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NEW ENVIRONMENTAL ENERGY HOLDINGS LIMITED

新環保能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03989)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of New Environmental Energy Holdings Limited (the “**Company**”) dated 6 December 2011 (the “**Announcement**”) in relation to, among others, connected transaction in respect of issue of Convertible Bond, discloseable and connected transaction in respect of the acquisition of the Target Company, proposed increase in authorised share capital of the Company and specific mandate to issue new shares. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As illustrated in the paragraph headed “Shareholding structure of the Company” on page 8 of the Announcement, upon full conversion of the Convertible Bond, assuming at a conversion price of HK\$0.40, the Subscriber will be interested in approximately 30.47% of the total issued share capital of the Company and will become the controlling shareholder of the Company and thereby trigger a mandatory general offer obligation in accordance with the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”). In such event, the Subscriber has confirmed to the Company that it will comply with the relevant provisions of the Takeovers Code as and when appropriate.

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

Hong Kong, 7 December 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.