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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
IN RELATION TO THE SUPPLEMENTARY LOAN AGREEMENTS AND
THE SHARE CHARGE AGREEMENT

Financial Adviser to New Environmental Energy Holdings Limited



The Board announces that on 16 November 2012, Yangzhou Biomax (as borrower and an indirect wholly-owned subsidiary of the Company) and Beijing Capital (as lender and the sole shareholder of Beijing Capital HK which in turn is a substantial Shareholder holding as to approximately 16.06% of the issued share capital of the Company) entered into the Supplementary Loan Agreements to amend the Existing Loan Agreements to the effect that (i) the respective term of the Existing Loan Agreements shall be extended for another 24 months commencing upon satisfaction of the condition under the Supplementary Loan Agreements; and (ii) the Loans under the Existing Loan Agreements shall be secured by the charge under the Share Charge Agreement.

On 16 November 2012, Beijing Capital (as chargee) and Shanghai Environmental Biomax (as charger and an indirect wholly-owned subsidiary of the Company) entered into the Share Charge Agreement, pursuant to which Shanghai Environmental Biomax charges all its beneficially owned rights to and interests in the entire equity interest of Nanchang Biomax in favour of Beijing Capital over the Charge Period so as to provide guarantee for fulfillment of the obligations of Yangzhou Biomax under the Supplementary Loan Agreements.

As at the date of this announcement, Beijing Capital HK is a substantial Shareholder holding as to approximately 16.06% of the issued share capital of the Company and also directly wholly owned by Beijing Capital. Beijing Capital, as an associate of Beijing Capital HK, is a connected person of the Company under the Listing Rules. And thus, the provision of financial assistance by Beijing Capital to Yangzhou Biomax as contemplated under the Supplementary Loan Agreements constitute connected transactions of the Company under Rule 14A.13(2)(b)(i) of the Listing Rules and the share charge provided by Shanghai Environmental Biomax in favour of Beijing Capital as contemplated under the Share Charge Agreement constitutes a connected transaction of the Company under Rule 14A.13(4) of the Listing Rules.

As the total consideration under the Supplementary Loan Agreements, when aggregated with the Existing Loan Agreements, exceeds HK\$10 million, the Supplementary Loan Agreements and the transactions contemplated thereunder are subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

As certain applicable percentage ratios relating to the Share Charge Agreement are more than 25%, the Share Charge Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

A circular containing, among others, (i) further details of the Supplementary Loan Agreements and the transactions contemplated thereunder and the Share Charge Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, is expected to be despatched to the Shareholders on or before 6 December 2012 in accordance with the Listing Rules.

A. EXISTING LOAN AGREEMENTS

On 20 February 2012, Yangzhou Biomax (as borrower) and Beijing Capital (as lender) entered into the Existing Loan Agreement I for an unsecured loan with a principal amount of RMB40 million. Yangzhou Biomax made draw down of the full principal amount of RMB40 million under the Existing Loan Agreement I on 20 February 2012.

On 20 August 2012, Yangzhou Biomax (as borrower) and Beijing Capital (as lender) entered into the Existing Loan Agreement II for an unsecured loan of RMB40 million. Yangzhou Biomax made draw down of RMB20 million under the Existing Loan Agreement II on 15 October 2012.

On 20 August 2012, Yangzhou Biomax (as borrower) and Beijing Capital (as lender) entered into the Existing Loan Agreement III for an unsecured loan of RMB21 million. Yangzhou Biomax made draw down of the full principal amount of RMB21 million under the Existing Loan Agreement III on 24 August 2012.

Major terms of the Existing Loan Agreements are set out below.

(I) Existing Loan Agreement I

Date : 20 February 2012

Parties : Yangzhou Biomax (as borrower); and
Beijing Capital (as lender)

Principal amount : RMB40 million

Term : 10 months from 20 February 2012 to 19 December 2012

Interest rate : a fixed rate of the prevailing PBOC Rate multiplied by 1.1
(i.e. 7.216% per annum)

Repayment : Yangzhou Biomax may prepay the outstanding loans
(together with all accrued interest thereon) in whole or in
part to Beijing Capital with the prior consent of Beijing
Capital

Use of proceeds : exclusively for working capital of Yangzhou Biomax

(II) Existing Loan Agreement II

Date : 20 August 2012

Parties : Yangzhou Biomax (as borrower); and
Beijing Capital (as lender)

Principal amount : RMB40 million

Term : 12 months from 20 August 2012 to 19 August 2013

Interest rate : a fixed rate of the prevailing PBOC Rate multiplied by 1.15
(i.e. 6.9% per annum)

Repayment : Yangzhou Biomax may prepay the outstanding loans
(together with all accrued interest thereon) in whole or in
part to Beijing Capital with the prior consent of Beijing
Capital

Use of proceeds : exclusively for acquisition of a waste treatment project
located in Du Yun city, Guizhou province, the PRC by
Yangzhou Biomax

(III) Existing Loan Agreement III

Date	:	20 August 2012
Parties	:	Yangzhou Biomax (as borrower); and Beijing Capital (as lender)
Principal amount	:	RMB21 million
Term	:	12 months from 20 August 2012 to 19 August 2013
Interest rate	:	a fixed rate of the prevailing PBOC Rate multiplied by 1.15 (i.e. 6.9% per annum)
Repayment	:	Yangzhou Biomax may prepay the outstanding loans (together with all accrued interest thereon) in whole or in part to Beijing Capital with the prior consent of Beijing Capital
Use of proceeds	:	exclusively for acquisition of a waste treatment project located in Weng An city, Guizhou province, the PRC by Yangzhou Biomax

The interest rates under the Existing Loan Agreements were determined after arm's length negotiation between Yangzhou Biomax and Beijing Capital with reference to the prevailing interest rates quoted by the commercial banks in the PRC and the financial position of Yangzhou Biomax.

As at the date of this announcement, Yangzhou Biomax is indebted to Beijing Capital in aggregate of approximately RMB83.6 million under the Existing Loan Agreements, which includes the principal amount of RMB81 million and the accrued interest of approximately RMB2.6 million.

B. SUPPLEMENTARY LOAN AGREEMENTS

On 16 November 2012, Yangzhou Biomax (as borrower) and Beijing Capital (as lender) entered into the Supplementary Loan Agreements to amend the Existing Loan Agreements to the effect that:

- (i) the respective term of the Existing Loan Agreements shall be extended for another 24 months commencing upon satisfaction of the condition as set out below; and
- (ii) the Loans under the Existing Loan Agreements shall be secured by the charge under the Share Charge Agreement.

Principal terms of the Share Charge Agreement are set out below in the section headed "C. PRINCIPAL TERMS OF THE SHARE CHARGE AGREEMENT" below. All the other terms of the Existing Loan Agreements, including among others the interest rate and the repayment, remain the same and effective under the Supplementary Loan Agreements.

Each of the Supplementary Loan Agreements is conditional upon obtaining the approval of the Independent Shareholders on the Supplementary Loan Agreements and the transactions contemplated thereunder at the EGM.

C. PRINCIPAL TERMS OF THE SHARE CHARGE AGREEMENT

On 16 November 2012, Beijing Capital (as chargee) and Shanghai Environmental Biomax (as charger and an indirect wholly-owned subsidiary of the Company) entered into the Share Charge Agreement.

The Share Charge Agreement shall be conditional upon obtaining the approval of the Independent Shareholders on the Share Charge Agreement and the transactions contemplated thereunder at the EGM.

Under the Share Charge Agreement, Shanghai Environmental Biomax shall charge all its beneficially owned rights to and interests in the entire equity interest of Nanchang Biomax in favour of Beijing Capital over the Charge Period so as to provide guarantee for fulfillment of the obligations of Yangzhou Biomax under the Supplementary Loan Agreements. No consideration was receivable by Shanghai Environmental Biomax for the provision of the share charge under the Share Charge Agreement.

Shanghai Environmental Biomax, an indirect wholly-owned subsidiary of the Company, is principally engaged in provision of technical services. Nanchang Biomax is a wholly-owned subsidiary of Shanghai Environmental Biomax and is principally engaged in producing and operating of factories for municipal solid waste treatment.

D. REASONS FOR AND BENEFITS OF THE SUPPLEMENTARY LOAN AGREEMENTS AND THE EXISTING LOAN AGREEMENTS AND THE SHARE CHARGE AGREEMENT

As at the date of this announcement, the Group is principally engaged 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. Yangzhou Biomax is an indirect wholly-owned subsidiary of the Company and is principally engaged in provision of technical services.

Beijing Capital is principally engaged in investments, operation and management of infrastructure, development of the water market and sewage disposal in the PRC. Beijing Capital HK, as a wholly-owned subsidiary of Beijing Capital, is principally engaged in overseas capital operations, investment and financing, environmental industry value chain and international business operation.

Yangzhou Biomax and Beijing Capital entered into the Supplementary Loan Agreements and the Existing Loan Agreements to facilitate the acquisitions by Yangzhou Biomax of a waste treatment project in each of Du Yun city and Weng An city, Guizhou province, the PRC and provide additional working capital for Yangzhou Biomax. The charge under the Share Charge Agreement was provided by Shanghai Environmental Biomax as guarantee to enable Yangzhou Biomax to obtain the Loans to support its working capital and the acquisitions of the two waste treatment projects. And thus the Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the independent financial adviser) consider that the entering into of the Supplementary Loan Agreements and the Existing Loan Agreements and the Share Charge Agreement is in the interests of the Company and the Shareholders as a whole and

the terms of the Supplementary Loan Agreements and the Existing Loan Agreements and the Share Charge Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

E. LISTING RULES IMPLICATIONS

As at the date of this announcement, Beijing Capital HK is a substantial Shareholder holding as to approximately 16.06% of the issued share capital of the Company and also directly wholly owned by Beijing Capital. Beijing Capital, as an associate of Beijing Capital HK, is a connected person of the Company under the Listing Rules. And thus, the provision of financial assistance by Beijing Capital to Yangzhou Biomax as contemplated under the Supplementary Loan Agreements constitute connected transactions of the Company under Rule 14A.13(2)(b)(i) of the Listing Rules and the share charge provided by Shanghai Environmental Biomax in favour of Beijing Capital as contemplated under the Share Charge Agreement constitutes a connected transaction of the Company under Rule 14A.13(4) of the Listing Rules.

As the total consideration under the Supplementary Loan Agreements, when aggregated with the Existing Loan Agreements, exceeds HK\$10 million, the Supplementary Loan Agreements and the transactions contemplated thereunder are subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

As certain applicable percentage ratios relating to the Share Charge Agreement are more than 25%, the Share Charge Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

Beijing Capital HK and its associates will abstain from voting at the EGM in respect of the resolutions approving the Supplementary Loan Agreements and the transactions contemplated thereunder and the Share Charge Agreement and the transactions contemplated thereunder.

A circular containing, among others, (i) further details of the Supplementary Loan Agreements and the transactions contemplated thereunder and the Share Charge Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, is expected to be despatched to the Shareholders on or before 6 December 2012 in accordance with the Listing Rules.

DEFINITIONS

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

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| “associate(s)” | has the meaning ascribed thereto in the Listing Rules |
| “Beijing Capital” | Beijing Capital Co., Ltd, a company incorporated in the PRC with limited liabilities, the share of which are listed on the Shanghai Stock Exchange (stock code: 600008) |

“Beijing Capital HK”	Beijing Capital (Hong Kong) Limited, a company incorporated in Hong Kong with limited liabilities, which is a substantial Shareholder holding as to approximately 16.06% of the issued share capital of the Company and directly wholly-owned by Beijing Capital at the date of this announcement
“Board”	the board of the Directors
“Business Day(s)”	a day(s), other than a Saturday, Sunday and public holidays, on which licensed banks in Hong Kong are open for business
“Charge Period”	being the period commencing from the date on which the Share Charge Agreement is registered with the relevant PRC authorities to the expiry date of the relevant Supplementary Loan Agreements or the date on which Yangzhou Biomax (as the borrower) fulfills all its obligations under the Existing Loan Agreements and the Supplementary Loan Agreements (whichever is shorter) as provided under the Share Charge Agreement
“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 (stock code: 3989)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be held to consider, and if thought fit, pass the ordinary resolutions to approve, among others, the Supplementary Loan Agreements and the transactions contemplated thereunder and the Share Charge Agreement and the transactions contemplated thereunder
“Existing Loan Agreement I”	the loan agreement (as supplemented on the same date) dated 20 February 2012 entered into between Beijing Capital (as lender) and Yangzhou Biomax (as borrower) in relation to provision of an unsecured loan with a principal amount of RMB40 million
“Existing Loan Agreement II”	the loan agreement (as supplemented on the same date) dated 20 August 2012 entered into between Beijing Capital (as lender) and Yangzhou Biomax (as borrower) in relation to provision of an unsecured loan with a principal amount of RMB40 million
“Existing Loan Agreement III”	the loan agreement (as supplemented on the same date) dated 20 August 2012 entered into between Beijing Capital (as lender) and Yangzhou Biomax (as borrower) in relation to provision of an unsecured loan with a principal amount of RMB21 million
“Existing Loan Agreements”	refers to the Existing Loan Agreement I, the Existing Loan Agreement II and the Existing Loan Agreement III, collectively

“Group”	the Company and its subsidiaries (as defined in the Listing Rules) from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	Shareholder(s) other than Beijing Capital HK and its associates
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	the loans granted to Yangzhou Biomax by Beijing Capital in an aggregate principal amount of RMB101 million under the Existing Loan Agreements and the Supplementary Loan Agreements
“Nanchang Biomax”	Nanchang Biomax Green Energy Park Company Limited* (南昌百瑪士綠色能源有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“PBOC Rate”	the standard lending rate for the same period published by the People’s Bank of China from time to time
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shanghai Environmental Biomax”	Shanghai Environmental Biomax Investment Limited* (上海環境百瑪士投資有限公司), an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Share(s)”	the ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Share Charge Agreement”	the share charge agreement entered into by Beijing Capital (as chargee) and Shanghai Environmental Biomax (as charger) dated 16 November 2012 by way of a first legal charge of the rights to and interests in the entire equity interest of Nanchang Biomax beneficially owned by Shanghai Environmental Biomax over the Charge Period in favour of Beijing Capital
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplementary Loan Agreements”	the three loan agreements dated 16 November 2012 entered into between Yangzhou Biomax (as borrower) and Beijing Capital (as lender) as supplemented to the Existing Loan Agreements in relation to provision of the Loans

“Yangzhou Biomax”	Yangzhou Biomax Environmental Development Limited* (揚州百瑪士環保產業發展有限公司), an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“%”	per cent.

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

Hong Kong, 16 November 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.

* For identification purpose only