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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)

(1) CONNECTED TRANSACTION INVOLVING SHARE SUBSCRIPTION AND (2) ISSUE OF CONVERTIBLE NOTE UNDER SPECIFIC MANDATE

Reference is made to the announcements of the Company dated 23 September 2009 and 11 December 2009 in relation to, among other matters, the Acquisition. The Bright Good Promissory Note in the principal amount of HK\$80.5 million was issued by the Group to Bright Good and the Bright King Promissory Note in the principal amount of HK\$55 million was issued by the Group to Bright King on 11 December 2009 as part of the consideration of the Acquisition and the Group is obligated to issue the Bright King Performance Based Promissory Note in the initial principal amount of HK\$144 million, subject to adjustment, to Bright King. On 23 March 2011, the Bright Good Promissory Note was transferred to Best View. On 6 April 2011, the Bright King Performance Based Promissory Note after adjustment with principal amount of HK\$460,800 was issued to Bright King.

BRIGHT KING REDEMPTION AND THE BEST VIEW REDEMPTION

The Board announces that (i) the Company entered into the Bright King Redemption Deed with Rising Boom and Bright King pursuant to which Bright King shall surrender the Bright King Promissory Note and Bright King Performance Based Promissory Note to the Group for redemption and cancellation in consideration of the issue of the Issue Shares A and Issue Shares B respectively by the Company to Bright King; and (ii) the Company entered into the Best View Redemption Deed with Best View and Rising Boom, pursuant to which Best View shall surrender the Bright Good Promissory Note to the Group for redemption and cancellation in consideration of the issue of the Convertible Note to Best View. No application will be made for the listing of, or permission to deal in, the Convertible Note on the Stock Exchange or any other stock exchange.

LISTING RULES IMPLICATION

The ultimate beneficial owner of Bright King, being Mr. Ngok Yan Yu, was a director of the Company within the preceding 12 months of the date of the Bright King Redemption Deed. Therefore, Bright King is a connected person of the Company. As the applicable percentage ratios (as defined under the Listing Rules and other than the profit ratio) in respect of the Bright King Redemption are 5% or more, the Bright King Redemption constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules is subject to the reporting, announcement and independent shareholders' approval requirement under the Listing Rules.

The allotment and issue of the Issue Shares and the Conversion Shares in the event of exercise of the conversion right attaching to the Convertible Note will be under the specific mandate to be sought at the EGM. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Issue Shares and the Conversion Shares.

An independent board committee will be established to advise the Independent Shareholders as to whether the terms of the Bright King Redemption Deed are fair and reasonable and whether the Bright King Redemption is in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote, taking into account of the recommendation of the independent financial adviser to be appointed. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this regard.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the associates of Bright King are interested in 76,344,205 Shares, which represent approximately 5.41% of the existing issued share capital of the Company, as at the date of this announcement, Bright King and its associates will abstain from voting at the EGM to approve the Bright King Redemption Deed and the transactions contemplated thereunder. As Best View is interested in 4,400,000 Shares, which represent approximately 0.31% of the existing issued share capital of the Company, as at the date of this announcement, Best View and its associates will abstain from voting at the EGM to approve the Best View Redemption Deed and the transactions contemplated thereunder. A circular containing, among other things, the details of the Bright King Redemption Deed and the Best View Redemption Deed and the transactions contemplated thereunder, the terms of the Convertible Note together with a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules on or before 25 August 2011.

Completion of the Bright King Redemption and the Best View Redemption is subject to the fulfilment of the conditions precedent as set out in the Bright King Redemption Deed and the Best View Redemption Deed respectively and therefore the proposed Bright King Redemption and proposed Best View Redemption may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Reference is made to the announcements of the Company dated 23 September 2009 and 11 December 2009 in relation to, among other matters, the Acquisition Agreement. The Bright Good Promissory Note in the principal amount of HK\$80.5 million was issued by the Group to Bright Good and the Bright King Promissory Note in the principal amount of HK\$55 million was issued by the Group to Bright King on 11 December 2009 as part of the consideration of the Acquisition and the Group is obligated to issue the Bright King Performance Based Promissory Note in the initial principal amount of HK\$144 million, subject to adjustment, to Bright King. On 23 March 2011, the Bright Good Promissory Note was transferred to Best View. On 6 April 2011, the Bright King Performance Based Promissory Note after adjustment with principal amount of HK\$460,800 was issued to Bright King.

THE BRIGHT KING REDEMPTION DEED

Date: 4 August 2011

Parties: (1) The Company
(2) Rising Boom
(3) Bright King

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Bright King is an investment holding company incorporated in the BVI with limited liability, which is wholly and ultimately owned by Mr. Ngok Yan Yu, a director of the Company within the preceding 12 months as of the date of the Bright King Redemption Deed. Mr. Ngok Yan Yu and Mr. Tang Zhi Bin, the executive Director, are the directors of Bright King. Bright King is therefore a connected person of the Company.

Subject matters

Bright King, Rising Boom and the Company agree that, subject to the fulfilment of the conditions precedent to the Bright King Redemption Deed, (i) Bright King shall surrender the Bright King Promissory Note to the Group for redemption and cancellation in consideration of the issue of the Issue Shares A by the Company to Bright King and the Group shall then be absolutely and irrevocably released from all its obligations under the Bright King Promissory Note; and (ii) Bright King shall surrender the Bright King Performance Based Promissory Note with a principal amount of HK\$460,800 to the Group for redemption and cancellation in consideration of the issue of the Issue Shares B by the Company to Bright King, on the Bright King Redemption Completion Date.

The Issue Shares

The Issue Shares A of 68,750,000 Shares and the Issue Shares B of 576,000 Shares represent (i) approximately 4.87% and approximately 0.04% respectively of the total issued share capital of the Company as at the date of this announcement; (ii) approximately 4.64% and approximately 0.04% respectively of the issued share capital of the Company as enlarged by the issue of the Issue Shares; and (iii) approximately 4.43% and approximately 0.04% respectively of the issued share capital of the

Company as enlarged by the issue of the Issue Shares and the allotment and issue of the Conversion Shares assuming the conversion rights attaching to the Convertible Note are exercised in full, respectively.

The Issue Shares shall, when issued, be fully paid and rank pari passu in all respects with the other Shares in issue or to be issued by the Company on or prior to the Bright King Redemption Completion Date including the right to receive all dividends and other distributions declared, made or paid at any time after the date of allotment and issue of the Issue Shares.

The Issue Price of HK\$0.80 per Share was arrived at after arm's length negotiation between the Company and Bright King with reference to the recent Share price performance and prospect of the Company. The Issue Price represents:

- (i) a premium over approximately 42.86% to the closing price of HK\$0.56 per Share on the Last Trading Day;
- (ii) a premium over approximately 38.89% to the average closing price of HK\$0.576 per Share for the last 5 trading days up to and including the Last Trading Day; and
- (iii) a premium over approximately 36.29% to the average closing price of HK\$0.587 per Share for the last 10 trading days up to and including the Last Trading Day.

The aggregate Issue Price is approximately HK\$55.5 million. The net Issue Price is estimated to be approximately HK\$0.79 per Issue Share. The Directors (excluding the independent non-executive Directors whose opinion will be provided after considering the advice from the independent financial adviser) consider that the Issue Price is fair and reasonable on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

Conditions precedent

The Bright King Redemption Deed is conditional upon and subject to the following conditions:

- (a) the passing by the Independent Shareholders in the EGM of the necessary resolutions approving the Bright King Redemption Deed and all transactions contemplated hereunder including the allotment and issue of the Issue Shares to Bright King pursuant to the specific mandate;
- (b) the Independent Shareholders granting the specific mandate in accordance with the requirements of the Listing Rules;
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Issue Shares (and such permission and listing not subsequently being revoked);
- (d) all necessary consents, waivers and approvals required to be obtained by the parties in respect of the Bright King Redemption Deed and the transactions contemplated thereby having been obtained; and

- (e) the surrendering of the Bright King Promissory Note and the Bright King Performance Based Promissory Note by Bright King to the Group for redemption and cancellation.

Neither the Company, Rising Boom nor Bright King shall be entitled to waive any of the conditions set out above. If the conditions are not fulfilled on or prior to 31 December 2011 or such later date as may be agreed among the Company, Rising Boom and Bright King, the Bright King Redemption Deed shall terminate and none of the parties shall have any claim against the others for costs, damages, compensation or otherwise (save for any antecedent breaches of the terms thereof).

Completion

Subject to the fulfilment of the above conditions precedent, the completion shall take place at the office of the Company on the Bright King Redemption Completion Date, at which time the Company shall allot and issue the Issue Shares to Bright King.

THE BEST VIEW REDEMPTION DEED

Date: 4 August 2011

Parties: (1) The Company

(2) Rising Boom

(3) Best View

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Best View is (i) an investment holding company incorporated in the BVI with limited liability ultimately controlled by Dato' Dr. Cheng Yu Tung, an independent third party; and (ii) interested in 4,400,000 Shares, representing approximately 0.31% of the existing issued share capital of the Company as of the date of this announcement.

Subject matters

The Company, Rising Boom and Best View agreed that, subject to the fulfilment of the conditions precedent to the Best View Redemption Deed, Best View will surrender the Bright Good Promissory Note to the Group for redemption and cancellation in consideration of the issue of the Convertible Note to Best View.

Conditions precedent

The Best View Redemption Deed is conditional upon and subject to the following conditions:

- (a) the passing by the Shareholders other than Best View and its associates in the EGM to approve the Best View Redemption Deed and all transactions contemplated in or incidental to the Best View Redemption Deed, including the issue of the Convertible Note to Best View and the specific mandate to allot and issue the Conversion Shares, in accordance with the Listing Rules;

- (b) all necessary consents, confirmations, permits, approvals, licences and authorisations having been obtained from all relevant governmental, regulatory or other authorities (including but not limited to the SFC and the Stock Exchange) and any other person(s) in connection with the transactions contemplated under the Best View Redemption Deed having been obtained by the Company, and Best View;
- (c) the Stock Exchange having granted to the Company the listing of, and permission to deal in, the Conversion Shares;
- (d) Best View having received a legal opinion addressed to it and in respect of the Best View Redemption Deed and the Convertible Note, in the form and substance satisfactory to it, from legal counsels of the Company advising on the Cayman Islands law and the BVI law as agreed by Best View;
- (e) there is no law or order of courts prohibiting or restricting the execution, validity and enforcement of the Best View Redemption Deed or the Convertible Note;
- (f) no events of default has occurred since the execution of the Best View Redemption Deed by the parties thereto; and
- (g) the warranties of the Company and Rising Boom contained in the Best View Redemption Deed remain true and correct and the Company and Rising Boom have committed no breach of their obligations and undertakings under the Best View Redemption Deed.

Neither of the Company, Rising Boom nor Best View shall be entitled to waive any of the conditions set out above, except that Best View may, at its absolute discretion, waive (d), (f) and (g) above. If the conditions are not fulfilled or waived on or before 30 September 2011 or such later date as may be agreed in writing among the Company, Rising Boom and Best View, the Best View Redemption Deed shall not proceed and none of the parties to the Best View Redemption Deed shall have any claim of any nature or liabilities under the Best View Redemption Deed whatsoever against any of the other parties thereto save for any antecedent breaches of the terms thereof.

Completion

Subject to the fulfilment of the conditions precedent to the Best View Redemption Deed, completion of the Best View Redemption shall take place on the Best View Redemption Completion Date. At which, Best View shall deliver or procure delivery to the Group, among other things, the original Bright Good Promissory Note and the Company shall deliver or procure delivery to Best View, among other things, the certificate in respect of the Convertible Note issued in the name of Best View or its nominees(s).

THE CONVERTIBLE NOTE

The principal terms of the Convertible Note to be issued by the Company are set out as follows:

Principal amount

HK\$80,500,000

Interest

The Convertible Note shall not bear any interest.

Maturity

31 December 2012

Conversion Price

The Conversion Price of HK\$1.13 per Conversion Share is determined between the Company and Best View after arm's length negotiations with reference to the prevailing market price of the Shares, the prospect of the Company and the nature of the Convertible Note. The Conversion Price of HK\$1.13 per Share represents:

- (i) a premium over approximately 101.79% to the closing price of HK\$0.56 per Share on the Last Trading Day;
- (ii) a premium over approximately 96.18% to the average closing price of HK\$0.576 per Share for the last 5 trading days up to and including the Last Trading Day; and
- (iii) a premium over approximately 92.50% to the average closing price of HK\$0.587 per Share for the last 10 trading days up to and including the Last Trading Day.

The Conversion Price is subject to adjustment for, among other matters, sub-division, consolidation, capitalisation of profits or reserves, capital distribution, rights issues of shares or options over Shares, right issues of securities other than Shares or options, warrants or other rights to subscribe for or purchase Shares, issue of Shares or grant of options, warrants or other rights to subscribe for or purchase Shares or other issues at a price which is less than 90 per cent of the then market price of the Shares at the time of the announcement of relevant events.

Conversion

The holder(s) of the Convertible Note has/have the right to convert the whole or any part of the outstanding principal of the Convertible Note in an amount of not less than HK\$500,000 on each conversion (save that if at any time, the principal outstanding amount of the Convertible Note is less than HK\$500,000, the whole (but not part only) of the principal outstanding amount of the Convertible

Note may be converted) into Shares in board lot or multiples thereof at any time from the issue date of the Convertible Note at the Conversion Price up to (and excluding) the fifth Business Day immediately before the Maturity Date.

Early redemption

Subject to the events of default below, the Company shall not be entitled to early redeem the Convertible Note before the Maturity Date.

Events of default

The Convertible Note will contain events of default provisions which provide that on the occurrence of certain events of default specified in the conditions of the Convertible Note (e.g. repayment overdue, insolvency and liquidation), each of the holders of the Convertible Note shall be entitled to demand for immediate redemption of the principal amount of outstanding Convertible Note.

Undertakings

The certificate of the Convertible Note will contain undertakings of a holder thereof that (i) it shall fully comply with all applicable laws, rules and regulations including but not limited to the Listing Rules and the Codes on Takeovers and Mergers in respect of the holding of the Convertible Note, the exercise of its conversion rights, acceptance of Conversion Shares and settlement of the outstanding principal sum of the Convertible Note; and (ii) it shall not exercise the conversion rights to the extent that following such conversion it would result in change in control (as defined under the Codes on Takeovers and Mergers) of the Company. The Company shall be entitled to refuse to accept the relevant conversion notice and such conversion notice shall be treated as void should the proposed conversion result in breach of any of the above undertakings.

Conversion Shares

Upon full conversion of the Convertible Note in the principal amount of HK\$80,500,000 by the holder(s) of the Convertible Note assuming at the Conversion Price, a maximum of 71,238,938 Conversion Shares will be issued. The Conversion Shares will represent: (i) approximately 5.05% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 4.81% of the issued share capital of the Company as enlarged by the issue of the Issue Shares; and (iii) approximately 4.59% of the issued share capital of the Company as enlarged by the Issue Shares and the allotment and issue of the Conversion Shares assuming the conversion rights attaching to the Convertible Note are exercised in full at the Conversion Price.

No application will be made for the listing of, or permission to deal in, the Convertible Note on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. The Company will seek a specific mandate from the Shareholders other than Best View and its associates for the allotment and issue of the Conversion Shares.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Bright King Redemption and the Best View Redemption; and (iii) immediately after the completion of the Bright King Redemption and the Best View Redemption and assuming full conversion of the Convertible Note at the Conversion Price, assuming there being no other change to the shareholding structure of the Company after the date of this announcement:

	As at the date of this announcement		Immediately after the completion of the Bright King Redemption and the Best View Redemption		Immediately after the Bright King Redemption and the Best View Redemption and assuming full conversion of the Convertible Note at the Conversion Price	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Beijing Capital (Hong Kong) Limited Simple Success Investments Limited (Note 1)	299,022,000	21.19	299,022,000	20.19	299,022,000	19.27
Best View Enterprises Limited (Note 2)	4,400,000	0.31	4,400,000	0.30	75,638,938	4.87
Charm Hero Investments Limited, Ngok Yan Yu and his associates (Note 3)	76,344,205	5.41	145,670,205	9.84	145,670,205	9.39
Zesiger Capital Group LLC	152,032,000	10.77	152,032,000	10.27	152,032,000	9.80
Sycomore Limited, Marcello Appella and his associates (Note 4)	3,588,030	0.26	3,588,030	0.24	3,588,030	0.23
Existing public Shareholders	<u>605,170,804</u>	<u>42.88</u>	<u>605,170,804</u>	<u>40.87</u>	<u>605,170,804</u>	<u>38.99</u>
Total	<u>1,411,317,039</u>	<u>100.00</u>	<u>1,480,643,039</u>	<u>100.00</u>	<u>1,551,881,977</u>	<u>100.00</u>

Notes:

- (1) 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 has 51% interest in Centennial Success Limited which has 100% 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.
- (2) These Shares represent 4,400,000 Shares held by Best View Enterprises Limited. In addition, Best View Enterprises Limited has security interest on Shares held by Charm Hero Investments Limited. Best View Enterprises Limited is wholly owned by Chow Tai Fook Nominee Limited, which is in turn controlled by Dato' Dr. Cheng Yu Tung.
- (3) These Shares represent 76,344,205 shares held by Charm Hero Investments Limited, which was wholly owned by Mensun Limited, which was in turn wholly owned by Mr. Ngok Yan Yu, a director of the Company within the preceding 12 months as of the date of this announcement.
- (4) These Shares are held by Sycomore Limited, which is owned as to 50% by Mr. Marcello Appella, an executive Director, and 50% by Mrs. Maguy, Alice, Juliette, Marie Pujol ep. Appella, the spouse of Mr. Marcello Appella.

REASONS FOR THE BRIGHT KING REDEMPTION AND THE BEST VIEW REDEMPTION

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 specialises in technology development, design, system integration, project investment, consultancy, operation and maintenance of waste treatment facilities, especially waste-to-energy projects.

As at the date of this announcement, the outstanding balance of the Bright King Promissory Note, the Bright King Performance Based Promissory Note and the Bright Good Promissory Note is HK\$55,000,000, HK\$460,800 and HK\$80,500,000, which will mature on 10 December 2014, 5 April 2016 and 10 December 2012 respectively. The entering into of the Bright King Redemption Deed and the Best View Redemption Deed will (i) fully settle the Bright King Promissory Note and the Bright King Performance Based Promissory Note; (ii) conserve more financial resources of the Group for the funding of future investments when opportunities arise; and (iii) broaden the capital base of the Company upon the issue of the Issue Shares and the exercise of the conversion rights attaching to the Convertible Note, if any.

The Directors (excluding the independent non-executive Directors whose opinion will be provided after considering the advice from the independent financial adviser) consider that the terms and conditions of the Bright King Redemption Deed, which were arrived at after arm's length negotiations among the Company, Rising Boom and Bright King, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Best View Redemption Deed, which were arrived at after arm's length negotiations among the Company, Rising Boom and Best View, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

The table below sets out the equity fund raising activities of the Company conducted during the past twelve months from the date of this announcement and the actual use of proceeds obtained there from. All of the funds raised within the past 12 months have been utilised or reserved as intended.

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
30 March 2011	Placing of new Shares	HK\$78.8 million	To be used as the general working capital of the Group and/or repayment of debts of the Group.	Kept at bank and to be used as general working capital
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 a loan and the remaining kept at bank before utilised for operating expenses

LISTING RULES IMPLICATION

The ultimate beneficial owner of Bright King, being Mr. Ngok Yan Yu, was a director of the Company within the preceding 12 months of the date of the Bright King Redemption Deed. Therefore, Bright King is a connected person of the Company. As certain applicable percentage ratios (as defined under the Listing Rules and other than the profit ratio) in respect of the Bright King Redemption are 5% or more, the Bright King Redemption constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules is subject to the reporting, announcement and independent shareholders' approval requirement under the Listing Rules.

The allotment and issue of the Issue Shares and the Conversion Shares in the event of exercise of the conversion right attaching to the Convertible Note will be under the specific mandate to be sought at the EGM. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Issue Shares and the Conversion Shares.

An independent board committee will be established to advise the Independent Shareholders as to whether the terms of the Bright King Redemption Deed are fair and reasonable and whether the Bright King Redemption is in the interests of the Company and the Shareholders as a whole and to advise the

Independent Shareholders on how to vote, taking into account of the recommendation of the independent financial adviser to be appointed. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this regard.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the associates of Bright King are interested in 76,344,205 Shares, which represent approximately 5.41% of the existing issued share capital of the Company, as at the date of this announcement, Bright King and its associates will abstain from voting at the EGM to approve the Bright King Redemption Deed and the transactions contemplated thereunder. As Best View is interested in 4,400,000 Shares, which represent approximately 0.31% of the existing issued share capital of the Company, as at the date of this announcement, Best View and its associates will abstain from voting at the EGM to approve the Best View Redemption Deed and the transactions contemplated thereunder. A circular containing, among other things, the details of the Bright King Redemption Deed and the Best View Redemption Deed and the transactions contemplated thereunder, the terms of the Convertible Note together with a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules on or before 25 August 2011.

Completion of the Bright King Redemption and the Best View Redemption is subject to the fulfilment of the conditions precedent as set out in the Bright King Redemption Deed and the Best View Redemption Deed respectively and therefore the proposed Bright King Redemption and proposed Best View Redemption may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of certain shares in the capital of Smartview Investment Holdings Limited at a total consideration of HK\$1,155.54 million pursuant to a conditional sale and purchase agreement dated 8 September 2009 (as amended by a supplemental agreement dated 18 September 2009), details of which were disclosed in the announcement of the Company dated 23 September 2009
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Best View”	Best View Enterprises Limited, a company incorporated in the BVI ultimately controlled by Dato' Dr. Cheng Yu Tung
“Best View Redemption”	the redemption of the Bright Good Promissory Note pursuant to the terms and subject to the conditions set out in the Best View Redemption Deed

“Best View Redemption Completion Date”	the third Business Day (or such other day as the parties to Best View Redemption Deed may agree) after fulfilment of the conditions precedent of the Best View Redemption Deed, on which completion of the Best View Redemption will take place
“Best View Redemption Deed”	the redemption deed dated 4 August 2011 entered into among the Company, Rising Boom and Best View
“Board”	the board of Directors
“Bright Good”	Bright Good Limited, a company incorporated in the BVI
“Bright Good Promissory Note”	the promissory note in the principal amount of HK\$80.5 million issued by the Company to Bright Good as part of the consideration for the Acquisition, which was subsequently transferred to Best View
“Bright King”	Bright King Investments Limited, a company incorporated in the BVI which is wholly-owned by Mr. Ngok Yan Yu, a former Director
“Bright King Performance Based Promissory Note”	the promissory note (with an initial principal amount of HK\$144 million) in the principal amount of HK\$460,800 after adjustment issued by the Company to Bright King on 6 April 2011
“Bright King Promissory Note”	the promissory note in the principal amount of HK\$55 million issued by the Company to Bright King on 11 September 2009
“Bright King Redemption”	the redemption of the Bright King Promissory Note and the Bright King Performance Based Promissory Note pursuant to the terms and subject to the conditions set out in the Bright King Redemption Deed
“Bright King Redemption Completion Date”	the Business Day immediately after the date on which the last of the conditions of the Bright King Redemption Deed shall have been satisfied provided that the completion date or such later time and/or date as the Company, Rising Boom and Bright King may agree in writing but in any event not later than 31 December 2011
“Bright King Redemption Deed”	the redemption and settlement deed dated 4 August 2011 entered into among the Company, Rising Boom and Bright King
“Business Day”	any day (excluding Saturday, Sunday or any statutory public holiday) on which licensed banks in Hong Kong are open for business
“BVI”	the British Virgin Islands

“Company”	New Environmental Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules and the word “connected” shall be construed accordingly
“Conversion Price”	the initial conversion price of HK\$1.13 per Conversion Share (subject to adjustment)
“Conversion Shares”	new Shares of the Company which may fall to be issued upon exercise of the conversion right under the Convertible Note
“Convertible Note”	the convertible note in the principal amount of HK\$80.5 million to be issued by the Company to Best View subject to the surrendering of the Bright Good Promissory Note by Best View to the Group for cancellation under the Best View Redemption Deed
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Bright King Redemption Deed, the Best View Redemption Deed and the transactions contemplated thereunder, and the grant of the specific mandate to the Directors to issue and allot the Conversion Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Independent Shareholder(s)”	the shareholder(s) of the Company other than Bright King and its associates and any Shareholders who are involved in or interested in the Bright King Redemption
“Issue Price”	the deemed issue price of HK\$0.80 per Issue Share
“Issue Shares”	the Issue Shares A and the Issue Shares B
“Issue Shares A”	68,750,000 Shares to be issued by the Company to Bright King at the Issue Price in respect of the surrender of the Bright King Promissory Note

“Issue Shares B”	576,000 Shares to be issued by the Company to Bright King at the Issue Price in respect of the surrender of the Bright King Performance Based Promissory Note
“Last Trading Day”	4 August 2011, being the full last trading day before publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the maturity date of the Convertible Note, being 31 December 2012
“Rising Boom”	Rising Boom Enterprises Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“SFC”	Securities and Futures Commission
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
%	per cent

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

Hong Kong, 4 August 2011

As at the date of this announcement, the Board comprises five executive directors; namely, Mr. Yu Chang Jian, Mr. Liu Xiao Guang, Mr. Cao Guo Xian, Mr. Marcello Appella, and Mr. Tang Zhi Bin; 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.