

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 Cayman Islands with limited liability)

(Stock Code: 03989)

PLACING OF UNLISTED WARRANTS UNDER GENERAL MANDATE

Placing Agent



Quam Securities Company Limited

THE PLACING AGREEMENT

On 31 March 2014 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has appointed the Placing Agent to procure Placees (the number of which is expected to be no less than six (6)) to subscribe for up to 370,000,000 Warrants, on a best effort basis, at the Placing Price of HK\$0.01 per Warrant. Each Warrant carries the right to subscribe for one Share. The Subscription Price is HK\$0.80 (subject to adjustment) per Warrant Share.

Completion of the Placing Agreement is subject to the fulfillment of certain conditions as stated in the paragraph headed "Conditions of the Placing" below.

The Warrant Shares will be allotted and issued under the General Mandate. Upon exercise in full of the subscription rights attaching to the Warrants, a maximum of 370,000,000 Warrant Shares will be allotted and issued.

The maximum net proceeds from the Placing (without taking into account the exercise of the subscription rights attaching to the Warrants), after taking into account the estimated expenses in relation to the Placing, will be approximately HK\$3.2 million.

Assuming exercise in full of the subscription rights attaching to the Warrants at the Subscription Price of HK\$0.80, it is expected that an additional net proceeds in the amount of approximately HK\$296 million will be raised, and the net proceeds raised (including the allotment and issue of Warrant Shares) will be approximately HK\$299.2 million.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares. No listing of the Warrants will be sought on the Stock Exchange or any other exchange.

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

THE PLACING AGREEMENT

Date: 31 March 2014 (after trading hours)

Parties: (i) Issuer: the Company

(ii) Placing Agent: Quam Securities Company Limited

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to procure Places (the number of which is expected to be no less than six (6)) to subscribe for up to 370,000,000 Warrants, on a best effort basis, at the Placing Price of HK\$0.01 per Warrant.

To the best of the Director's knowledge, information and belief, having made all reasonable enquires, the Placing Agent is an Independent Third Party.

Placing commission and the Placing period

The Placing Agent will charge a fixed placing fee of HK\$400,000 for the services rendered to the Company in the Placing. Any other out-of-pocket charges and expenses incurred by the Placing Agent in relation to the Placing which shall be paid and borne absolutely by the Placing Agent. Such arrangement was agreed after arm's length negotiations between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) are of the view that the arrangement is fair and reasonable to the Company and the Shareholders taken as a whole.

The Placing Agent will procure Places during the period from the date of the Placing Agreement to the date when the Company informs the Placing Agent that all the conditions precedent to completion of the Placing have been fulfilled.

Conditions of the Placing

Completion of the Placing is conditional upon the fulfillment of the following:

- (i) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in all of the Warrants Shares either unconditionally or subject to conditions to which neither the Company nor the Placing Agent shall reasonably object and the satisfaction of such conditions; and
- (ii) any other approval as may be required for the Placing.

In the event that any of the conditions above is not fulfilled on or before 30 April 2014 (or such later date as may be agreed between the Company and the Placing Agent), the Placing will lapse and the obligations and liabilities of the Placing Agent and the Company under the Placing shall be null and void and the Placing Agent and the Company shall be released from all rights and obligations pursuant to the Placing save for any antecedent breaches.

Completion

Completion shall take place on the second Business Day next following the satisfaction of all the conditions of the Placing. Further announcement(s) will be made by the Company upon Completion.

PLACEES

The Warrants shall be offered by the Placing Agent (as the Company's agent), on a best effort basis, to Placees (the number of which is expected to be no less than six (6)). If the final number of Placees procured is less than six (6), the Company will make further announcement about the brief particulars of such Placees. The Placing Agent will take steps to ensure that each of the Placees procured by the Placing Agent and any person directly or indirectly under the same ultimate control as the relevant Placee will, to the best knowledge and belief of the Placing Agent, be an Independent Third Party.

PRINCIPAL TERMS OF THE WARRANTS

Placing Price: HK\$0.01 per Warrant

Subscription Price: HK\$0.80 per Warrant Share (subject to adjustment)

The Subscription Price is subject to adjustment in the event of, among other things, Shares consolidation or subdivision, issue of Shares by way of capitalisation of profits or reserve, capital distribution, issue of Shares and other securities by way of rights, issue of convertible securities or new Shares for cash at a price which is less than 80% of the then market price of the Shares, and cancellation of Shares. The Company will publish an announcement upon any adjustment to the Subscription Price.

Payments of the Subscription Price must be made in immediately available funds.

Subscription period: any time immediately after the date of the issue of the Warrant up to 22 December 2014.

Transferability: The Warrants are transferable in integral multiples of 1 million Warrants to any person, other than a connected person.

Ranking of the Warrant Shares: The Warrant Shares, when allotted and issued, will rank pari passu in all respects among themselves and with all other Shares then in issue.

Rights for holders of Warrant(s): The Company at any time may, and upon a request in writing of one or more holder(s) of Warrants holding not less than one-tenth of the Warrants for the time being outstanding shall, convene a meeting of the holders of Warrants. Every such meeting shall be held at such place in Hong Kong as the Directors may approve.

THE WARRANT SHARES

The Warrant Shares will be allotted and issued under the General Mandate. Upon exercise in full of the subscription rights attaching to the Warrants, a maximum of 370,000,000 Warrant Shares will be allotted and issued.

As at the date of this announcement, the Company has a total of 4,655,642,596 Shares in issue. Assuming that there is no further issue or repurchase of the Shares, upon exercise in full of the subscription rights attaching to the Warrants, a maximum of 370,000,000 Warrant Shares will be allotted and issued, representing:

- (i) approximately 7.95% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 7.36% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares.

APPLICATION FOR LISTING

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares.

No listing of the Warrants will be sought on the Stock Exchange or any other exchange.

PLACING PRICE AND SUBSCRIPTION PRICE

The aggregate of the Placing Price of HK\$0.01 per Warrant and the Subscription Price of HK\$0.80 per Share, i.e. HK\$0.81, represents:

- (i) a premium of approximately 6.58% over the closing price of HK\$0.760 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (ii) a premium of approximately 6.86% over the average closing price of approximately HK\$0.758 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 4.11% over the average closing price of approximately HK\$0.778 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day.

The Subscription Price of HK\$0.80 per Warrant Share represents:

- (i) a premium of approximately 5.26% over the closing price of HK\$0.760 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;

- (ii) a premium of approximately 5.54% over the average closing price of approximately HK\$0.758 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 2.83% over the average closing price of approximately HK\$0.778 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day.

Both the Placing Price and the Subscription Price are determined after arm's length negotiations between the Company and the Placing Agent, after taking into account of the Group's existing financial position, historical Share price and number of Warrant Shares.

ISSUE OF WARRANT SHARES UNDER GENERAL MANDATE

The Warrant Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 27 June 2013, under which the Directors are authorized to issue Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the said annual general meeting, which is equivalent to a maximum issue of additional 372,451,407 Shares as at the date of the said annual general meeting.

As the Warrant Shares are to be issued under General Mandate, the Placing is not subject to the approval by Shareholders for a specific mandate.

REASONS FOR THE PLACING

The Group is principally engaged in 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.

The Directors consider that the Placing would enhance the capital base of the Company and provide additional funds for repayment of loans falling due and as general working capital of the Group.

The Directors consider that the terms of the Placing Agreement (including the Placing Price, the Subscription Price) are fair and reasonable and the Placing is in the interest of the Company and Shareholders as a whole.

USE OF PROCEEDS

The maximum gross proceeds from the Placing will be HK\$3.7 million (without taking into account of the exercise of the subscription rights attaching to the Warrants). The maximum net proceeds from the Placing (without taking into account of the exercise of the subscription rights attaching to the Warrants), after taking into account the estimated expenses in relation to the Placing, will be approximately HK\$3.2 million.

Assuming exercise in full of the subscription rights attaching to the Warrants at the Subscription Price, it is expected that an additional amount of approximately HK\$296 million will be raised, and the net proceeds raised (including the allotment and issue of Warrant Shares) will be approximately HK\$299.2 million.

The aggregate net proceeds from the Placing and the allotment and issue of the Warrant Shares are intended to be used for repayment of loans falling due and as general working capital of the Group.

The net price to the Company of each Warrant (which is calculated by dividing the aggregate net proceeds from the issue of the Warrants and the exercise of the subscription rights attaching to the Warrants by the total number of Warrants) is approximately HK\$0.81.

FUND RAISING ACTIVITY DURING THE PAST 12 MONTHS

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
11 March 2013	Rights issue on the basis of three rights Shares for every two Shares held on the record date	Setoff of convertible notes in the principal amount of HK\$177 million and net cash inflow of approximately HK\$377.7 million	(i) approximately HK\$80 million for repayment of debt; (ii) approximately HK\$131 million for financing the Xingtai Investment; (iii) approximately HK\$160 million for funding of mergers and acquisitions and other investments in waste treatment and/or waste-to-energy projects in the PRC; and (iv) the balance for the general working capital of the Group.	(i) HK\$80 million was used for the repayment of debt as intended; (ii) HK\$149.7 million was used for the acquisition of 55% interest in 江蘇蘇北廢舊汽車家電拆解再生利用有限公司 (Jiangsu Subei Waste Vehicles and Household Appliances Dismantling Recycling Ltd.*); and (iii) the balance of HK\$148 million is yet to be utilized at the date of this announcement.

Save as mentioned above, the Company has not conducted any other fund raising activities in the past 12 months prior to the date of this announcement.

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other changes in the share capital of the Company, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Placing and assuming the exercise in full of the subscription rights attaching to the Warrants at the Subscription Price are as follows:

Shareholders	At the date of this announcement		Upon exercise of the subscription rights attached to the Warrants in full	
	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage
Beijing Capital (Hong Kong) Limited (<i>Note 1</i>)	2,243,056,218	48.18%	2,243,056,218	44.63%
BC Water Investments Co., Ltd. (<i>Note 1</i>)	23,210,000	0.50%	23,210,000	0.46%
Simple Success Investments Limited (<i>Note 2</i>)	270,760,000	5.82%	270,760,000	5.39%
The Warrant Placees	—	—	370,000,000	7.36%
Other public Shareholders	<u>2,118,616,378</u>	<u>45.50%</u>	<u>2,118,616,378</u>	<u>42.16%</u>
Total	<u>4,655,642,596</u>	<u>100%</u>	<u>5,025,642,596</u>	<u>100%</u>

Notes:

- (1) These Shares are held by Beijing Capital (Hong Kong) Limited and BC Water Investments Co., Ltd. respectively, which are wholly-owned subsidiaries of Beijing Capital Co., Ltd..
- (2) These Shares are 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 and Cheng Yu Tung Family (Holdings II) Limited hold 49% and 46.7% interests in Chow Tai Fook Capital Limited, respectively. Chow Tai Fook Capital Limited in turn owns 74.1% interest in Chow Tai Fook (Holding) Limited which holds the entire 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.

GENERAL

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

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

- “associate(s)” has the meaning ascribed to such term under the Listing Rules
- “Board” the board of Directors

“Business Day”	any day (excluding Saturday, Sunday or public holidays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	New Environmental Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on Main Board of the Stock Exchange (Stock Code: 3989)
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“connected person(s)”	has the meaning ascribed to such term under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders (pursuant to an ordinary resolution passed at the Company’s annual general meeting held on 27 June 2013) to allot and issue a maximum of 20% of the issued share capital of the Company as at the date of passing of the relevant resolution
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) who is (are) independent of, and not connected with, the Company, any director(s), chief executive(s) or substantial shareholder(s) of the Company or any of its subsidiaries, or their respective associates
“Last Trading Day”	31 March 2014, being the Stock Exchange trading day immediately before (and including) the date of the Placing Agreement
“Listing Rules”	Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Placee(s)”	any person or entity to whom the Placing Agent shall procure or, as the case may be, shall have procured to subscribe for the Warrants pursuant to and in accordance with the Placing Agreement
“Placing”	the placing of the Warrants on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Quam Securities Company Limited, a licensed corporation to carry on Types 1, 2, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 31 March 2014 entered into between the Company and the Placing Agent

“Placing Price”	HK\$0.01 per Warrant
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.80 (subject to adjustment as mentioned in the paragraph headed “Principal terms of the Warrants — Subscription Price” in the main text of this announcement), being the subscription price per Warrant Share at which the holder of each Warrant may subscribe for the Warrant Shares
“Warrant(s)”	a maximum of 370,000,000 unlisted transferable warrants of the Company each in registered form conferring rights entitling its holder(s) to subscribe for up to approximately HK\$296 million in aggregate in cash for 370,000,000 Warrant Shares at the Subscription Price, to be issued by the Company pursuant to the Placing Agreement
“Warrant Share(s)”	new Share(s) to be allotted and issued by the Company upon exercise of the subscription rights attaching to the Warrants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 31 March 2014

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Yu Changjian, Mr. Cao Guoxian, Mr. Liu Xiaoguang, Mr. Xue Huixuan and Mr. Shen Jianping, 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.