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If you have sold or transferred all your shares in New Environmental Energy Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



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)

**REFRESHMENT OF GENERAL MANDATE
TO ISSUE AND ALLOT SHARES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the Independent Board Committee (as defined in this circular) is set out on page 9 of this circular. A letter from Guangdong Securities Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders (as defined in this circular), is set out on pages 10 to 16 of this circular.

A notice convening the EGM (as defined in this circular) to be held at 2:30 p.m. on Monday, 15 November 2010, at Three Pacific Place, Level 3, 1 Queen's Road East, Hong Kong is set out on pages 17 to 18 of this circular. A form of proxy for the EGM is enclosed. Whether or not you intend to attend and vote at the EGM or any adjourned meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

29 October 2010

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DEFINITIONS

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

“associates”	has the meaning as defined in the Listing Rules
“Board”	the board of Directors
“Company”	New Environmental Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Three Pacific Place, Level 3, 1 Queen’s Road East, Hong Kong on Monday, 15 November 2010, at 2:30 p.m., to consider and approve, among others, the refreshment of the Issue Mandate
“Existing General Mandate”	the general mandate approved by the Shareholders on 1 June 2010 authorising the Directors to allot and issue Shares up to 20% of the issued share capital of the Company as at that date
“Group”	the Company and its subsidiaries from time to time
“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the Existing General Mandate by granting the Issue Mandate
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board established by the Board to advise the Independent Shareholders in respect of the Issue Mandate
“Independent Shareholders”	Shareholders other than Mr. Ngok Yan Yu, Mr. Marcello Appella and their respective associates (as defined under the Listing Rules)

DEFINITIONS

“Issue Mandate”	the general mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM
“Latest Practicable Date”	26 October 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shareholder(s)”	the holder(s) of the Shares
“Share(s)”	the ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Ngok Yan Yu (*Chairman*)
Mr. Marcello Appella
Mr. Chan Tak Yan
Mr. Ng Cheuk Fan, Keith
Ms. Yu Sau Lai

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Non-executive Directors:

Mr. Lim Jui Kian
Mr. Cai Qiao Herman
(alternate Director to Mr. Lim Jui Kian)

Head Office and Principal

Place of Business:
Room 302B, 3rd Floor
New World Tower 1
16-18 Queen's Road Central
Hong Kong

Independent Non-Executive Directors:

Mr. Lo Ming Chi, Charles
Mr. Pao Ping Wing
Mr. Kwan Hung Sang, Francis
Mr. Cheng Kai Tai, Allen

29 October 2010

To the Shareholders

Dear Sir or Madam,

**REFRESHMENT OF GENERAL MANDATE TO ISSUE AND
ALLOT SHARES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

At the forthcoming EGM to be held on 15 November 2010, the following resolution will be proposed, among other things:

- to grant to the Directors a general mandate to allot, issue and deal with additional Shares and to make or grant offers, agreements, options and warrants not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing such resolution

LETTER FROM THE BOARD

The purpose of this circular is to provide you information relating to: (i) the refreshment of general mandates to issue and allot Shares; and (ii) the recommendation from the Independent Board Committee and the recommendation from Guangdong Securities to the Independent Board Committee and the Independent Shareholders with regards to the Issue Mandate, and to give you notice of the EGM.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company acts as an investment holding company. The Group is principally engaged in manufacturing and sales of apparel and accessories, 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. Most of the Group's waste-to-energy projects are in investing stage and do not generate cash income. It is difficult for the Group at this stage raise fund by debt. Even the Group has been trying to arrange debt financing on project level, it is usually a prerequisite of a bank loan that the Company as the holding company or an equity holder puts equity investment in place in the company specifically established for the project before the bank releasing a project loan.

Set out below are the equity fund raising activities conducted by the Company in the past twelve months prior to the Latest Practicable Date:

Date of announcements	Description of the equity fund raising activities	Net proceeds raised (approx.)	Intended use of proceeds	Actual use of proceeds
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 loans and the remaining kept at bank
1 April 2010	Top up placing of 76,400,000 new Shares under general mandate	HK\$147.8 million	To be used for the general working capital of the Group	Used as equity injection in subsidiaries in the PRC
29 January 2010	Issue of HK\$156 million in principal amount of convertible bonds and placing of 9,341,000 new Shares under specific mandate	HK\$167.6 million	To be used for development of the waste-to-energy project in the PRC and as general working capital of the Group	As to approximately HK\$90 million used for waste-to-energy project in the PRC, as to approximately HK\$70 million used to repay bank loan and the remaining kept and used as general working capital mainly for waste-to-energy business
24 November 2009	Placing of 25,000,000 new Shares under general mandate	HK\$63.5 million	To be use for strengthening the Company's capital	Used to acquire interest in an associate

LETTER FROM THE BOARD

Save as and except for the above, the Company had not conducted any other equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

REFRESHMENT OF THE EXISTING GENERAL MANDATE

At the annual general meeting of the Company held on 1 June 2010, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to issue, allot and deal with up to 169,892,200 Shares, which is equivalent to 20% of the then issued share capital of the Company.

As announced by the Company on 8 September 2010, an aggregate of 148,400,000 new Shares has been issued under the Existing General Mandate, representing approximately 87.35% of the Existing General Mandate. Consequentially, as at the Latest Practicable Date, the Directors may issue, allot and deal with up to 21,492,200 Shares under the Existing General Mandate, representing approximately 2.13% of the Shares in issue as at the Latest Practicable Date.

In order to provide a flexible means for the Company to raise further funds through the issue of new Shares for its future business development, the Board proposes to refresh the Existing General Mandate to allow the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM.

As the proposed refreshment to the Existing General Mandate is being made prior to the Company's next annual general meeting, pursuant to Rule 13.36(4) of the Listing Rules, the refreshment of the Existing General Mandate will be subject to Independent Shareholders' approval by way of poll at the EGM, where any controlling Shareholders and their associates or, where there is no controlling Shareholders, Directors and the chief executive of the Company shall abstain from voting in favour of the Issue Mandate. As at the Latest Practicable Date, there is no controlling Shareholders as defined in the Listing Rules. As such, Mr. Ngok Yan Yu, the chairman and an executive Director of the Company and his associates, and Mr. Marcello Appella, an executive Director of the Company and his associates, who were interested in 76,594,205 Shares and 3,588,030 Shares, respectively, representing 7.60% and 0.36%, respectively, of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting for the resolution in relation to the proposed refreshment of the Existing General Mandate to be proposed at the EGM in accordance with Rule 13.36(4) of the Listing Rules.

Based on the 1,008,029,000 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued prior to the EGM, subject to the passing of the relevant ordinary resolution to approve the Issue Mandate at the EGM, the Directors will be authorized to allot and issue up to a limit of 201,605,800 Shares under the Issue Mandate.

The Directors consider that it is important for the Company to be able to raise fund quickly in order to seize investment opportunities that may arise. To this end, the Directors consider that the refreshment of the Existing General Mandate would allow the Company more flexibility in raising fund by issuing equity and, as a result of the Group's financial position being enhance after the Issue Mandate being utilised, by debt financing, and expanding and developing the business of the Company and thus is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

POTENTIAL DILUTION TO SHAREHOLDING OF THE EXISTING PUBLIC SHAREHOLDERS

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the Issue Mandate (assuming no other Shares are issued or repurchased by the Company):

	Shareholding in the Company as at the Latest Practicable Date		Shareholding in the Company upon full utilisation of the Issue Mandate (assuming no other Shares are issued or repurchased by the Company)	
	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%
Best View Enterprises Limited	76,400,000	7.58	76,400,000	6.32
Simple Success Investments Limited	72,000,000	7.14	72,000,000	5.95
Charm Hero Investments Limited, Mr. Ngok Yan Yu and his associates (<i>Note</i>)	76,594,205	7.60	76,594,205	6.33
Mr. Marcello Appella	3,588,030	0.36	3,588,030	0.30
Existing public Shareholders	779,446,765	77.32	779,446,765	64.43
Shares to be issued under the Issue Mandate	<u>—</u>	<u>—</u>	<u>201,605,800</u>	<u>16.67</u>
Total	<u>1,008,029,000</u>	<u>100.00</u>	<u>1,209,634,800</u>	<u>100.00</u>

Note: These Shares include 76,344,205 Shares held by Charm Hero Investments Limited, a wholly-owned subsidiary of Mensun Limited (which was controlled by Mr. Ngok Yan Yu, the chairman and an executive Director of the Company) and 250,000 Shares held by the spouse of Mr. Ngok Yan Yu.

The table above illustrates that the shareholdings of the existing public Shareholders would decrease from approximately 77.32% as at the Latest Practicable Date to approximately 64.43% upon full utilisation of the Issue Mandate (assuming no other Shares are issued or repurchased by the Company). Such potential dilution to the shareholdings of the existing public Shareholders represents a dilution of approximately 12.89 percentage point.

EGM

A notice of the EGM is set out on pages 17 to 18 of this circular. In accordance with the requirements of the Listing Rules, all votes to be taken at the EGM will be by poll. Pursuant to the requirements of Rule 13.36(4) of the Listing Rules, Mr. Ngok Yan Yu and Mr. Marcello Appella, all being the executive Directors of the Company, and their respective associates will abstain from voting for the resolution to be proposed at the EGM to approve the refreshment of the Existing General Mandate.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the

LETTER FROM THE BOARD

Company in Hong Kong, Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event, not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

RECOMMENDATION

The Directors are of the opinion that the terms of the refreshments of the Existing General Mandate are fair and reasonable and the Issue Mandate are in the interests of the Company and the Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour of the relevant resolution proposed at the EGM.

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the refreshment of the Existing General Mandate and Guangdong Securities has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Guangdong Securities considers the refreshment of the Existing General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Group and the Shareholders as a whole. The text of the letter of advice from Guangdong Securities containing its recommendation in respect of the refreshment of the Existing General Mandate is set out on pages 10 to 16 of this circular.

The Independent Board Committee, having taken into account the advice of Guangdong Securities, considers the terms of the refreshment of the Existing General Mandate are fair and reasonable and the refreshment of the Existing General Mandate is in the interests of the Group and the Shareholders so far as the Independent Shareholders as a whole are concerned. Accordingly, the Independent Board Committee recommends that the Independent Shareholders should vote in favour of the relevant resolution proposed at the EGM to approve the refreshment of the Existing General Mandate. The full text of the letter from the Independent Board Committee is set out on page 9 of this circular.

GENERAL

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (a) the information contained in this circular is accurate and complete in all material respects and not misleading; (b) there are no other matters the omission of which would make any statement in this circular misleading; and (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Copies of the Company's memorandum of association and articles will be available for inspection at the principal place of business of the Company in Hong Kong at Room 302B, 3rd Floor, New World Tower 1, 16-18 Queen's Road Central, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 9 of this circular; and (ii) the letter from Guangdong Securities to the Independent Board Committee and the Independent Shareholders set out on pages 10 to 16 of this circular.

Yours faithfully,
By the order of the Board of
New Environmental Energy Holdings Limited
Ngok Yan Yu
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

29 October 2010

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF EXISTING GENERAL MANDATE

We refer to the circular to the Shareholders dated 29 October 2010 (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the refreshment of the Existing General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from Guangdong Securities as set out on pages 10 to 16 of the Circular and the letter from the Board as set out on pages 3 to 8 of the Circular.

Having considered, among other things, the factors and reasons considered by, and the opinion of Guangdong Securities as stated in its letter of advice, we consider that the refreshment of the Existing General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the Issue Mandate proposed at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

Lo Ming Chi, Charles
Independent
non-executive Director

Pao Ping Wing
Independent
non-executive Director

Kwan Hung Sang, Francis
Independent
non-executive Director

Cheng Kai Tai, Allen
Independent
non-executive Director

LETTER FROM GUANGDONG SECURITIES

Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the refreshment of the Existing General Mandate for the purpose of inclusion in this circular.



Units 2505-06, 25/F.
Low Block of Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

29 October 2010

*To: The independent board committee and the independent shareholders
of New Environmental Energy Holdings Limited*

Dear Sirs,

REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the refreshment of the Existing General Mandate, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 29 October 2010 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As at the Latest Practicable Date, only a further of 21,492,200 Shares could be issued under the Existing General Mandate which was granted to the Directors at an annual general meeting of the Company held on 1 June 2010 (the “**Previous AGM**”). Therefore, the Board proposes to seek approval of the Independent Shareholders for the refreshment of the Existing General Mandate such that the Directors will be granted the authority to issue, allot and deal with new Shares not exceeding 20% of the total issued share capital of the Company as at the date of passing the relevant resolution(s) at the EGM. Pursuant to Rule 13.36(4) of the Listing Rules, the granting of the Issue Mandate requires the approval of the Independent Shareholders at the EGM at which any of the controlling Shareholder(s) (as defined in the Listing Rules) of the Company and their associates or, where there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the resolution(s) proposed for the approval of such grant, and under Rule 13.39 of the Listing Rules, any vote of the shareholders at a general meeting must be taken by way of poll. As at the Latest Practicable Date, the Company had no controlling Shareholder. As such, Mr. Ngok Yan Yu and Mr. Marcello Appella, all being the executive Directors, and their respective associates shall abstain from voting in favour of the ordinary resolution(s) in respect of the refreshment of the Existing General Mandate at the EGM.

LETTER FROM GUANGDONG SECURITIES

An Independent Board Committee comprising Mr. Lo Ming Chi, Charles, Mr. Pao Ping Wing, Mr. Kwan Hung Sang, Francis and Mr. Cheng Kai Tai, Allen (all being independent non-executive Directors) has been established to advise the Independent Shareholders on the refreshment of the Existing General Mandate. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the refreshment of the Existing General Mandate. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the refreshment of the Existing General Mandate, we have taken into consideration the following principal factors and reasons:

(1) Background of the refreshment of the Existing General Mandate

The Company is an investment holding company. The Group is principally engaged in manufacturing and sales 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.

The Directors were authorised to issue and allot up to 169,892,200 new Shares under the Existing General Mandate which was granted to the Directors at the Previous AGM.

According to the announcement of the Company dated 26 August 2010 regarding the top up placing of the Shares (the “**Top-up Placing**”), 148,400,000 new Shares were issued after the completion of the Top-up Placing. Since all of such Shares were issued under the authority of the Existing General Mandate, the Existing General Mandate has been utilised as to 148,400,000 Shares, representing approximately 87.35% of the Existing General Mandate.

If the Issue Mandate is not granted, only 21,492,200 new Shares may be further issued and allotted by the Directors under the Existing General Mandate. Given that the Existing General Mandate has been largely utilised as a result of the Top-up Placing, the Board proposes to seek approval of the Independent Shareholders for the refreshment of the Existing General Mandate such that the Directors will be granted the authority to issue, allot and deal with new Shares not exceeding 20% of the total issued share capital of the Company as at the date of passing the relevant resolution(s) at the EGM.

As at the Latest Practicable Date, the Company had 1,008,029,000 Shares in issue. On the basis that no Share would be issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the EGM, the refreshment of the Existing General Mandate would allow the Directors to issue, allot and deal with up to 201,605,800 new Shares, representing 20% of the aforesaid total issued share capital of the Company.

(2) Reasons for the refreshment of the Existing General Mandate

As advised by the Directors, the Directors believe that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole by maintaining the financial flexibility necessary for the Group’s future business development. In this regard, the Directors also consider equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group.

According to the Company’s interim report for the six months ended 30 June 2010 and as further confirmed by the Directors, the Group has completed the acquisition of the waste-to-energy business during the year ended 31 December 2009. The waste-to-energy business generates revenue from the operation of waste-to-energy plants, through receiving waste treatment fees and

LETTER FROM GUANGDONG SECURITIES

on-grid electricity tariffs, and from engineering and procurement (EP), which includes providing consultancy services, system integration, design of waste treatment installations, and the procurement of waste treatment materials and equipments. The Directors expected that the waste-to-energy market in the PRC will continue to experience immense growth and dominate the public agenda of the country and the Company will strive to become one of the leaders in the industry and create long term value for the Shareholders.

Given the foregoing, we are of the opinion that the refreshment of the Existing General Mandate would provide the Company with the necessary flexibility to fulfil any possible funding needs for future business development and/or investment decisions. Accordingly, we are of the view that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

(3) Equity fund raising activities in the past twelve months

Set out below are the equity fund raising activities conducted by the Company in the past twelve months prior to the Latest Practicable Date:

Date of announcements	Description of the equity fund raising activities	Intended use of proceeds	Actual use of proceeds
26 August 2010	Top up placing of 148,400,000 new Shares under general mandate	To be used as the general working capital and for repayment of loans of the Group	As to HK\$50 million used to repay loans and the remaining kept at bank
1 April 2010	Top up placing of 76,400,000 new Shares under general mandate	To be used for the general working capital of the Group	Used as equity injection in subsidiaries in the PRC
29 January 2010	Issue of HK\$156 million in principal amount of convertible bonds and placing of 9,341,000 new Shares under specific mandate	To be used for development of the waste-to-energy project in the PRC and as general working capital of the Group	As to approximately HK\$90 million used for waste-to-energy project in the PRC, as to approximately HK\$70 million used to repay bank loan and the remaining kept and used as general working capital mainly for waste-to-energy business
24 November 2009	Placing of 25,000,000 new Shares under general mandate	To be use for strengthening the Company's capital	Used to acquire interest in an associate

Save as and except for the above, the Company had not conducted any other equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

(4) Flexibility in financing

As advised by the Directors, the Group does not obviate the possibilities of further issuing capital if there is investor indicating interest in the business of the Company. The Directors believe that the refreshment of the Existing General Mandate will provide the Group with flexibility for possible future equity fund raising. The Directors also advised us that although both open offer and rights issue would allow the Shareholders to maintain their respective pro-rata shareholdings in the Company, the Directors were of the view that the refreshment of the Existing General Mandate may broaden not only the capital base of the Company but also its shareholders base. In addition, given the longer time frame required by open offer and rights issue, the refreshment of the Existing General Mandate will provide the Group with more flexibility for possible future equity fund raising. The Directors are therefore of the view that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

As discussed in the foregoing, we consider that the refreshment of the Existing General Mandate would provide the Company with the necessary flexibility to fulfil any possible funding needs for future business development and/or investment decisions. The refreshment of the Existing General Mandate would provide the Company with the flexibility as allowed under the Listing Rules to issue and allot new Shares for equity fund raising activities, such as placing of new Shares, or as consideration for potential investments in the future as and when such opportunities arise. Furthermore, the additional amount of equity which may be raised after the refreshment of the Existing General Mandate would provide the Group with more financing options when assessing and negotiating potential investments in a timely manner. Having balanced the financial flexibility available to the Company and its equity fund raising history as discussed above, we are of the opinion that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

(5) Other financing alternatives

We have enquired into the Directors and the Directors confirmed that apart from equity financing, the Group will also consider debt financing, such as bank borrowings and issue of bonds, to be other possible fund raising alternatives available to the Group. However, the Directors are of the view that the ability of the Group to obtain bank borrowings usually depends on the Group's profitability, financial position and the then prevailing market condition. We were further advised by the Directors that since most of the Group's waste-to-energy projects are in investing stage and do not generate cash income, it is difficult for the Group at this stage to raise fund by debt. Even the Group has been trying to arrange debt financing on project level, it is usually a prerequisite of a bank loan that the Company as the holding company or an equity holder puts equity investment in place in the company specifically established for the project before the bank release a project loan. Furthermore, such alternative may be subject to lengthy due diligence and negotiations with banks. In light of also that debt financing will usually incur interest burden on the Group, the Directors consider debt financing to be relatively uncertain and time-consuming as compared to equity financing, such as placing of new Shares, for the Group to obtain additional funding. As further confirmed by the Directors, the increase in the shareholders' equity of the Company upon utilisation of the Issue Mandate will enhance the Group's financial position and hence the possibility of raising funds from debt financing.

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The Directors confirmed that they would exercise due and careful consideration when choosing the best financing method available to the Group. With this being the case, along with the fact that the refreshment of the Existing General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future business development, we are of the view that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

(6) Potential dilution to shareholdings of the existing public Shareholders

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the Issue Mandate (assuming no other Shares are issued or repurchased by the Company):

	Shareholding in the Company as at the Latest Practicable Date		Shareholding in the Company upon full utilisation of the Issue Mandate (assuming no other Shares are issued or repurchased by the Company)	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Best View Enterprises Limited	76,400,000	7.58	76,400,000	6.32
Simple Success Investments Limited	72,000,000	7.14	72,000,000	5.95
Charm Hero Investments Limited, Mr. Ngok Yan Yu and his associates (<i>Note</i>)	76,594,205	7.60	76,594,205	6.33
Mr. Marcello Appella	3,588,030	0.36	3,588,030	0.30
Existing public Shareholders	779,464,765	77.32	779,446,765	64.43
Shares to be issued under the Issue Mandate	<u>—</u>	<u>—</u>	<u>201,605,800</u>	<u>16.67</u>
Total	<u><u>1,008,029,000</u></u>	<u><u>100.00</u></u>	<u><u>1,209,634,800</u></u>	<u><u>100.00</u></u>

Note: These Shares include 76,344,205 Shares held by Charm Hero Investments Limited, a wholly-owned subsidiary of Mensun Limited (which was controlled by Mr. Ngok Yan Yu, the chairman and an executive Director of the Company) and 250,000 Shares held by the spouse of Mr. Ngok Yan Yu.

The table above illustrates that the shareholdings of the existing public Shareholders would decrease from approximately 77.32% as at the Latest Practicable Date to approximately 64.43% upon full utilisation of the Issue Mandate (assuming no other Shares are issued or repurchased by the Company). Such potential dilution to the shareholdings of the existing public Shareholders represents a dilution of approximately 12.89 percentage point.

LETTER FROM GUANGDONG SECURITIES

Taking into account that the refreshment of the Existing General Mandate (i) would provide an alternative to increase the amount of capital which may be raised under the Issue Mandate; (ii) would provide more options of financing to the Group for further development of its business as well as in other potential future investment as and when such opportunities arise; and (iii) the shareholding interests of all the Shareholders in the Company will be diluted in proportion to their respective shareholdings upon any utilisation of the Issue Mandate, we are of the opinion that the potential dilution to the shareholdings of the existing public Shareholders as just mentioned is acceptable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the refreshment of the Existing General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the refreshment of the Existing General Mandate and we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Guangdong Securities Limited
Graham Lam
Managing Director



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of New Environmental Energy Holdings Limited (the “Company”) will be held at 2:30 p.m. on Monday, 15 November 2010, at Three Pacific Place, Level 3, 1 Queen’s Road East, Hong Kong for the purposes of considering and, if thought fit, passing with or without modifications the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company (“Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares of HK\$0.10 each in the capital of the Company (“Shares”) or securities convertible into Shares, options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval given in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval given in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of the rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of any option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of Shares or rights to acquire Shares; or
 - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares pursuant to the Articles of Association (the “Articles”) of the Company from time to time;

NOTICE OF EGM

shall not in total exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of the Company or any applicable laws of Cayman Islands to be held;
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares whose names stand on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares at that date (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory applicable to the Company).”

By Order of the Board of
New Environmental Energy Holdings Limited
Ngok Yan Yu
Chairman

Hong Kong, 29 October 2010

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or, where that member holds two or more shares, more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed, or a notorially certified copy of that power or authority, must be deposited at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong not less than 48 hours before the time fixed for the holding of the meeting or any adjournment thereof.
3. Where there are joint holders of any ordinary share of the Company, any one of such holders may vote at the meeting, in person or by proxy, in respect of such share as if he or she was solely entitled thereto, but if more than one of such holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding. Several executors or administrators of a deceased shareholder in whose name any share stands shall for this purpose be deemed joint holders thereof.
4. In accordance with the Listing Rules, Mr. Ngok Yan Yu and Mr. Marcello Appella, all being the executive Directors of the Company, and their respective associates shall abstain from voting in respect of the resolution set out in the notice as set out above which shall be voted only by way of poll.