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 person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider, and if thought fit, approve, among other things, the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder
“Financial Assistance”	the provision of the Loan from Beijing Capital (HK) to the Company pursuant to the Loan Agreement and the Share Pledge Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all independent non-executive Directors, namely Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen, Mr. Li Baochun and Ms. Chan Yee Wah, Eva, which has been formed for the purpose of advising the Independent Shareholders as to the fairness and reasonableness of the terms of the Loan Agreement and the Share Pledge Agreement

DEFINITION

“Independent Shareholder(s)”	Shareholders, other than Beijing Capital (HK) and its associates which are required to abstain from voting on the resolution approving the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder at the EGM
“Latest Practicable Date”	30 October 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of HK\$220,000,000 pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 16 October 2013 entered into between the Company as borrower and Beijing Capital (HK) as lender in respect of the provision of the Loan
“PRC”	the People’s Republic of China which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.1 each in the share capital of the Company
“Share Pledge Agreement”	the share pledge agreement dated 16 October 2013 entered into between the Company and Beijing Capital (HK) in relation to the pledge of the Company’s 60% equity interest in 北京一清百瑪士綠色能源有限公司 (Beijing Yiqing Biomax Green Energy Park Co., Ltd.*), 91.75% equity interest in 都勻市科林環保有限公司 (Duyun Kelin Environment Company Limited*), 80% equity interest in 甕安縣科林環保有限公司 (Weng’an Kelin Environment Company Limited*) and 46% equity interest in 深圳粵能環保再生能源有限公司 (Shenzhen Yueneng Waste-to-Energy Ltd.*), in favour of Beijing Capital (HK) as security for the Loan
“Shareholder(s)”	holder(s) of Share(s) in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC and the exchange rate between RMB and HK\$ for the purpose of this circular is RMB1: HK\$1.27
“%”	per cent.

* For identification purpose only



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: 3989)

Executive Directors:

Mr. Yu Chang Jian (*Chairman*)
Mr. Cao Guo Xian (*Chief Executive Officer*)
Mr. Liu Xiao Guang
Mr. Xue Huixuan

Independent non-executive Directors

Mr. Pao Ping Wing
Mr. Cheng Kai Tai, Allen
Mr. Li Baochun
Ms. Chan Yee Wah, Eva

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head Office and Principal Place
of Business:*

Unit 1613–1618, 16/F.,
Bank of America Tower,
12 Harcourt Road, Central,
Hong Kong

1 November 2013

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Financial Assistance. It was announced that, on 16 October 2013, the Company as borrower and Beijing Capital (HK) as lender entered into the Loan Agreement, pursuant to which Beijing Capital (HK) agreed to grant the Loan to the Company. The Loan will be secured by the Company's equity interests in three non-wholly owned subsidiaries and an associate. The Company and Beijing Capital (HK) executed the Share Pledge Agreement in such regard on 16 October 2013.

The purpose of this circular is to provide you with, among other things, (i) details of the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee with its recommendation to

LETTER FROM THE BOARD

the Independent Shareholders; (iii) a letter from China Galaxy containing its advice to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM.

THE LOAN AGREEMENT AND THE SHARE PLEDGE AGREEMENT

Summarised below are the principal terms of the Loan Agreement and the Share Pledge Agreement:

Date:	16 October 2013
Lender and pledgee:	Beijing Capital (HK)
Borrower and pledger:	The Company
Principal amount of the Loan:	HK\$220,000,000
Interest rate:	5.13% per annum
Term:	24 months, subject to extension to be agreed by the parties
Condition precedent:	The Loan Agreement is conditional upon the approval of the Independent Shareholders according to the requirements of the Listing Rules
Repayment:	The Company shall repay the Loan and all accrued interests thereon at the expiry of the term of the Loan
Early repayment:	Subject to the consent of Beijing Capital (HK), the Company may repay the outstanding Loan in full or in part before maturity and interest will be charged according to the original interest rate and the actual term of the Loan. In contrary, subject to the consent of the Company, Beijing Capital (HK) may also request the Company to repay any outstanding Loan in full or in part
Security:	Pledge of the Company's 60% equity interest in 北京一清百瑪士綠色能源有限公司 (Beijing Yiqing Biomax Green Energy Park Co., Ltd.*), 91.75% equity interest in 都勻市科林環保有限公司 (Duyun Kelin Environment Company Limited*), 80% equity interest in 甕安縣科林環保有限公司 (Weng'an Kelin Environment Company Limited*) and 46% equity interest in 深圳粵能環保再生能源有限公司 (Shenzhen Yueneng Waste-to-Energy Ltd.*), in favour of Beijing Capital (HK) as security for the Loan. The aggregate value of the aforesaid equity interest is RMB186,458,312.55 (equivalent to approximately HK\$236.8 million). The Company and Beijing Capital (HK) entered into the Share Pledge Agreement on 16 October 2013 in such regard.

LETTER FROM THE BOARD

The Company selected the relevant subsidiaries and associate as the security after arm's length negotiations between the Company and Beijing Capital (HK) taking into account the maturity of the projects held by the companies, and their respective revenue generating ability, which match with the term of the Loan. The aggregate value of the pledged equity interest of approximately RMB186.5 million (equivalent to approximately HK\$236.8 million) represents the Company's sharing portion in the aggregate net assets of the companies, and is approximate to the principal amount of the Loan of HK\$220 million.

The interest rate of the Loan was determined after arm's length negotiations between the Company and Beijing Capital (HK) based on the actual funding costs to be incurred by Beijing Capital (HK) for obtaining funding for the Loan. The Company plans to draw down the Loan after the passing of the relevant ordinary resolution in the extraordinary general meeting approving the proposed acquisition of 97.85% interest in 惠州廣惠能源有限公司 (Huizhou Guanghui Energy Company Limited*) and/or when fund is required for the Group's general working capital and/or financing future investment opportunities of the Group. Upon the expiry of the term of the Loan, the Company will use its internal resources including but not limited to the revenue from project financed by the Loan and/or funds raised from capital market to repay the principal amount of the Loan as well as the relevant interest charged or will arrange for debt restructuring on maturity.

Certain Directors, namely Mr. Yu Chang Jian, Mr. Liu Xiao Guang and Mr. Cao Guo Xian, are directors and/or hold various senior management positions in Beijing Capital (HK)'s group companies. They are considered to have material interest in the Financial Assistance for the purpose of Rule 14A.59(18) of the Listing Rules and thus have abstained from voting on the relevant Board resolution(s) approving the Loan Agreement and the Share Pledge Agreement.

USE OF PROCEEDS AND REASONS FOR AND BENEFITS OF THE FINANCIAL ASSISTANCE

As at the Latest Practicable Date, the Group is principally engaged in provision of waste treatment technologies and services which specialises in technology development, design, system integration, project investment, consultancy, operation and maintenance of waste treatment facilities, especially waste-to-energy projects.

Beijing Capital (HK) is principally engaged in overseas capital operations, investment and financing, environmental industry value chain and international business operation.

The Financial Assistance will strengthen the Group's financial position and liquidity for the business development of the Group and will be utilised by the Group for financing the proposed acquisition of 97.85% interest in 惠州廣惠能源有限公司 (Huizhou Guanghui Energy Company Limited*) with a total commitment of RMB217 million (equivalent to approximately HK\$275.6 million), the details of which were disclosed in the Company's announcement dated 19 August 2013. The proposed acquisition is subject to Shareholders' approval. If the proposed acquisition is not approved by the Shareholders, the Company may use the proceeds of the Loan for the Group's general working capital and/or financing future investment opportunities of the Group. Given that the Company plans to draw down the Loan after the proposed acquisition is approved by the Shareholders, and that the

LETTER FROM THE BOARD

Company will not be required to pay any interest or penalty if it does not draw down the Loan, the Directors consider it is in the interests of the Company and the Shareholders as a whole to enter into the Loan Agreement in order to secure readily available funds to finance the proposed acquisition once it is approved by the Shareholders or for the Group's general working capital or for investments when such opportunities arise.

The Group has obtained two new fixed rate borrowings from independent third parties during the six months ended 30 June 2013, the interest rate of which were 12% and 5.6% per annum respectively. In view of the comparatively low interest rate offered when compare to obtaining the principal amount of the Loan from external financial institutions by the Company and the extendable term of the Loan, the Directors (including the independent non-executive Directors who have considered the advice from the Independent Financial Adviser) are of the view that the terms of the Loan Agreement and the Share Pledge Agreement are on normal commercial terms, fair and reasonable and the Financial Assistance is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As at the Latest Practicable Date, Beijing Capital (HK) holds 48.18% of the issued share capital of the Company and is the controlling Shareholder. As such, Beijing Capital (HK) is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Accordingly, the Financial Assistance constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen, Mr. Li Baochun and Ms. Chan Yee Wah, Eva, has been formed for the purpose of advising the Independent Shareholders as to the fairness and reasonableness of the terms of the Loan Agreement and the Share Pledge Agreement. China Galaxy has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

THE EGM

Set out on pages 25 to 26 of this circular is a notice of the EGM to be held at Unit 1613-1618, 16/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong at 10:00 a.m. on Tuesday, 3 December 2013, at which an ordinary resolution will be proposed to approve the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Beijing Capital (HK) holds 48.18% of the issued share capital of the Company. Beijing Capital (HK) and its associates will abstain from voting on the resolution approving the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 8 to 9 of this circular which contains its recommendation to the Independent Shareholders in relation to the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder and the letter from China Galaxy set out on pages 10 to 19 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

As stated in the letter from the Independent Board Committee, the Independent Shareholders are recommended to vote in favour of the resolution relating to the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

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



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: 3989)

1 November 2013

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

We refer to the circular of the Company to the Shareholders dated 1 November 2013 (the “Circular”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to consider the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder and to (i) advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Loan Agreement and the Share Pledge Agreement; and (ii) recommend whether or not the Independent Shareholders should vote for the resolution to be proposed at the EGM to approve the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder. China Galaxy has been appointed to advise the Independent Board Committee and the Independent Shareholders in such regards.

We wish to draw your attention to the letter from the Board and the letter from China Galaxy as set out in the Circular which contain, inter alia, China Galaxy’s advice and recommendation to us and the Independent Shareholders regarding the terms and conditions of the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder with the principal factors and reasons for its advice and recommendation.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Loan Agreement and the Share Pledge Agreement and the advice and recommendation of China Galaxy, as well as the principal factors and reasons taken into consideration by it in arriving at its opinion, we consider that the terms of the Loan Agreement and the Share Pledge Agreement are fair and reasonable so far as the interests of the Independent Shareholders are concerned and the Financial Assistance is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

Independent Board Committee

Mr. Pao Ping Wing

Mr. Cheng Kai Tai,

Mr. Li Baochun

Ms. Chan Yee Wah,

Allen

Eva

Independent non-executive Director

LETTER FROM CHINA GALAXY

The following is the text from China Galaxy to the Independent Board Committee and the Independent Shareholders, prepared for the purpose of inclusion in this circular.



Room 3501–3507, 35/F
Cosco Tower
183 Queen's Road Central
Hong Kong

1 November 2013

*To: The Independent Board Committee and
the independent shareholders of New Environment Energy Holdings Limited*

Dear Sirs,

CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on connected transactions in relation to the Loan Agreement and the Share Pledge Agreement, details of which are set out in the letter from the Board (the “Letter from the Board”) contained in the circular dated 1 November 2013 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

Reference is made to the announcement of the Company dated 16 October 2013. On 16 October 2013, the Company as borrower and Beijing Capital (HK) as lender entered into the Loan Agreement, pursuant to which Beijing Capital (HK) agreed to grant the Loan to the Company. The Loan will be secured by the Company's equity interests in three non-wholly owned subsidiaries and an associate. The Company and Beijing Capital (HK) executed the Share Pledge Agreement in such regard on 16 October 2013.

As at the Latest Practicable Date, Beijing Capital (HK) holds approximately 48.18% of the issued share capital of the Company and is the controlling Shareholder. As such, Beijing Capital (HK) is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Accordingly, the Financial Assistance constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

As at the Latest Practicable Date, the Independent Board Committee, comprising all of the independent non-executive Directors (namely Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen, Mr. Li Baochun and Ms. Chan Yee Wah, Eva) who have no direct or indirect interest in the connected transactions in relation to the Loan Agreement and the Share Pledge Agreement, has been established to advise the Independent Shareholders (i) as to the

LETTER FROM CHINA GALAXY

fairness and reasonableness of the Loan Agreement and the Share Pledge Agreement and whether the Financial Assistance is in the interests of the Company and the Shareholders as a whole; and (ii) on how to vote on the resolution(s) in respect of the Loan Agreement, the Share Pledge Agreement and the transactions contemplated thereunder after taking into account the recommendations of China Galaxy.

Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Directors and the management of the Company are true and accurate at the time they were made and will continue to be true and accurate as at the date of the despatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, information contained in the 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 contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs or the prospects of the Company, the Group or any of their respective associates.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources which are the latest information publicly available to the best of our knowledge, the sole responsibility of China Galaxy International Securities (Hong Kong) Co., Limited is to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the connected transactions in relation to the Loan Agreement and the Share Pledge Agreement, we have taken into consideration the following principal factors and reasons:

I. Background of the Loan Agreement and Share Pledge Agreement

Summarised below are the principal terms of the Loan Agreement and the Share Pledge Agreement:

Lender:	Beijing Capital (HK)
Borrower:	The Company
Principal amount of the Loan:	HK\$220,000,000
Interest rate:	5.13% per annum
Term:	24 months, subject to extension to be agreed by the parties
Condition precedent:	The Loan Agreement is conditional upon the approval of the Independent Shareholders according to the requirements of the Listing Rules
Repayment:	The Company shall repay the Loan and all accrued interests thereon at the expiry of the term of the Loan
Early repayment:	Subject to the consent of Beijing Capital (HK), the Company may repay the outstanding Loan in full or in part before maturity and interest will be charged according to the original interest rate and the actual term of the Loan. In contrary, subject to the consent of the Company, Beijing Capital (HK) may also request the Company to repay any outstanding Loan in full or in part.

Security: Pledge of the Company's 60% equity interest in 北京一清百瑪士綠色能源有限公司 (Beijing Yiqing Biomax Green Energy Park Co., Ltd.*), 91.75% equity interest in 都勻市科林環保有限公司 (Duyun Kelin Environment Company Limited*), 80% equity interest in 甕安縣科林環保有限公司 (Weng'an Kelin Environment Company Limited*) and 46% equity interest in 深圳粵能環保再生能源有限公司 (Shenzhen Yueneng Waste-to-Energy Ltd.*), in favour of Beijing Capital (HK) as security for the Loan. The aggregate value of the aforesaid equity interest is RMB186.5 million (equivalent to approximately HK\$236.8 million).

II. Reasons for and benefits of the Loan Agreement and Share Pledge Agreement

Financial performance of the Group

The Group is mainly engaged in waste treatment and waste-to-energy business primarily in the People's Republic of China ("PRC" or "China"). It involves in the technology development, design, system integration, project investment, consultancy, operation, and maintenance of waste treatment facilities, primarily waste-to-energy projects in the PRC. The Group is also engaged in the procurement and trading of equipment, as well as provision of engineering and technical services, and municipal solid waste recycling treatment services.

According to the interim report of the Group as of 30 June 2013, the Group recorded revenue of approximately HK\$22.7 million and net loss of approximately HK\$50.5 million for the six months ended 30 June 2013. The Group also recorded net loss of HK\$781.0 million, HK\$347.1 million and HK\$147.8 million for the three years ended 31 December 2012.

As at 30 June 2013, the Group had total assets amounting to approximately HK\$1,874.3 million, with approximately HK\$18.7 million of net assets attributable to equity shareholders of the Company. The gearing ratio, which is calculated on the basis of total borrowings over the Group's total shareholders' equity, was approximately 4.39 times and 40.4 times as at 31 December 2012 and 30 June 2013, respectively. The current ratio, which is calculated on the basis of current assets over current liabilities, decreased from approximately 1.08 times as at 31 December 2012 to approximately 1.00 times as at 30 June 2013. As at 30 June 2013, the Group had outstanding borrowings of approximately HK\$753.6 million, representing an increase of approximately HK\$487.1 million as compared to approximately HK\$266.5 million at the end of 2012. The borrowings comprised secured loans of approximately HK\$599.8 million and unsecured loans of approximately HK\$153.8 million. The Group finances its operations primarily with internally generated cash flow and loan facilities from shareholders and banks. As at 30 June 2013, the Group had cash and bank balances of approximately HK\$961.7 million, representing an increase of

approximately HK\$698.5 million as compared to approximately HK\$263.2 million as at 31 December 2012. The increase was mainly due to the proceeds raised from a rights issue and the new borrowings raised during the six months ended 30 June 2013. For the six months ended 30 June 2013, the Group has recorded a net cash outflow from operating activities of approximately HK\$22.1 million. We were advised that five out of a total eight of the Groups' waste-to-energy projects undertaken by the Group are in investing and construction stage and have not yet generated any positive cashflow or income.

Given the historical financial performance, net current liabilities position and high gearing ratio of the Group, the Directors consider that it would be difficult for the Group to obtain any bank loans from commercial banks or financial institutions which the terms thereunder would be more favorable than the Loan Agreement and Share Pledge Agreement.

Use of proceed from the Loan Agreement

As stated in the Circular and the announcement dated 19 August 2013, in consideration of the proposed acquisition of 97.85% interest in 惠州廣惠能源有限公司 (Huizhou Guanghui Energy Company Limited*) has a total commitment of RMB217 million ("Proposed Acquisition"), including the acquisition consideration of RMB20 million and the repayment of liabilities of total sum of RMB197 million, the Directors intend to utilize the fund raised from the Loan Agreement to finance the Proposed Acquisition. According to the interim report of the Company ended 30 June 2013, the Group has bank balances and cash of approximately HK\$961.7 million representing an increase of approximately HK\$698.5 million as compared to approximately HK\$263.2 million as at 31 December 2012. Such bank balances and cash composed of:

- (i) the borrowing of RMB300 million (approximately HK\$379 million) variable-rate loan from 北京銀行股份有限公司 (Bank of Beijing Company Limited*). The entire proceeds was used to finance the construction of 南昌市垃圾焚燒發電廠 (Nanchang Solid Waste Incineration Power Generation Plant*); and
- (ii) the net proceeds of approximately HK\$377.7 million from right issue ("Rights Issue"), the details of which were disclosed in the Company's listing document dated 14 June 2013 (the "Listing Document"). Reference was made to the Listing Document, we were advised that approximately HK\$30 million of the net proceeds has been used to repay other short-term loans, approximately HK\$50 million of the net proceeds has been earmarked to repay a shareholder's loan, approximately HK\$131 million of the net proceeds has been earmarked for financing the capital requirement of an investment project in Xingtai ("Xingtai Investment"), approximately HK\$160 million of the net proceeds will be incurred for funding five waste-to-energy projects in the PRC (not including Xingtai Investment and Proposed Acquisition) and the remaining balance of the net proceeds of the Right Issue will be used as general working capital of the Group.

- (iii) the remaining bank balances and cash will be used for funding the existing projects in operation as well as other general corporate costs.

As advised by the Directors, the bank balances and cash of the Group as of 30 June 2013 have been fully earmarked or utilized for various business purposes. In addition, the Directors have considered alternative way of fund raising exercises, such as issue of new equity. However, the Directors are of the view that it would be difficult for the Company to raise fund through share placement or another round of right issue under the current market condition. Based on the above, we are of the view that it is fair and reasonable for the Group to raise additional funds through the Loan Agreement to finance the Proposed Acquisition.

III. Principle terms under the Loan Agreement and Share Pledge Agreement

In assessing the fairness and reasonableness of the Loan Agreements and Share Pledge Agreement, we have considered applying a comparable analysis through comparing a number of parameters such as interest rate, length of loan agreements, presence of any collateral or asset pledge to secure loan, to companies listed on the Stock Exchange with similar line of business of the Group, namely engaging 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. Due to the unique business nature of the Group, we have not been able to identify suitable comparable companies with similar business nature with the Group. In addition, we consider that it would be difficult to conduct a comparable analysis on loan agreements as each company has its specific risk profile and the borrower normally depends upon each company's specific credit risk to determine the terms of loan. Thus, we consider the aforesaid comparable analysis is not applicable. However, we have examined the principal terms of the Loan Agreement and Share Pledge Agreement, and our analysis as shown below:

(a) Interest rate

As stated in the Letter from the Board in the Circular, the interest rate of the Loan was determined after arm's length negotiations between the Company and Beijing Capital (HK) based on the actual funding costs to be incurred by Beijing Capital (HK) for obtaining funding for the Loan. As advised by the Directors, the funding for the Loan was raised by Beijing Capital (HK) through a bond issuance of US\$100 million (equivalent to approximately HK\$775 million) on 2 July 2013, at an interest rate of 4.0%, in which will be fully redeemed at principal amount on 9 July 2016 (the "Bond Issuance"). Total expenditures incurred in the Bond Issuance, including the placing agent fees, professional fees and other disbursements, amounted to approximately HK\$26.1 million. Hence, for the loan portion of the Bond Issuance, the Group would have to share expenditures of approximately HK\$7.4 million. Based on the aforesaid, the effective cost of fund of Beijing Capital (HK) (taking into account the interest rate and the expenditure borne by the Group) would be 5.7% per annum. Therefore the interest rate of 5.13% per annum charged under Loan Agreement is already lower than the cost of fund of Beijing Capital (HK).

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As advised by the Directors, save for the Loan, the Group has three outstanding loans, in aggregate amounted to RMB97 million (equivalent to approximately HK\$123.2 million) as of 30 June 2013, from Beijing Capital (the controlling shareholder of Beijing Capital (HK)). In this respect, we compare the interest rate charged to the Group under the Loan agreement to the three existing loan agreements from Beijing Capital as below:

	Loan Agreement	Supplementary Loan Agreement I⁽¹⁾	Supplementary Loan Agreement II⁽¹⁾	Supplementary Loan Agreement III⁽¹⁾
Interest rate	5.13%	7.22%	6.90%	6.90%
	per annum	per annum	per annum	per annum

Note 1: Reference is made to the announcement of the Company dated 16 November 2012, Yangzhou Biomax (an indirect wholly-owned subsidiary of the Company as borrower) and Beijing Capital (as lender) entered into the three supplementary loan agreements.

As shown above, we note that the interest rate under the Loan Agreement is significantly lower than these three existing loan agreements.

Moreover, based on the new borrowings that the Group obtained during the latest reporting period as disclosed in the interim report of the Company ended 30 June 2013, there were two fixed-rate loan agreements the Company entered into with independent third parties, details of which are set out in the table below:

	Fixed Loan A	Fixed Loan B
Lender	Quam Finance Limited	China Guangfa Bank
Principal amount of loan	HK\$30,000,000	RMB21,100,000 (approximately HK\$26,797,000)
Term	Up to six months from date of drawdown	Due in September 2013
Interest rate	Fixed rate of 1% per month (effectively 12% per annum)	5.6% per annum
Security	Unsecured	Secured by a fixed bank deposit of HK\$30 million

According to the table above, the interest rate under the Loan Agreement is no less favorable than those with independent third parties.

Moreover, we noted that the best lending rate quoted from major commercial banks in Hong Kong is currently at 5.00% which is slightly lower than the interest rate under the Loan Agreement. We understand that the commercial banks in Hong Kong

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normally charge certain risk premium on top of the best lending rate to companies which have unfavorable financial position. Given the current financial position, it is likely that the Group would have to pay an interest rate higher than the best leading rate for any loans to be obtained from the commercial banks.

Nevertheless, we also compare the interest rate under the Loan Agreement to the benchmark lending rates published by the People's Bank of China, the benchmark lending rate for repayment term between 1 year to 3 years is currently set at 6.15% per annum. Before taking into account any risk premium, the benchmark leading rate has already exceeded the interest rate under the Loan Agreement.

(b) Share pledge

Pursuant to the Loan Agreements, the Loan will be secured by pledging of the Company's 60% equity interest in 北京一清百瑪士綠色能源有限公司 (Beijing Yiqing Biomax Green Energy Park Co., Ltd.*), 91.75% equity interest in 都匀市科林環保有限公司 (Duyun Kelin Environment Company Limited*), 80% equity interest in 甕安縣科林環保有限公司 (Weng'an Kelin Environment Company Limited*) and 46% equity interest in 深圳粵能環保再生能源有限公司 (Shenzhen Yueneng Waste-to-Energy Ltd.*), in favour of Beijing Capital (HK) as security for the Loan (the "Pledge Assets"). The aggregate value of the aforesaid equity interest is RMB186.5 million (equivalent to approximately HK\$236.8 million), with reference to the net assets value as at 31 August 2013 of each corresponding company. We have obtained and reviewed the management accounts for the four companies as at 31 August 2013 and found the corresponding net assets value were consistent with the Company's calculation of aggregate value of equity interest.

In order to assess the fairness and reasonableness of using the share pledge under the Share Pledge Agreement to secure the Loan, we have reviewed the financial performance and position of the Company. As advised by the Directors, as at 30 June 2013 the Group had eight waste treatment projects that commanded a total investment of approximately RMB2,268 million, however only three of them are in normal commercial operation and remaining five projects undertaken by the Group were still in investing or constructing stage. Given the premature business stage of the Company, the prospect and future development of the Company and its subsidiaries will depend on the support and investment made by the controlling Shareholder.

With reference to the annual report of the Company for the year ended 31 December 2012, the Group recorded revenue and a loss from continuing operation of approximately HK\$17.6 million and HK\$152.7 million respectively. The net assets attributable to the owners of the Company and the cash balance of the Group were approximately HK\$60.7 million and HK\$263.2 million respectively. The gearing ratio, which is calculated on the basis of total borrowings over the Group's total shareholders' equity, was approximately 4.39 times as at 31 December 2012. As stated in the interim report of the Company for the six months ended 30 June 2013, the Group recorded revenue and a loss from continuing operation for the period of approximately HK\$22.7 million and HK\$50.5 million respectively. The net assets

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attributable to the owners of the Company and the cash balance of the Group were approximately HK\$18.7 million and HK\$961.7 million respectively. The gearing ratio, which is calculated on the basis of total borrowings over the Group's total shareholders' equity, was further increased to 40.4 times as at 30 June 2013.

We noted that the Company has recorded loss-making results for three consecutive financial years and for the six months ended 30 June 2013. The financial performance and position of the Group did not substantially improved while the gearing ratio has deteriorated recently. In the lender's perspective, the premature business and loss-making stage of the Company have increased the underlying credit risk of the Loan. We note that for the existing loans of the Group, in general the interest rates of secured loans are lower than that of the unsecured loans. By pledging the Pledged Assets to Beijing Capital (HK), the Group should be able to lower the interest rate for the Loan. In addition, the Loan amount of HK\$220 million represents approximately 92.9% of the aggregate value of the Pledged Assets of RMB186.5 million (or HK\$236.8 million). As advised by the Directors, it would be very difficult for the Group to utilize the Pledged Assets as security and obtain a loan amount of HK\$220 million from independent commercial banks or financial institutions. Having considered the terms of the Loan Agreements and the Share Pledge Agreement as a whole, we therefore concur with the view of the Directors that the inclusion of pledged equity interest in the Share Pledge Agreement is fair and reasonable.

For other terms and conditions under the Loan Agreement and Share Pledge Agreement, we are not aware of any unusual arrangements or practices that are not generally accepted in the market.

RECOMMENDATIONS

Having considered the following principal factors and reasons:

- given the past financial performance, net current liabilities position and high gearing ratio of the Group, it would be difficult for the Group to obtain any bank loans which the terms there under would be more favorable than the Loan Agreement and Share Pledge Agreement or raise additional funds in the equity market;
- the bank balances and cash of the Group as of 30 June 2013 have been fully earmarked or utilized for various business purposes;
- the interest rate the Company being charged for the Loan is actually lower than the cost of fund of the controlling Shareholder, lower than the interest rates charged by Beijing Capital under the three existing loan agreements; lower than the current benchmark lending rate published by the People's Bank of China and also lower than the interest rates charged by independent third parties during the latest reporting period; and

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- the current financial position of the Group, the prospect and future development of the Group will depend on the support and investment made by the controlling Shareholder.

We are of the opinion that the terms of the Loan Agreement are in normal commercial terms, fair and reasonable and are in the interest of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and we recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the SGM for approving the Loan Agreement and Share Pledge Agreement.

Yours faithfully,
For and on behalf of
China Galaxy International Securities (Hong Kong) Co., Limited
Steven Chiu
Managing Director
Investment Banking

1. 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 Group. 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.

2. DISCLOSURE OF INTERESTS

Interests of the Directors and chief executives

As at the Latest Practicable Date, none of the Directors or any chief executive of the Company or their respective associates had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Directors had any interest in the Shares, options, warrants, derivatives and securities carrying conversion or subscription rights into Shares.

Interests of substantial shareholders and other persons

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or the chief executive of the Company) had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(a) Interests in the Company

Name of Shareholders	Capacity and nature of interests	Number of Shares/ underlying Shares held	Approximate percentage of issued share capital of the Company
Beijing Capital (Hong Kong) Limited	Beneficial owner (Note 1)	2,587,883,804(L)	55.59%
Beijing Capital Co., Ltd.	Interest of controlled corporations (Note 1)	2,611,093,804(L)	56.08%
Beijing Capital Group Co., Ltd.	Interest of a controlled corporation (Note 1)	2,611,093,804(L)	56.08%
Simple Success Investments Limited	Beneficial owner (Note 2)	270,760,000(L)	5.82%
New World Strategic Investment Limited	Interest of a controlled corporation (Note 2)	270,760,000(L)	5.82%
New World Development Company Limited	Interest of a controlled corporation (Note 2)	270,760,000(L)	5.82%
Chow Tai Fook Enterprises Limited	Interest of a controlled corporation (Note 2)	270,760,000(L)	5.82%
Chow Tai Fook (Holding) Limited	Interest of a controlled corporation (Note 2)	270,760,000(L)	5.82%
Chow Tai Fook Capital Limited	Interest of a controlled corporation (Note 2)	270,760,000(L)	5.82%
Cheng Yu Tung Family (Holdings) Limited	Interest of a controlled corporation (Note 2)	270,760,000(L)	5.82%
Cheng Yu Tung Family (Holdings II) Limited	Interest of a controlled corporation (Note 2)	270,760,000(L)	5.82%

(L) denotes a long position

Notes:

- These Shares represent 2,243,056,218 Shares and 344,827,586 underlying Shares which may be issuable upon conversion of all the outstanding amount of the convertible bonds held by Beijing Capital (Hong Kong) Limited, which was a wholly-owned subsidiary of Beijing Capital Co., Ltd, and 23,210,000 Shares held by BC Water Investments Co., Ltd., an indirect wholly-owned subsidiary of Beijing Capital Co., Ltd.. Beijing Capital Co., Ltd. is in turn controlled by Beijing Capital Group Co., Ltd.. As such, Beijing Capital Group Co., Ltd. and Beijing Capital Co., Ltd. were deemed to have interest in the said Shares and underlying Shares held by Beijing Capital (Hong Kong) Limited and BC Water Investments Co., Ltd. for the purposes of the SFO.

2. These Shares represent 270,760,000 Shares 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 46.7% 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. As such, Cheng Yu Tung Family (Holdings II) Limited, Cheng Yu Tung Family (Holdings) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited, Chow Tai Fook Enterprises Limited, New World Development Company Limited, New World Strategic Investment Limited were deemed to have interest in the said Shares held by Simple Success Investments Limited for the purposes of the SFO.

Save as disclosed herein, as at the Latest Practicable Date, so far as is known to any Directors or chief executive of the Company, no other person had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Directorship in and employment with substantial Shareholders

Set out below are particulars of the Directors' directorship in or employment with companies which have interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Position	Name of substantial Shareholder
Yu Chang Jian	Director	Beijing Capital (Hong Kong) Limited
Liu Xiao Guang	Director	Beijing Capital Co., Ltd.
	Director	Beijing Capital (Hong Kong) Limited
Cao Guo Xian	Director	Beijing Capital Co., Ltd.
	Director	Beijing Capital Group Co., Ltd.
	Director	Beijing Capital (Hong Kong) Limited
	Vice General Manager	Beijing Capital Co., Ltd.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contracts with any member of the Group which is not expiring or determinable by the employer within one year without payment of compensation other than statutory compensation.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim known to the Directors to be pending or threatened against any members of the Group which in the opinion of the Directors would be or is likely to be of material importance.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates had any direct or indirect interest in a business which competes or is likely to compete with the business of the Group and would require disclosure under Rule 8.10 of the Listing Rules.

6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group, nor has any Director had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given, or agreed to inclusion of, its opinion or advice in this circular:

Name	Qualification
China Galaxy	A licensed corporation for carrying out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

China Galaxy has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear. The letter of China Galaxy is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, China Galaxy did not have any interest in the share capital of any member of the Group nor had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and China Galaxy did not have any interest, either directly or indirectly, in any assets which have been, since 31 December 2012, the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, the date to which the latest published audited consolidated accounts of the Group were made up.

9. GENERAL

- (a) The company secretary of the Company is Ms. Wong Bing Ni, who holds a Master's degree in Professional Accounting and is also a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, and an associate member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators.
- (b) The Hong Kong branch share registrar of the Company is Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) The English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Units 1613–1618, 16th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the EGM:

- (a) the Loan Agreement; and
- (b) the Share Pledge Agreement.



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: 3989)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of New Environmental Energy Holdings Limited (the “**Company**”) will be held at 10:00 a.m. on Tuesday, 3 December 2013, at Unit 1613–1618, 16/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong for the purposes of considering and, if thought fit, passing with or without modifications the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the loan agreement (the “**Loan Agreement**”) dated 16 October 2013 entered into between the Company and Beijing Capital (Hong Kong) Ltd. (“**Beijing Capital (HK)**”) in relation to the grant of loan from Beijing Capital (HK) of principal amount of HK\$220,000,000 to the Company (a copy of which is marked “A” and produced to the EGM and signed by the chairman of the EGM for identification purpose) and the share pledge agreement (the “**Share Pledge Agreement**”) dated 16 October 2013 entered into between the Company and Beijing Capital (HK) in relation to the pledge of the Company’s 60% equity interest in 北京一清百瑪士綠色能源有限公司 (Beijing Yiqing Biomax Green Energy Park Co., Ltd.*), 91.75% equity interest in 都勻市科林環保有限公司 (Duyun Kelin Environment Company Limited*), 80% equity interest in 甕安縣科林環保有限公司 (Weng’an Kelin Environment Company Limited*) and 46% equity interest in 深圳粵能環保再生能源有限公司 (Shenzhen Yueneng Waste-to-Energy Ltd.*), in favour of Beijing Capital (HK) as security for the loan pursuant to the Loan Agreement (a copy of which is marked “B” and produced to the EGM and signed by the chairman of the EGM for identification purpose), be and are hereby ratified, confirmed and approved; and
- (b) any one or more of the directors of the Company (the “**Directors**”) be and is/are hereby authorised to do all such acts and things and to execute all such documents for the purpose of, or in connection with, the implementation of and giving effect to the Loan Agreement, the Share Pledge Agreement and the transactions

NOTICE OF EGM

ancillary thereto and of administrative nature which he/she/they consider necessary, desirable or expedient.”

* *For identification purpose only*

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

Hong Kong, 1 November 2013

Principal Office:
Unit 1613–1618, 16/F.,
Bank of America Tower,
12 Harcourt Road,
Central, Hong Kong

Notes:

1. A form of proxy for use at the EGM is enclosed with the circular of the Company dated 1 November 2013.
2. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or, where that member holds two or more shares, more proxies to attend and vote on behalf of him/her. A proxy need not be a shareholder of the Company.
3. To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of authority, must be deposited at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the EGM or any adjournment thereof.
4. Where there are joint holders of any ordinary share of the Company, any one of such holders may vote at the EGM, in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding. Several executors or administrators of a deceased shareholder in whose name any share stands shall for this purpose be deemed joint holders thereof.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her/its attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
6. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the voting on the ordinary resolution at the EGM will be conducted by way of poll.
7. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the EGM if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.