

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 NEW SHARES UNDER SPECIFIC MANDATE AND RESUMPTION OF TRADING

Placing Agent



Fortune (HK) Securities Limited

THE PLACING AGREEMENT

On 1 December 2010 (after trading hours), the Placing Agreement was entered into between the Company and the Placing Agent, pursuant to which the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, up to a maximum of 202,022,000 Placing Shares at HK\$0.50 per Placing Share. The maximum number of 202,022,000 Placing Shares represent approximately 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.50 represents (i) a discount of 36.70% to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on 1 December 2010, being the date of the Placing Agreement; (ii) a discount of approximately 40.33% to the average closing price of approximately HK\$0.838 per Share as quoted on the Stock Exchange for the last five trading days up to and including 30 November 2010; and (iii) a discount of approximately 32.80% to the average closing price of approximately HK\$0.744 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 30 November 2010.

The Placing is conditional upon (i) passing of the resolution(s) in relation to the Placing and the transactions contemplated thereunder and the Specific Mandate by the Shareholders at the EGM; (ii) the Placing Agent successfully procuring Placee(s) to place the Placing Shares during the Placing Period and (iii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares.

The maximum gross proceeds and net proceeds from the Placing will be approximately HK\$101 million and HK\$98 million respectively. The Company intends to use the net proceeds from the Placing for (i) general working capital of the Group and/or (ii) repayment of debts of the Group.

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the Placing Shares.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, pass the relevant resolution(s) to approve (i) the Placing Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate.

A circular containing, among other things, (i) further details of the Placing Agreement and the transactions contemplated thereunder and the Specific Mandate; and (ii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

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

RESUMPTION OF TRADING IN SHARES

Trading in Shares on the Stock Exchange was suspended from 9:30 a.m. on 2 December 2010 at the request of the Company pending the release of this announcement. Application will be made to the Stock Exchange for the resumption of trading in Shares with effect from 9:30 a.m. on 3 December 2010.

THE PLACING AGREEMENT

Date

1 December 2010

Issuer

The Company

Placing Agent and Placee(s)

Fortune (HK) Securities Limited, the Placing Agent, has conditionally agreed to place, on a best effort basis, up to a maximum of 202,022,000 Placing Shares and shall be entitled to a placing commission of 2.5% of the aggregate consideration received by the Company from the sale of Placing Shares. The Directors are of the view that the placing commission accords with the market rate and is fair and reasonable.

To the best of their knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners, are third parties independent of the Company and Connected Persons.

The Placing Agent agreed to procure Placee(s), on a best effort basis, to subscribe for the Placing Shares at the Placing Price within the Placing Period. The Placing Agent agreed to use all reasonable endeavours to ensure that the Placee(s) and their ultimate beneficial owners are third parties independent of the Company and the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

If less than six Placees are procured by the Placing Agent, a further announcement will be made by the Company in compliance with the requirements of the Listing Rules.

Number of Placing Shares

A maximum of 202,022,000 Placing Shares represent approximately 20% of the Company's existing issued share capital of the Company of 1,010,213,039 Shares as at the date of this announcement and approximately 16.67% of its issued share capital as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$20,202,200.

Placing price

The Placing Price of HK\$0.50 represents (i) a discount of 36.70% to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on 1 December 2010, being the date of the Placing Agreement; (ii) a discount of approximately 40.33% to the average closing price of approximately HK\$0.838 per Share as quoted on the Stock Exchange for the last five trading days up to and including 30 November 2010; and (iii) a discount of approximately 32.80% to the average closing price of approximately HK\$0.744 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 30 November 2010.

The net placing price under the Placing is approximately HK\$0.487 per Placing Share.

The Directors consider that the Placing Price, which was agreed after arm's length negotiations between the Company and the Placing Agent with reference to the market price of the Shares in recent months, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of the Placing Shares

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Specific Mandate

The Placing Shares will be allotted and issued under the Specific Mandate to be granted to the Directors by a resolution of the Shareholders to be passed at the EGM.

Conditions Precedent

The Placing is conditional upon:

- (a) The proposed grant of the specific mandate being granted by the shareholders of the Company in the EGM;
- (b) the Placing Agent successfully procuring Placee(s) to place the Placing Shares during the Placing Period (or such later time and date as the Placing Agent and the Company shall agree in writing); and
- (c) the Company's compliance with and procurement of the compliance of all conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for permission to deal in the Placing Shares issued or to be issued and ensure the continued compliance thereof (provided in each case that the Placee(s) comply with and satisfies all such conditions).

If the above conditions are not fulfilled prior to expiry of the Placing Period or such later date as may be agreed between the Company and the Placing Agent, the Placing Agreement will lapse and become null and void and the parties to the Placing Agreement shall be released from all obligations under the Placing Agreement, save the liabilities for any antecedent breaches thereof.

Termination and force majeure events

The Placing Agreement may be terminated by the Placing Agent if at any time prior to 10:00 a.m. on the date immediately preceding the Completion Date, in the sole and absolute discretion of the Placing Agent, the success of the Placing would or might be adversely affected by any force majeure events:

- (a) any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the opinion of the Placing Agent and in its absolute discretion may materially and adversely affect the business or financial condition or prospects of the Group as a whole; or
- (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which, in the sole opinion of the Placing Agent and in its absolute discretion will, or may be expected to, have a material adverse effect on the Placing; or
- (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the sole opinion of the Placing Agent and in its absolute discretion has or may have a material adverse effect on the Placing; or
- (d) any breach of any of the warranties under the Placing Agreement which in the sole opinion of the Placing Agent and in its absolute discretion is material in the context of the Placing, comes to the knowledge of the Placing Agent or there has been a breach by the Company of any other provision of the Placing Agreement which in the sole opinion of the Placing Agent and in its absolute discretion is material in the context of the Placing; or then and in any such case.

Completion of the Placing

Completion of the Placing shall take place on the Completion Date.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company acts as an investment holding company. The Group is principally engaged in trading of apparel and accessories, 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 maximum gross proceeds from the Placing will be approximately HK\$101 million. The Company plans to use the maximum net proceeds of approximately HK\$98 million from the Placing for (i) general working capital of the Group and/or (ii) repayment of debts of the Group.

The Directors are of the view that the Placing will enlarge the shareholder base and the capital base of the Company. In addition, the net proceeds of the Placing will strengthen the Group's financial position for future development of the Group. Accordingly, they consider that the Placing is in the interests of the Company and the Shareholders as a whole.

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

The table below sets out the existing issued share capital of the Company (i) as at the date of this announcement; (ii) as it would be immediately after completion of the Placing (assuming no conversion of Convertible Notes and Convertible Bonds):

Shareholders <i>Name</i>	Shareholding in the Company as at the date of this announcement		Shareholding in the Company upon completion of Placing	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Best View Enterprises Limited	76,400,000	7.56%	76,400,000	6.30%
Simple Success Investments Limited	72,000,000	7.13%	72,000,000	5.94%
Charm Hero Investments Limited, Mr. Ngok Yan Yu and his associates (<i>Note 1</i>)	76,594,205	7.58%	76,594,205	6.32%
Sycomore Limited, Mr. Marcello Appella and his associates (<i>Note 2</i>)	3,588,030	0.36%	3,588,030	0.30%
Placee(s)	—	—	202,022,000	16.67%
Existing public Shareholders	<u>781,630,804</u>	<u>77.37%</u>	<u>781,630,804</u>	<u>64.47%</u>
Total	<u>1,010,213,039</u>	<u>100%</u>	<u>1,212,235,039</u>	<u>100%</u>

Notes:

- (1) These Shares include 76,344,205 Shares held by Charm Hero Investments Limited, a wholly-owned subsidiary of Mensun Limited (which was controlled by Mr. Ngok Yan Yu, the chairman and an executive Director of the Company) and 250,000 Shares held by the spouse of Mr. Ngok Yan Yu.
- (2) 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.

The table below sets out the existing issued share capital of the Company (i) as at the date of this announcement; (ii) as it would be immediately after completion of the Placing (and assuming full conversion of the outstanding Convertible Notes and Convertible Bonds and assuming no adjustment to the respective conversion prices):

Shareholders	Shareholding in the Company as at the date of this announcement		Shareholding in the Company upon completion of Placing (assuming full conversion of the outstanding Convertible Notes and Convertible Bonds and with no adjustment to the respective conversion prices)	
	Number of Shares	%	Number of Shares	%
Best View Enterprises Limited	76,400,000	7.56%	76,400,000	4.69%
Simple Success Investments Limited	72,000,000	7.13%	412,338,983	25.32%
Charm Hero Investments Limited, Mr. Ngok Yan Yu and his associates (<i>Note 1</i>)	76,594,205	7.58%	76,594,205	4.70%
Sycomore Limited, Mr. Marcello Appella and his associates (<i>Note 2</i>)	3,588,030	0.36%	3,588,030	0.22%
Holder of the outstanding Convertible Notes (other than Simple Success)	—	—	13,559,322	0.83%
Holder of the outstanding Convertible Bonds	—	—	62,400,000	3.83%
Placee(s)	—	—	202,022,000	12.41%
Existing public Shareholders	<u>781,630,804</u>	<u>77.37%</u>	<u>781,630,804</u>	<u>48.00%</u>
Total	<u><u>1,010,213,039</u></u>	<u><u>100%</u></u>	<u><u>1,628,533,344</u></u>	<u><u>100%</u></u>

Notes:

- (1) These Shares include 76,344,205 Shares held by Charm Hero Investments Limited, a wholly-owned subsidiary of Mensun.
- (2) 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.

As at the date of the Placing Agreement, the Company also has options outstanding which entitle their holders to subscribe for up to a maximum of 15,390,805 new Shares, which would represent approximately 1.50% of the issued share capital of the Company as enlarged by the issue of new Shares on exercise of the options as at date of this announcement and approximately 0.94% of the share capital of the Company assuming completion of the Placing and as enlarged by the issue of new Shares on exercise of the options and full conversion of the outstanding Convertible Notes and Convertible Bonds and assuming no adjustment to the respective conversion prices. The options have not been taken into account for the purposes of preparing the tables above.

ADJUSTMENT OF THE CONVERSION PRICE UNDER THE CONVERTIBLE NOTES AND THE CONVERTIBLE BONDS

The terms of the instruments constituting the Convertible Notes and Convertible Bonds require adjustments to the respective conversion prices for consolidation or subdivision of the Shares, capitalisation of profits or reserves, capital distributions, issue of new Shares and other securities by way of rights. Further announcement containing details of the adjusted conversion prices will be made if and when appropriate.

EQUITY FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

The following table summarises the equity 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
26 August 2010	Top up placing of 148,400,000 new Shares under general mandate	HK\$75.9 million	To be used as the general working capital and for repayment of loans of the Group	As to HK\$50 million used to repay loans and the remaining kept at bank
1 April 2010	Top up placing of 76,400,000 new Shares under general mandate	HK\$147.8 million	To be used for the general working capital of the Group	Used as equity injection in subsidiaries in the PRC
29 January 2010	Issue of HK\$156 million in principal amount of convertible bonds and placing of 9,341,000 new Shares under specific mandate	HK\$167.6 million	To be used for development of the waste-to-energy project in the PRC and as general working capital of the Group	As to approximately HK\$90 million used for waste-to-energy project in the PRC, as to approximately HK\$70 million used to repay bank loan and the remaining kept and used as general working capital mainly for waste-to-energy business

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

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the Placing Shares.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, pass the relevant resolution(s) to approve (i) the Placing Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate.

A circular containing, among other things, (i) further details of the Placing Agreement and the transactions contemplated thereunder and the Specific Mandate; and (ii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

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

RESUMPTION OF TRADING IN SHARES

Trading in Shares on the Stock Exchange was suspended from 9:30 a.m. on 2 December 2010 at the request of the Company pending the release of this announcement. Application will be made to the Stock Exchange for the resumption of trading in Shares with effect from 9:30 a.m. on 3 December 2010.

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
“Board”	the Board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“Company”	New Environmental Energy Holdings Limited, a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Completion Date”	Completion of the Placing shall take place on the seventh Business Day after (i) the satisfaction of the all the conditions precedent of the Placing Agreement or (ii) the conclusion of Placee(s) on the Subscription Date (whichever is later), or such later date as may be agreed by and between the Company and Placing Agent

“Connected Person(s)”	having the meaning ascribed thereto in the Listing Rules
“Convertible Bonds”	the zero coupon guaranteed convertible bonds due 2015, which are convertible into Shares or shares of Smartview Investment Holdings Ltd. (a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company) as described in the Company’s announcements dated 29 January 2010 and 13 April 2010, respectively
“Convertible Notes”	the convertible notes of the Company issued to Simple Success Investments Limited and Bright Good Limited on 11 December 2009 in satisfaction of part of the consideration for the Group’s acquisition of the entire issued share capital of Smartview Investment Holdings Ltd., as described in the Company’s announcement dated 23 September 2009 and circular dated 23 November 2009
“Directors”	directors of the Company
“EGM”	The extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve, <i>inter alia</i> , the Placing Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	having the meaning ascribed thereto in the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity whom the Placing Agent and/or any of its agent(s) have procured to place the Placing Shares pursuant to the Placing
“Placing”	the placing of up to a maximum of 202,022,000 Placing Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Fortune (HK) Securities, a licensed corporation to carry on Type 1 (Dealing in securities) regulated activity under the SFO
“Placing Agreement”	the placing agreement dated 1 December 2010 entered into between the Company and the Placing Agent in relation to the Placing

“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 5:00 p.m. on 28 February 2011, unless terminated earlier in writing pursuant to the Placing Agreement
“Placing Price”	HK\$0.50 per Placing Share
“Placing Shares”	a maximum of 202,022,000 Shares to be placed under the Placing
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholders”	shareholders of the Company
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the EGM to allot and issue the Placing Shares pursuant to the Placing Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Date”	the date that the Placing Agent concluded the placee(s) list with the information of placee(s) and number of Placing Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	Per cent

By order of the Board of
New Environmental Energy Holdings Limited
Chan Tak Yan
Executive Director

Hong Kong, 2 December 2010

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Ngok Yan Yu, Mr. Marcello Appella, Mr. Chan Tak Yan, Mr. Ng Cheuk Fan, Keith and Ms. Yu Sau Lai; 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. Lo Ming Chi, Charles, Mr. Pao Ping Wing, Mr. Kwan Hung Sang, Francis and Mr. Cheng Kai Tai, Allen.