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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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

The board of directors (the “Board”) of New Environmental Energy Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2012.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		Six months ended 30 June	
		2012	2011
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Continuing operations			
Revenue		15,503	5,604
Cost of sales		(15,505)	(5,819)
		<hr/>	<hr/>
Gross loss		(2)	(215)
Other income, gains and losses	4	7,028	10,491
Administrative expenses		(33,964)	(31,128)
Finance costs	5	(22,996)	(34,199)
Gain on fair value change of embedded derivatives		296	4,151
Share of results of an associate		4,113	5,835
		<hr/>	<hr/>
Loss before tax		(45,525)	(45,065)
Income tax credit	6	1,435	2,589
		<hr/>	<hr/>
Loss for the period from continuing operations		(44,090)	(42,476)

	NOTES	Six months ended 30 June	
		2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Discontinued operations			
Profit (loss) for the period from discontinued operations	7	<u>4,852</u>	<u>(138,625)</u>
Loss for the period	8	<u>(39,238)</u>	<u>(181,101)</u>
Other comprehensive (expense) income			
Exchange differences on translation:			
Exchange difference arising during the period		(291)	44,046
Exchange difference arising from an associate during the period		(1,195)	1,704
Reclassification adjustment on disposal of subsidiaries		<u>(3,607)</u>	<u>—</u>
Other comprehensive (expense) income for the period		<u>(5,093)</u>	<u>45,750</u>
Total comprehensive expense for the period		<u>(44,331)</u>	<u>(135,351)</u>
Loss for the period attributable to:			
Owners of the Company		(41,135)	(180,389)
Non-controlling interests		<u>1,897</u>	<u>(712)</u>
		<u>(39,238)</u>	<u>(181,101)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(46,228)	(134,639)
Non-controlling interests		<u>1,897</u>	<u>(712)</u>
		<u>(44,331)</u>	<u>(135,351)</u>
Loss per share			
	10		
From continuing and discontinued operations			
Basic		<u>HK(2.65) cents</u>	<u>HK(16.80) cents</u>
Diluted		<u>HK(2.65) cents</u>	<u>HK(16.80) cents</u>
From continuing operations			
Basic		<u>HK(2.96) cents</u>	<u>HK(3.89) cents</u>
Diluted		<u>HK(2.96) cents</u>	<u>HK(3.89) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	<i>NOTES</i>	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	14,508	13,522
Intangible assets		3,052	3,786
Prepaid lease payments		2,259	2,314
Amounts due from grantors for contract work		212,510	193,581
Amount due from an investee	14	58,909	59,500
Interest in an associate		96,096	93,178
Deposits paid for construction of infrastructure in service concession arrangements	12	177,188	179,299
		564,522	545,180
Current assets			
Trade receivables	13	7,263	31,986
Deposits, prepayments and other receivables		51,031	48,064
Prepaid lease payments		52	52
Amount due from an associate		20,273	980
Bank balances and cash		43,259	54,859
		121,878	135,941
Current liabilities			
Trade payables	15	24,185	31,958
Other payables and accruals		200,178	206,908
Amount due to a shareholder		1,860	2,366
Taxation payable		15,405	18,069
Obligations under finance leases — due within one year		—	17
Borrowing — due within one year		48,780	52,250
		290,408	311,568
Net current liabilities		(168,530)	(175,627)
Total assets less current liabilities		395,992	369,553

		30 June 2012	31 December 2011
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
Non-current liabilities			
Obligations under finance leases — due after one year		—	44
Borrowing — due after one year		52,250	—
Convertible bonds	16	166,853	155,083
Embedded derivatives	16	8,164	8,460
Convertible notes		140,974	132,279
Deferred tax liabilities		9,352	10,957
		<hr/> 377,593	<hr/> 306,823
		<hr/> 18,399	<hr/> 62,730
Capital and reserves			
Share capital		155,188	155,188
Reserves		(119,978)	(73,750)
Equity attributable to owners of the Company		35,210	81,438
Non-controlling interests		(16,811)	(18,708)
		<hr/> 18,399	<hr/> 62,730

Note:

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The functional currency of the Company is Renminbi. For users’ convenience of the condensed consolidated financial statements, the results and financial position of the Group are expressed in Hong Kong dollar, i.e. the presentation currency for the condensed consolidated financial statements, because the Company is listed in Hong Kong

In preparing the condensed consolidated financial statements, the directors of the Company have assessed the liquidity position and going concern of the Group in light of the fact that the Group incurred a loss of approximately HK\$39,238,000 for the six months ended 30 June 2012 and had net current liabilities of approximately HK\$168,530,000 as at 30 June 2012. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations including the capital commitments and other commitment as they fall due in the foreseeable future for the following reasons:

- (i) A substantial shareholder, Beijing Capital (Hong Kong) Limited, a wholly owned subsidiary of a listed company in the People Republic of China (“PRC”), Beijing Capital Co., Ltd., has granted the Group a three-year term facility of RMB300,000,000 (approximately HK\$365,854,000) in December 2011. The facility has not yet been drawn down at the end of the reporting period.
- (ii) In August 2011, a bank in the PRC has granted a subsidiary of the Company a facility of RMB305,000,000 (approximately HK\$371,951,000) solely for one of the service concession arrangement projects which was secured by the underlying assets of the service concession arrangements of that subsidiary and guaranteed by the Company and a subsidiary of the Company. The facility has not yet been drawn down at the end of the reporting period.

Accordingly, the condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared on a going concern basis.

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the annual financial statements of the Company and its subsidiaries for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA that are mandatorily effective for the current interim period.

The application of amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. Segment Information

The Group has been operating with one reportable and operating segment, being the waste treatment and waste-to-energy business after the disposal of trading of apparel and accessories business during the current interim period as disclosed in Note 7. Trading of apparel and accessories business was another reportable and operating segment in the prior period. The trading of apparel and accessories business is considered as discontinued operations and therefore, not included in the segment information. The prior period figures have been re-presented. Since there is only one reportable and operating segment, no segment information is provided.

4. Other Income, Gains and Losses

	Six months ended 30 June	
	2012 <i>HK\$'000</i> (unaudited)	2011 <i>HK\$'000</i> (unaudited)
Continuing operations		
Bank interest income	78	727
Interest income received from an associate	728	—
Effective interest income on amount due from an investee	—	2,363
Effective interest income on amounts due from grantors for contract work	6,111	7,205
Others	111	196
	<u>7,028</u>	<u>10,491</u>

5. Finance Costs

	Six months ended 30 June	
	2012 <i>HK\$'000</i> (unaudited)	2011 <i>HK\$'000</i> (unaudited)
Continuing operations		
Interest on:		
Borrowings wholly repayable within five years	2,531	2,258
Convertible bonds	11,770	10,131
Convertible notes	8,695	15,688
Promissory notes	—	6,122
	<u>22,996</u>	<u>34,199</u>

6. Income Tax Credit

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group had no assessable profits for both periods.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the Enterprise Income Tax rate applicable to the Group’s subsidiaries in the PRC is 25%.

	Six months ended 30 June	
	2012	2011
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(unaudited)	(unaudited)
Income tax credit relating to continuing operations		
Deferred tax:		
Current period	<u>1,435</u>	<u>2,589</u>

7. Discontinued Operations

On 22 February 2012, the Group disposed of its wholly-owned subsidiary, Hembly Garment Manufacturing Limited (“Hembly Garment”), and its subsidiary, 恆華(南京)服飾有限公司, for a cash consideration of approximately HK\$12,000,000, to an independent third party. Details of the disposal agreement are set out in the Company’s announcement dated on 2 December 2011. The trading of apparel and accessories operation is treated as discontinued operations. Comparative information in the condensed consolidated statement of comprehensive income has been re-presented.

The profit (loss) from the discontinued operations from 1 January 2012 to 22 February 2012 and for the six months ended 30 June 2011 were as follows:

	From	Six months
	01/01/2012 to	ended
	22/02/2012	30/06/2011
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(unaudited)	(unaudited)
Gain on disposal of subsidiaries	4,567	—
Profit (loss) for the period from discontinued operations	<u>285</u>	<u>(138,625)</u>
	<u>4,852</u>	<u>(138,625)</u>

The results of the Group's trading of apparel and accessories operation from 1 January 2012 to 22 February 2012 and for the six months ended 30 June 2011 were as follows:

	From 01/01/2012 to 22/02/2012 HK\$'000 (unaudited)	Six months ended 30/06/2011 HK\$'000 (unaudited)
Revenue	—	16,341
Cost of sales	—	(28,605)
Gross loss	—	(12,264)
Other income, gains and losses	968	182
Distribution and selling expenses	—	(20)
Administrative expenses	(683)	(126,515)
Finance costs	—	(8)
Profit (loss) for the period from discontinued operations	285	(138,625)

Profit (loss) for the period from discontinued operations was arrived at after charging (crediting) the following items:

	From 01/01/2012 to 22/02/2012 HK\$'000 (unaudited)	Six months ended 30/06/2011 HK\$'000 (unaudited)
Depreciation of property, plant and equipment	128	972
Impairment loss on inventories	—	13,897
(Reversal of) impairment loss on trade receivables	(853)	66,194
Impairment loss on prepayments to suppliers	—	19,063

8. Loss for the Period

Loss for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Continuing Operations		
Staff's salaries and allowances	7,524	7,264
Staff's contribution to retirement benefit scheme	1,493	1,425
Total staff costs	9,017	8,689
Auditor's remuneration	600	580
Depreciation of property, plant and equipment	976	1,021
Rental expenses	1,344	972
Amortisation of intangible assets (included in cost of sales)	734	734
Legal and professional fees	9,626	3,869
Provision for penalty charge in relation to construction of waste-to-energy plant	—	5,423

9. Dividend

The directors do not declare an interim dividend for the current period. No dividend was paid, declared or proposed during both reporting periods.

10. Loss Per Share

From continuing and discontinued operations

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(41,135)</u>	<u>(180,389)</u>
Number of shares	2012 '000	2011 '000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share (<i>Note</i>)	<u>1,551,881</u>	<u>1,073,831</u>

Note: The computation of diluted loss per share does not assume the exercise of outstanding share options of the Company and the conversion of the outstanding convertible bonds and convertible notes of the Company since their assumed exercise would result in a decrease in loss per share.

From continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

Loss figures are calculated as follows:

	Six months ended 30 June	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company	(41,135)	(180,389)
Less: Profit (loss) for the period from discontinued operations	<u>4,852</u>	<u>(138,625)</u>
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share from continuing operations	<u>(45,987)</u>	<u>(41,764)</u>

The denominators used are the same as those detailed above for basic and diluted loss per share.

From discontinued operations

For the six months ended 30 June 2012, basic and diluted earning per share from discontinued operation is HK0.31 cents per share (for the six months ended 30 June 2011: basic and diluted loss per share from discontinued operations is HK12.91 cents per share), based on the profit for the period from discontinued operations of HK\$4,852,000 (for the six months ended 30 June 2011: loss for the period from discontinued operations of HK\$138,625,000) and the denominators detailed above for both basic and diluted loss per share.

11. Movements in Property, Plant and Equipment

During the current interim period, the Group acquired leasehold improvements, furniture, fixtures and equipment and motor vehicles of approximately HK\$458,000, HK\$1,417,000 and HK\$710,000 respectively (for the six months ended 30 June 2011: nil).

12. Deposits Paid for Construction of Infrastructure in Service Concession Arrangements

The amount represents advance payments to third party suppliers for purchase of materials and equipment, which have not yet been delivered to the Group at the end of the reporting period, for the construction of waste treatment and waste-to-energy plants in the PRC under service concession arrangements.

Included in the deposits paid balance is advance payment to a third party supplier, 城市建設研究院 (“城建院”), with aggregate carrying amount of approximately HK\$158,110,000 (31 December 2011: HK\$160,062,000) which is under legal procedures at the end of the reporting period. The Group has submitted a dispute with 城建院 to arbitration and expected to finalise in second half of 2012. The Group has not provided for impairment loss as the amount is still considered recoverable as of 30 June 2012.

13. Trade Receivables

The Group allows an average credit period of 90 days to its trade customers.

The following is an analysis of trade receivables by age, presented based on the invoice date, net of allowance for doubtful debts:

	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
Within 90 days	—	24,630
Over 360 days	<u>7,263</u>	<u>7,356</u>
	<u>7,263</u>	<u>31,986</u>

Included in the Group's trade receivable balance is a debtor, 北京市大興區政府採購中心, a local government authority in PRC with aggregate carrying amount of approximately HK\$7,263,000 (2011: HK\$7,356,000) which has been past due for more than one and a half year as at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amount is still considered recoverable by the management.

14. Amount due from an Investee

	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
Trade receivables		
Shanghai Biomax Green Energy Park Company Limited ("SH Biomax GEP")	19,310	19,548
Other receivables		
SH Biomax GEP	39,599	39,952
	58,909	59,500

Note:

The receivables due from SH Biomax GEP, a fully impaired available-for-sale investment of the Group, are past due over 2.5 years (2011: over 2 years) but not impaired. The other receivables due from SH Biomax GEP is unsecured and interest free.

In accordance with the agreement entered by the Group and the investee, the receivables will not be repayable within 18 months (2011: 24 months) from the end of the reporting period until the waste treatment plant of SH Biomax GEP commences its operation. These receivables are measured at amortised cost of HK\$58,909,000 (2011: HK\$59,500,000). The initial fair value adjustment thereon is recognised as deemed investment cost, which had been fully impaired for the available-for-sale investment.

15. Trade Payables

The following is an analysis of trade payables by age, presented based on the invoice date:

	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
Within 90 days	—	9,601
181–360 days	9,477	150
Over 360 days	14,708	22,207
	24,185	31,958

16. Convertible Bonds/Embedded Derivatives

Same as disclosed in the Company's 2011 annual report relating to the Convertible Bonds/Embedded Derivatives, except for the following.

The movement of the liability component and embedded derivatives of the Convertible Bonds for the period is set out as below:

	Liability component <i>HK\$'000</i>	Embedded derivatives <i>HK\$'000</i>
At 31 December 2011	155,083	8,460
Effective interest charged to profit or loss (<i>Note 5</i>)	11,770	—
Gain on fair value change of embedded derivatives	—	(296)
	<hr/>	<hr/>
At 30 June 2012	<u>166,853</u>	<u>8,164</u>

The fair values of the embedded derivatives at 31 December 2011 and 30 June 2012 were determined by reference to a valuation conducted by a firm of independent valuers using Binomial Option Pricing Model. The inputs and methodology used for the calculation of the fair values of the embedded derivatives were as follows:

	30 June 2012	31 December 2011
Share price	HK\$0.25	HK\$0.38
Risk-free rate	0.235%	0.594%
Time to maturity	2.79 years	3.29 years
Dividend yield	0%	0%
Volatility	39.66%	45.11%

BUSINESS AND FINANCIAL REVIEW OVERVIEW

Overview

In the first half of 2012, the Group's revenue reached approximately HK\$15.5 million, including waste treatment and waste-to-energy business which are classified as "Continuing Operations" and trading of apparel and accessories which is classified as "Discontinued Operations") representing a decrease of 29.4% over the same period last year. Loss attributable to the Company's equity holders was approximately HK\$41.1 million, as compared to loss attributable to the Company's equity holders of HK\$180.4 million for the same period last year.

Waste to Energy Business

During the period under review, the Group's revenue for its waste to energy business reached approximately HK\$15.5 million, representing an increase of approximately 176.6%, as compared to same period last year, which accounted for all of the Group's revenue in the first half of 2012.

Trading of Apparel and Accessories Business

During the period under review, none of the Group's revenue came from its trading of apparel and accessories business. After the disposal of Hembly Garment on 22 February 2012, the trading of apparel and accessories business is treated as Discontinued Operations.

Administrative Expenses

The Group's administrative expenses, including continuing and discontinued operations, decreased by approximately 78.0% to approximately HK\$34.6 million during the period under review.

The decrease in administrative expenses is mainly attributable to the disposal of trading and apparel and accessories business.

FINANCE COSTS

Finance costs, including continuing and discontinued operations, decreased by approximately 32.8% to approximately HK\$23.0 million, as compared to the same period last year. This decrease is mainly attributable to the decrease in the interest on promissory notes and convertible notes.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2012, the Group had cash and bank balances of approximately HK\$43.3 million, primarily denominated in RMB and HK dollars, (31 December 2011: HK\$54.9 million), and total borrowings of approximately HK\$101.0 millions (31 December 2011: HK\$52.3 million), 51.7% (31 December 2011: none) of which are long-term borrowings. As at 30 June 2012, 48.3% and 51.7% of the Group's total borrowings were denominated in RMB and HK dollars, respectively, and subject to fixed interest rates.

The net gearing ratio, which is calculated on the basis of total borrowings (net of cash and cash equivalent) over the total shareholders' equity of the Company, was approximately 1.64 as at 30 June 2012. Net gearing ratio has not been calculated as at 31 December 2011 as cash and cash equivalent exceeded borrowings as at 31 December 2011. The current ratio, which is calculated on the basis of current assets over current liabilities, decreased from approximately 0.44 as at 31 December 2011 to approximately 0.42 as at 30 June 2012.

FOREIGN EXCHANGE EXPOSURE

The majority of the Group's sales, purchase and operating expenses were denominated in RMB, HK dollars and US dollars. Although the Group has been and will continue to be exposed to foreign currency exchange risks, the Board does not expect future currency fluctuations to materially impact the Group's operations. The Group has adopted no formal hedging policies and no instruments have been applied for foreign currency hedging purposes during the period under review.

CHARGES ON ASSETS

As at 30 June 2012, the Group's interest in an associate of approximately HK\$96.1 million was pledged to secure a borrowing granted to the Group.

CAPITAL COMMITMENT

As at 30 June 2012, the Group had capital commitment of HK\$420.7 million in respect of the acquisitions of property, plant and equipments and construction infrastructure in service concession arrangement, which were contracted but not provided for in the condensed consolidated financial statements.

CONTINGENT LIABILITIES

As at 30 June 2012, the Group provide guarantees of RMB18.4 million to a bank in respect of banking facilities granted to an associate.

EMPLOYMENT INFORMATION

As at 30 June 2012, the Group had about 108 employees in total, stationed mainly in the PRC, Hong Kong and Europe. The Group's emolument policies, which are reviewed periodically, are linked to the performance of individual employees and are based on the salary trends prevailing in the aforesaid regions.

In addition, the Group maintains a share option scheme for the purpose of providing incentives and rewards to eligible participants based on their individual contributions to the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the period.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: nil).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquires of all its directors regarding any noncompliance with the Model Code, and all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2012.

CORPORATE GOVERNANCE PRACTICES

The Board believes that high standards of corporate governance are essential to the success of the Company and is committed to maintain a high level of corporate governance standards and practices.

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) contained in Appendix 14 (the “Code”) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the period under review.

CHANGES IN INFORMATION OF DIRECTORS

Below are the changes of directors’ information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Company’s 2011 annual report:

Name of Director	Details of Changes
Mr. Kwan Hung Sang, Francis	Resignation as an independent non-executive director, a member of each of the audit committee, the nomination committee and the remuneration committee of the Company on 25 April 2012
Mr. Cheng Kai Tai, Allen	Appointment as a member of each of the audit committee, the nomination committee and the remuneration committee of the Company on 25 April 2012
Mr. Xue Huixuan	Appointment as an executive director of the Company on 1 July 2012
Mr. Li Baochun	Appointment as an independent non-executive director of the Company on 1 July 2012
Ms. Chan Yee Wah, Eva	Appointment as an independent non-executive director, the chairman of the audit committee and a member of the nomination committee of the Company on 1 July 2012
Mr. Lo Ming Chi, Charles	Resignation as an independent non-executive director, the chairman of the audit committee and a member of the nomination committee of the Company on 1 July 2012

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely, Ms. Chan Yee Wah, Eva, Mr. Pao Ping Wing and Mr. Cheng Kai Tai, Allen, and one non-executive, Mr. Lim Jui Kian. Ms. Chan Yee Wah, Eva has been appointed as the chairman of the audit committee. The audit committee has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal controls and financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2012 with the management.

In addition, the Group’s external auditors performed an independent review of the interim financial information for the six months ended 30 June 2012 in accordance with Hong Kong Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. The auditors based on their review, concluded that nothing has come to their attention that causes them to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34 “Interim Financial Reporting”.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement will be published on both the websites of the Company (www.neeh.com.hk) and of the Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2012 will be dispatched to shareholders and published on the aforesaid websites in due course.

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

Hong Kong, 23 August 2012

As at the date of this announcement, the Board comprises six executive directors, namely Mr. Yu Chang Jian, Mr. Cao Guo Xian, Mr. Liu Xiao Guang, Mr. Marcello Appella, Mr. Tang Zhi Bin and Mr. Xue Huixuan; one non-executive director; namely, Mr. Lim Jui Kian; one alternate non-executive director; namely Mr. Cai Qiao Herman (alternate director to Mr. Lim Jui Kian) and four independent non-executive directors; namely, Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen, Mr. Li Baochun and Ms. Chan Yee Wah, Eva.