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NEW ENVIRONMENTAL ENERGY HOLDINGS LIMITED

新環保能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03989)

**(1) CONNECTED TRANSACTION INVOLVING SHARE SUBSCRIPTION
AND
(2) ISSUE OF CONVERTIBLE NOTE UNDER SPECIFIC MANDATE**

Financial adviser to the Company



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



A letter from the Board is set out on pages 5 to 17 and a letter from the Independent Board Committee is set out on page 18 of this circular. A letter from Goldin Financial containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 30 of this circular.

A notice convening the EGM to be held at 2:30 p.m. on 13 October 2011 at The Focal Point, Level 10, World-Wide House, 19 Des Voeux Road Central, Hong Kong is set out on pages 35 to 36 of this circular. A form of proxy for use at the EGM is enclosed with this circular. If you are unable to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same to the Company's branch share registrar, 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 the holding of 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.

15 September 2011

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DEFINITIONS

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

“2009 Convertible Notes”	the convertible notes issued by the Company to satisfy part of the consideration of the Acquisition with an aggregate outstanding principal amount of HK\$193 million and a conversion price of HK\$1.13 per Share as of the Latest Practicable Date
“Acquisition”	the acquisition of certain shares in the capital of Smartview Investment Holdings Ltd. at a total consideration of HK\$1,155.54 million pursuant to a conditional sale and purchase agreement dated 8 September 2009 (as amended by a supplemental agreement dated 18 September 2009), details of which were disclosed in the announcement of the Company dated 23 September 2009 and circular dated 23 November 2009
“Announcement”	the announcement of the Company dated 4 August 2011 in respect of the Bright King Redemption Deed and the Best View Redemption Deed
“associates”	has the meaning ascribed thereto in the Listing Rules
“Best View”	Best View Enterprises Limited, a company incorporated in the BVI that is ultimately controlled by Dato’ Dr. Cheng Yu Tung
“Best View Redemption”	the redemption of the Bright Good Promissory Note pursuant to the terms and subject to the conditions set out in the Best View Redemption Deed
“Best View Redemption Completion Date”	the third Business Day (or such other day as the parties to Best View Redemption Deed may agree) after fulfilment of the conditions precedent of the Best View Redemption Deed, on which completion of the Best View Redemption will take place
“Best View Redemption Deed”	the redemption deed dated 4 August 2011 entered into among the Company, Rising Boom and Best View
“Board”	the board of Directors
“Bright Good”	Bright Good Limited, a company incorporated in the BVI
“Bright Good Promissory Note”	the promissory note in the principal amount of HK\$80.5 million issued by the Company to Bright Good as part of the consideration for the Acquisition, which was subsequently transferred to Best View

DEFINITIONS

“Bright King”	Bright King Investments Limited, a company incorporated in the BVI that is wholly-owned by Mr. Ngok Yan Yu, a former Director
“Bright King Performance Based Promissory Note”	the promissory note (with an initial principal amount of HK\$144 million) in the principal amount of HK\$460,800 after adjustment issued by the Company to Bright King on 6 April 2011
“Bright King Promissory Note”	the promissory note in the principal amount of HK\$55 million issued by the Company to Bright King on 11 September 2009
“Bright King Redemption”	the redemption of the Bright King Promissory Note and the Bright King Performance Based Promissory Note pursuant to the terms and subject to the conditions set out in the Bright King Redemption Deed
“Bright King Redemption Completion Date”	the Business Day immediately after the date on which the last of the conditions of the Bright King Redemption Deed shall have been satisfied provided that the completion date or such later time and/or date as the Company, Rising Boom and Bright King may agree in writing but in any event not later than 31 December 2011
“Bright King Redemption Deed”	the redemption and settlement deed dated 4 August 2011 entered into among the Company, Rising Boom and Bright King
“Business Day”	any day (excluding Saturday, Sunday or any statutory public holiday) on which licensed banks in Hong Kong are open for business
“BVI”	the British Virgin Islands
“Company”	New Environmental Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed thereto in the Listing Rules and the word “connected” shall be construed accordingly
“Conversion Price”	the initial conversion price of HK\$1.13 per Share (subject to adjustment)
“Conversion Shares”	new shares of the Company which may fall to be issued upon exercise of the conversion right under the Convertible Note

DEFINITIONS

“Convertible Note”	the convertible note in the principal amount of HK\$80.5 million to be issued by the Company to Best View subject to the surrendering of the Bright Good Promissory Note by Best View to the Company for cancellation under the Best View Redemption Deed
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Bright King Redemption Deed, the Best View Redemption Deed and the transactions contemplated thereunder and the grant of the specific mandate to the Directors to issue and allot the Conversion Shares
“Goldin Financial”	Goldin Financial Limited, a licensed corporation to carry out type 6 regulated activities (advising on corporate finance) under the SFO and being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Bright King Redemption and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising of all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in relation to the Bright King Redemption and the transactions contemplated thereunder
“Independent Shareholder(s)”	the shareholder(s) of the Company other than Bright King and its associates and any Shareholders who are involved in or interested in the Bright King Redemption
“Issue Price”	a deemed issue price of HK\$0.80 per Share
“Issue Shares”	the Issue Shares A and the Issue Shares B
“Issue Shares A”	68,750,000 Shares to be issued by the Company to Bright King at the Issue Price in respect of the surrender of the Bright King Promissory Note

DEFINITIONS

“Issue Shares B”	576,000 Shares to be issued by the Company to Bright King at the Issue Price in respect of the surrender of the Bright King Performance Based Promissory Note
“Latest Practicable Date”	9 September 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the maturity date of the Convertible Note, being 31 December 2012
“Rising Boom”	Rising Boom Enterprises Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“SFC”	Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Water Resources Convertible Bonds”	the convertible bonds issued by the Company to Water Resources Fund L.P., details of which were disclosed in the announcement of the Company dated 29 January 2010
“%”	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. Yu Chang Jian (*Chairman*)
Mr. Liu Xiao Guang
Mr. Cao Guo Xian
Mr. Marcello Appella
Mr. Tang Zhi Bin

Non-executive Director:

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

Independent non-executive Directors:

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

Registered Office:

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

*Head Office and Principal Place of
Business in Hong Kong:*

Unit 1613-1618
16/F, Bank of America Tower
12 Harcourt Road, Central
Hong Kong

15 September 2011

To the Shareholders

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION INVOLVING SHARE SUBSCRIPTION
AND
(2) ISSUE OF CONVERTIBLE NOTE UNDER SPECIFIC MANDATE**

INTRODUCTION

On 4 August 2011, the Company entered into (i) the Bright King Redemption Deed with Rising Boom and Bright King pursuant to which Bright King shall surrender the Bright King Promissory Note and Bright King Performance Based Promissory Note to the Group for redemption and cancellation in consideration of the issue of the Issue Shares A and Issue Shares B respectively by the Company to Bright King; and (ii) the Best View Redemption Deed with Best View and Rising Boom, pursuant to which Best View shall surrender the Bright Good Promissory Note to the Group for redemption and

LETTER FROM THE BOARD

cancellation in consideration of the issue of the Convertible Note to Best View. The respective terms of the Bright King Redemption and the Best View Redemption were negotiated by the Company with respective parties separately.

The purpose of this circular is to provide you with, among other things, (i) further details of Bright King Redemption Deed, the Best View Redemption Deed and the terms of the Convertible Note; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders as regards the Bright King Redemption and the transactions contemplated thereunder; (iii) the letter of advice from Goldin Financial to the Independent Board Committee and the Independent Shareholders in respect of the Bright King Redemption and the transactions contemplated thereunder; and (iv) the notice of EGM to the Shareholders.

THE BRIGHT KING REDEMPTION DEED

Date: 4 August 2011

Parties: (1) The Company
(2) Rising Boom
(3) Bright King

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Bright King is an investment holding company incorporated in the BVI with limited liability, which is wholly and ultimately owned by Mr. Ngok Yan Yu, a director of the Company within the preceding 12 months as of the date of the Bright King Redemption Deed. Mr. Ngok Yan Yu, a former executive Director, and Mr. Tang Zhi Bin, a current executive Director, are two of the directors of Bright King. Bright King is therefore a connected person of the Company.

Subject matters

Bright King, Rising Boom and the Company agree that, subject to the fulfilment of the conditions precedent to the Bright King Redemption Deed, (i) Bright King shall surrender the Bright King Promissory Note to the Group for redemption and cancellation in consideration of the issue of the Issue Shares A by the Company to Bright King and the Group shall then be absolutely and irrevocably released from all its obligations under the Bright King Promissory Note; and (ii) Bright King shall surrender the Bright King Performance Based Promissory Note with a principal amount of HK\$460,800 to the Group for redemption and cancellation in consideration of the issue of the Issue Shares B by the Company to Bright King and the Group shall then be absolutely and irrevocably released from all its obligations under the Bright King Performance Based Promissory Note, on the Bright King Redemption Completion Date.

LETTER FROM THE BOARD

The Issue Shares

The Issue Shares A of 68,750,000 Shares and the Issue Shares B of 576,000 Shares represent (i) approximately 4.87% and approximately 0.04% respectively of the total issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 4.64% and approximately 0.04% respectively of the issued share capital of the Company as enlarged by the issue of the Issue Shares; and (iii) approximately 4.43% and approximately 0.04% respectively of the issued share capital of the Company as enlarged by the issue of the Issue Shares and the allotment and issue of the Conversion Shares assuming the conversion rights attaching to the Convertible Note are exercised in full, respectively.

The Issue Shares shall, when issued, be fully paid and rank pari passu in all respects with the other Shares in issue or to be issued by the Company on or prior to the Bright King Redemption Completion Date including the right to receive all dividends and other distributions declared, made or paid at any time after the date of allotment and issue of the Issue Shares.

The Issue Price of HK\$0.80 per Share was arrived at after arm's length negotiation between the Company and Bright King with reference to the recent Share price performance and prospect of the Company. The Issue Price represents:

- (i) a premium over approximately 42.86% to the closing price of HK\$0.56 per Share on 4 August 2011, being the last full trading day of the Shares prior to the entering of the Bright King Redemption Deed;
- (ii) a premium over approximately 38.89% to the average closing price of HK\$0.576 per Share for the last 5 trading days including and prior to the date of the Bright King Redemption Deed;
- (iii) a premium over approximately 36.29% to the average closing price of HK\$0.587 per Share for the last 10 trading days including and prior to the date of the Bright King Redemption Deed; and
- (iv) a premium over 100.00% to the closing price of HK\$0.40 per Share on the Latest Practicable Date.

The aggregate Issue Price is approximately HK\$55.5 million. The net Issue Price is estimated to be approximately HK\$0.79 per Issue Share. The Directors (including the independent non-executive Directors) consider that the Issue Price is fair and reasonable on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

Conditions precedent

The Bright King Redemption Deed is conditional upon and subject to the following conditions:

- (a) the passing by the Independent Shareholders in the EGM of the necessary resolutions approving the Bright King Redemption Deed and all transactions contemplated hereunder including the allotment and issue of the Issue Shares to Bright King pursuant to the specific mandate;

LETTER FROM THE BOARD

- (b) the Independent Shareholders granting the specific mandate in accordance with the requirements of the Listing Rules;
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Issue Shares (and such permission and listing not subsequently being revoked);
- (d) all necessary consents, waivers and approvals required to be obtained by the parties in respect of the Bright King Redemption Deed and the transactions contemplated thereby having been obtained; and
- (e) the surrendering of the Bright King Promissory Note and the Bright King Performance Based Promissory Note by Bright King to the Group for redemption and cancellation.

Neither the Company, Rising Boom nor Bright King shall be entitled to waive any of the conditions set out above. As at the Latest Practicable Date, none of the above conditions has been fulfilled. If the conditions are not fulfilled on or prior to 31 December 2011 or such later date as may be agreed among the Company, Rising Boom and Bright King, the Bright King Redemption Deed shall terminate and none of the parties shall have any claim against the others for costs, damages, compensation or otherwise (save for any antecedent breaches of the terms thereof).

Completion

Subject to the fulfilment of the above conditions precedent, the completion shall take place at the office of the Company on the Bright King Redemption Completion Date, at which time the Company shall allot and issue the Issue Shares to Bright King.

THE BEST VIEW REDEMPTION DEED

Date: 4 August 2011

Parties: (1) The Company
(2) Rising Boom
(3) Best View

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Best View is (i) an investment holding company incorporated in the BVI with limited liability and ultimately controlled by Dato' Dr. Cheng Yu Tung, an independent third party; and (ii) interested in 4,400,000 Shares, representing approximately 0.31% of the existing issued share capital of the Company as of the Latest Practicable Date.

LETTER FROM THE BOARD

Conditions precedent

The Best View Redemption is conditional upon and subject to the following conditions:

- (a) the passing by the Shareholders other than Best View and its associates in the EGM to approve the Best View Redemption Deed and all transactions contemplated in or incidental to the Best View Redemption Deed, including the issue of the Convertible Note to Best View and the specific mandate to allot and issue the Conversion Shares, in accordance with the Listing Rules;
- (b) all necessary consents, confirmations, permits, approvals, licences and authorisations having been obtained from all relevant governmental, regulatory or other authorities (including but not limited to the SFC and the Stock Exchange) and any other person(s) in connection with the transactions contemplated under the Best View Redemption Deed having been obtained by the Company, and Best View;
- (c) the Stock Exchange having granted to the Company the listing of, and permission to deal in, the Conversion Shares;
- (d) Best View having received legal opinions addressed to it and in respect of the Best View Redemption Deed and the Convertible Note, in the form and substance satisfactory to it, from legal counsels of the Company advising on the Cayman Islands law and the BVI law as agreed by Best View;
- (e) there is no law or order of courts prohibiting or restricting the execution, validity and enforcement of the Best View Redemption Deed or the Convertible Note;
- (f) no event of default has occurred since the execution of the Best View Redemption Deed by the parties thereto; and
- (g) the warranties of the Company and Rising Boom contained in the Best View Redemption Deed remain true and correct and the Company and Rising Boom have committed no breach of their respective obligations and undertakings under the Best View Redemption Deed.

Neither of the Company, Rising Boom nor Best View shall be entitled to waive any of the conditions set out above, except that Best View may, at its absolute discretion, waive (d), (f) and (g) above. If the conditions are not fulfilled or waived on or before 30 September 2011 or such later date as may be agreed in writing among the Company, Rising Boom and Best View, the Best View Redemption Deed shall not proceed and none of the parties to the Best View Redemption Deed shall have any claim of any nature or liabilities under the Best View Redemption Deed whatsoever against any of the other parties thereto save for any antecedent breaches of the terms thereof. The parties to the Best View Redemption Deed have subsequently agreed to change the long stop date to 30 November 2011.

LETTER FROM THE BOARD

Completion

Subject to the fulfilment of the conditions precedent to the Best View Redemption Deed, completion of the Best View Redemption shall take place on the Best View Redemption Completion Date. At which, Best View shall deliver or procure delivery to the Group, among other things, the original Bright Good Promissory Note for redemption and cancellation and the Company shall deliver or procure delivery to Best View, among other things, the certificate in respect of the Convertible Note issued in the name of Best View or its nominees(s).

THE CONVERTIBLE NOTE

The principal terms of the Convertible Note to be issued by the Company are set out as follows:

Principal amount

HK\$80,500,000

Interest

The Convertible Note shall not bear any interest.

Maturity

31 December 2012

Conversion Price

The Conversion Price of HK\$1.13 per Share was determined between the Company, Rising Boom and Best View after arm's length negotiations with reference to the prevailing market price of the Shares, the prospect of the Company and the nature of the Convertible Note. The Conversion Price of HK\$1.13 per Share represents:

- (i) a premium over approximately 101.79% to the closing price of HK\$0.56 per Share on 4 August 2011, being the last full trading day of the Shares prior to the entering of the Best View Redemption Deed;
- (ii) a premium over approximately 96.18% to the average closing price of HK\$0.576 per Share for the last 5 trading days including and prior to the date of the Best View Redemption Deed;
- (iii) a premium over approximately 92.50% to the average closing price of HK\$0.587 per Share for the last 10 trading days including and prior to the date of the Best View Redemption Deed; and
- (iv) a premium over 182.50% to the closing price of HK\$0.40 per Share on the Latest Practicable Date.

LETTER FROM THE BOARD

The Conversion Price is subject to adjustment for, among other matters, sub-division, consolidation, capitalisation of profits or reserves, capital distribution, rights issues of shares or options over Shares, right issues of securities other than Shares or options, warrants or other rights to subscribe for or purchase Shares, issue of Shares or grant of options, warrants or other rights to subscribe for or purchase Shares or other issues at a price which is less than 90 per cent of the then market price of the Shares at the time of the announcement of relevant events.

Conversion

The holder(s) of the Convertible Note has/have the right to convert the whole or any part of the outstanding principal of the Convertible Note in an amount of not less than HK\$500,000 on each conversion (save that if at any time, the principal outstanding amount of the Convertible Note is less than HK\$500,000, the whole (but not part only) of the principal outstanding amount of the Convertible Note may be converted) into shares of the Company in board lot or multiples thereof at any time from the issue date of the Convertible Note at the prevailing Conversion Price up to (and excluding) the fifth Business Day immediately before the Maturity Date.

Early redemption

Subject to the events of default below, the Company shall not be entitled to early redeem the Convertible Note before the Maturity Date.

Events of default

The Convertible Note will contain events of default provisions which provide that on the occurrence of certain events of default specified in the conditions of the Convertible Note (e.g. repayment overdue, insolvency and liquidation), each of the holders of the Convertible Note shall be entitled to demand for immediate redemption of the principal amount of outstanding Convertible Note.

Undertakings

The certificate of the Convertible Note will contain undertakings of a holder thereof that (i) it shall fully comply with all applicable laws, rules and regulations including but not limited to the Listing Rules and the Codes on Takeovers and Mergers in respect of the holding of the Convertible Note, the exercise of its conversion rights, acceptance of Conversion Shares and settlement of the outstanding principal sum of the Convertible Note; and (ii) it shall not exercise the conversion rights to the extent that following such conversion it would result in change in control (as defined under the Codes on Takeovers and Mergers) of the Company. The Company shall be entitled to refuse to accept the relevant conversion notice and such conversion notice shall be treated as void should the proposed conversion result in breach of any of the above undertakings.

LETTER FROM THE BOARD

Transfer

The Convertible Note is freely transferable except that the Convertible Note may not be transferred to any connected person of the Company and the Convertible Note shall not be transferable if and when a conversion notice or a settlement notice is served on the Company by the holder of the Convertible Note.

Conversion Shares

Upon full conversion of the Convertible Note in the principal amount of HK\$80,500,000 by the holder(s) of the Convertible Note assuming at the Conversion Price, a maximum of 71,238,938 Conversion Shares will be issued. The Conversion Shares will represent: (i) approximately 5.05% of the issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 4.81% of the issued share capital of the Company as enlarged by the issue of the Issue Shares; and (iii) approximately 4.59% of the issued share capital of the Company as enlarged by the Issue Shares and the allotment and issue of the Conversion Shares.

No application will be made for the listing of, or permission to deal in, the Convertible Note on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. The Company will seek a specific mandate from the Shareholders other than Best View and its associates for the allotment and issue of the Conversion Shares.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Bright King Redemption and the Best View Redemption; (iii) immediately after completion of the Bright King Redemption and the Best View Redemption and assuming full conversion of the Convertible Note at the Conversion Price; and (iv) immediately after completion of the Bright King Redemption and the Best View Redemption and full conversion of all outstanding convertible notes and bonds issued/to be issued by the Company (including the Convertible Note, Water Resources Convertible Bonds and the 2009 Convertible Notes), assuming there being no other change to the shareholding structure of the Company after the Latest Practicable Date:

	(i)		(ii)		(iii)		(iv)	
	As at the Latest Practicable Date		Immediately after completion of the Bright King Redemption and the Best View Redemption		Immediately after completion of the Bright King Redemption and the Best View Redemption and assuming full conversion of the Convertible Note		Immediately after completion of the Bright King Redemption and the Best View Redemption and full conversion of all outstanding convertible notes and bonds issued/to be issued by the Company (including the Convertible Note, Water Resources Convertible Bonds and the 2009 Convertible Notes)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Beijing Capital (Hong Kong) Limited	299,022,000	21.19	299,022,000	20.19	299,022,000	19.27	455,659,168	25.49
Simple Success Investments Limited (Note 1)	270,760,000	19.18	270,760,000	18.29	270,760,000	17.45	270,760,000	15.15
Best View Enterprises Limited (Note 2)	4,400,000	0.31	4,400,000	0.30	75,638,938	4.87	75,638,938	4.23
Charm Hero Investments Limited, Ngok Yan Yu and his associates (Note 3)	76,344,205	5.41	145,670,205	9.84	145,670,205	9.39	145,670,205	8.15
Sycomore Limited, Marcello Appella and his associates (Note 4)	3,588,030	0.26	3,588,030	0.24	3,588,030	0.23	3,588,030	0.20
Zesiger Capital Group LLC (Note 6)	152,032,000	10.77	152,032,000	10.27	152,032,000	9.80	152,032,000	8.50
Public Shareholders	605,170,804	42.88	605,170,804	40.87	605,170,804	38.99	684,330,096	38.28
Total	1,411,317,039	100.00	1,480,643,039	100.00	1,551,881,977	100.00	1,787,678,437	100.00

Notes:

- (1) Simple Success Investments Limited is 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 has 51% interest in Centennial Success Limited which has 100% 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.
- (2) Best View Enterprises Limited is wholly owned by Chow Tai Fook Nominee Limited, which is in turn controlled by Dato' Dr. Cheng Yu Tung. Best View Enterprises Limited also has security interest on Shares held by Charm Hero Investments Limited.
- (3) These Shares represent 76,344,205 shares held by Charm Hero Investments Limited, which was wholly owned by Mensun Limited, which was in turn wholly owned by Mr. Ngok Yan Yu, a director of the Company within the preceding 12 months as of the date of the Bright King Redemption Deed.

LETTER FROM THE BOARD

- (4) These Shares are held by Sycomore Limited, which is owned as to 50% by Mr. Marcello Appella, an executive Director, and 50% by Mrs. Maguy, Alice, Juliette, Marie Pujol ep. Appella, the spouse of Mr. Marcello Appella.
- (5) As of the Latest Practicable Date, the Water Resources Convertible Bonds and the 2009 Convertible Notes remained outstanding, which were convertible into 65,000,000 Shares and 170,796,460 Shares respectively, upon exercise of the conversion right attached to each of them in full at their respective current conversion prices.
- (6) These Shares are held in the capacity as an investment manager based on the disclosure of interest notice filed by Zesiger Capital Group LLC and will count towards public float of the Company in scenario (iii) and (iv).

REASONS FOR THE BRIGHT KING REDEMPTION AND THE BEST VIEW REDEMPTION

The Company acts as an investment holding company. The Group is principally engaged in trading 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.

As at the Latest Practicable Date, the outstanding balance of the Bright King Promissory Note, the Bright King Performance Based Promissory Note and the Bright Good Promissory Note are HK\$55,000,000, HK\$460,800 and HK\$80,500,000 respectively, which will mature on 10 December 2014, 5 April 2016 and 10 December 2012 respectively. Despite the dilution (in respect of the Best View Redemption, the possible dilution) of shareholdings of the Shareholders (other than Bright King and Best View) and the foregoing of the possible opportunity to identify better funding/settlement alternatives during the remaining terms of the Bright King Promissory Note, the Bright King Performance Based Promissory Note and the Bright Good Promissory Note, the entering into of the Bright King Redemption Deed and the Best View Redemption Deed will (i) fully settle the Bright King Promissory Note, the Bright King Performance Based Promissory Note and the Bright Good Promissory Note; (ii) conserve more financial resources of the Group for the funding of future investments when opportunities arise; and (iii) broaden the capital base of the Company upon the issue of the Issue Shares and the exercise of the conversion rights attaching to the Convertible Note, if any.

The Directors (including the independent non-executive Directors) consider that (i) the terms and conditions of the Bright King Redemption Deed, which were arrived at after arm's length negotiations among the Company, Rising Boom and Bright King; and (ii) the terms and conditions of the Best View Redemption Deed, which were arrived at after arm's length negotiations among the Company, Rising Boom and Best View, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The table below sets out the equity fund raising activities of the Company conducted during the past twelve months immediately preceding the Latest Practicable Date and the actual use of proceeds obtained there from. All of the funds raised within the past 12 months have been utilised or reserved as intended.

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
30 March 2011	Placing of new Shares	HK\$78.8 million	To be used as the general working capital of the Group and/or repayment of debts of the Group	Kept at bank and to be used as general working capital
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 a loan and the remaining kept at bank before utilised for operating expenses

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Lo Ming Chi, Charles, Mr. Pao Ping Wing, Mr. Kwan Hung Sang, Francis and Mr. Cheng Kai Tai, Allen, being all of the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Bright King Redemption Deed are fair and reasonable and whether the Bright King Redemption is in the interests of the Company and the Shareholders as a whole. Goldin Financial has been appointed as the independent financial adviser to the Company to provide the Independent Board Committee and the Independent Shareholders with independent advice in this regard.

LISTING RULES IMPLICATIONS

The ultimate beneficial owner of Bright King, being Mr. Ngok Yan Yu, was a director of the Company within the preceding 12 months of the date of the Bright King Redemption Deed. Mr. Ngok Yan Yu, a former executive Director, and Mr. Tang Zhi Bin, a current executive Director, are two of the directors of Bright King. Therefore, Bright King is a connected person of the Company. As certain applicable percentage ratios (as defined under the Listing Rules and other than the profit ratio) in respect of the Bright King Redemption are 5% or more, the Bright King Redemption constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules is subject to the reporting, announcement and independent shareholders' approval requirement under the Listing Rules.

The allotment and issue of the Issue Shares and the Conversion Shares in the event of exercise of the conversion right attaching to the Convertible Note will be conducted under the authority granted by the specific mandate to be sought at the EGM. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Issue Shares and the Conversion Shares.

LETTER FROM THE BOARD

Saved as disclosed above, none of the Directors have a material interest in the Bright King Redemption and the Best View Redemption and the transactions contemplated thereunder. Mr. Tang Zhi Bin has abstained from voting on the board resolution for approving the Bright King Redemption Deed.

EGM

Notice convening the EGM to be held at 2:30 p.m. on 13 October 2011 at The Focal Point, Level 10, World-Wide House, 19 Des Voeux Road Central, Hong Kong is set out on pages 35 to 36 in this circular. Resolutions will be proposed to consider at the EGM and if thought fit, approve the Bright King Redemption Deed and the Best View Redemption Deed and the transactions contemplated thereunder and the grant of the specific mandate to the Directors to issue and allot the Issue Shares and the Conversion Shares.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the associates of Bright King are interested in 76,344,205 Shares, which represent approximately 5.41% of the existing issued share capital of the Company, as at the Latest Practicable Date, Bright King and its associates will abstain from voting at the EGM to approve the Bright King Redemption Deed and the transactions contemplated thereunder. Best View, Simple Success, and their respective associates will abstain from voting at the EGM to approve the Best View Redemption Deed and the transactions contemplated thereunder. Best View and Simple Success are interested in 4,400,000 Shares and 270,760,000 Shares, which represent approximately 0.31% and 19.18% of the existing issued share capital of the Company as at the Latest Practicable Date respectively.

Given that (i) the Bright King Redemption and the Best View Redemption are not inter-conditional with each other; (ii) Bright King and its associates were not involved in negotiations of the Best View Redemption; (iii) Best View, Simple Success, and their respective associates were not involved in the negotiations of the Bright King Redemption; (iv) the interests of Bright King and its associates in the Best View Redemption are the same as other Shareholders (except Best View, Simple Success, and their respective associates); and (v) the interests of Best View, Simple Success, and their respective associates in the Bright King Redemption are the same as other Independent Shareholders, the Directors consider that (i) Bright King and its associates are not required to abstain from voting at the EGM to approve the Best View Redemption; and (ii) Best View, Simple Success, and their respective associates are not required to abstain from voting at the EGM to approve the Bright King Redemption.

Form of proxy for use at the EGM is enclosed with this circular. If you are unable to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same to the Company's branch share registrar, 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 the holding of 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.

LETTER FROM THE BOARD

RECOMMENDATION

Taking into account the reasons set out above, the Directors (including the independent non-executive Directors) consider that the terms of the Bright King Redemption Deed and the Best View Redemption Deed, and the transactions contemplated thereunder and the grant of the specific mandate to the Directors to issue and allot the Issue Shares and the Conversion Shares are fair and reasonable so far as the Shareholders are concerned, on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole; and therefore recommend the Independent Shareholders and Shareholders (as the case may be) to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Bright King Redemption Deed and the Best View Redemption Deed and the transactions contemplated thereunder, respectively.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out on page 18 of this circular, and the letter from Goldin Financial to the Independent Board Committee and Independent Shareholders set out on pages 19 to 30 and the information set out in the appendix to this circular.

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



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)

15 September 2011

To the Independent Shareholders

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION INVOLVING SHARE SUBSCRIPTION
AND
(2) ISSUE OF CONVERTIBLE NOTE UNDER SPECIFIC MANDATE**

We refer to the circular of the Company to the Shareholders dated 15 September 2011 (the “Circular”), of which this letter forms part. Terms defined in the Circular shall bear the same meanings when used herein unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to consider and advise the Independent Shareholders on whether the Bright King Redemption Deed and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole. Goldin Financial has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

Your attention is drawn to the letter from the Board and the letter from Goldin Financial containing its advice to us and the Independent Shareholders as set out in this circular respectively.

Having considered, among other things, the terms of the Bright King Redemption Deed, and the factors and reasons considered by, and the opinion of Goldin Financial, we are of the opinion that the terms of the Bright King Redemption Deed are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Bright King Redemption Deed and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the EGM.

Yours faithfully,

Independent Board Committee

Mr. Lo
Ming Chi, Charles

Mr. Pao
Ping Wing

Mr. Kwan
Hung Sang, Francis

Mr. Cheng
Kai Tai, Allen

LETTER FROM GOLDIN FINANCIAL

The following is the full text of the letter from Goldin Financial to the Independent Board Committee and the Independent Shareholders, prepared for the purpose of incorporation in this circular.



高銀融資有限公司
GOLDIN FINANCIAL LIMITED

Goldin Financial Limited
23rd Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

15 September 2011

*To: the Independent Board Committee and the Independent Shareholders of
New Environmental Energy Holdings Limited*

Dear Sirs,

CONNECTED TRANSACTION INVOLVING SHARE SUBSCRIPTION

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Bright King Redemption, details of which are set out in the Letter from the Board (the “Letter from the Board”) contained in the circular dated 15 September 2011 issued by the Company (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.

On 4 August 2011, the Company entered into the Bright King Redemption Deed with Rising Boom and Bright King, pursuant to which Bright King shall surrender the Bright King Promissory Note and the Bright King Performance Based Promissory Note to the Group for redemption and cancellation in consideration of the issue of the Issue Shares A and the Issue Shares B respectively by the Company to Bright King. On the even date, the Company also entered into the Best View Redemption Deed with Best View and Rising Boom, pursuant to which Best View shall surrender the Bright Good Promissory Note to the Group for redemption and cancellation in consideration of the issue of the Convertible Note to Best View. The respective terms of the Bright King Redemption and the Best View Redemption were negotiated by the Company with respective parties separately.

The ultimate beneficial owner of Bright King, being Mr. Ngok Yan Yu, was a director of the Company within the preceding 12 months as of the date of the Bright King Redemption Deed. Mr. Ngok Yan Yu and Mr. Tang Zhi Bin, the executive Directors, are two of the directors of Bright King. Therefore, Bright King is a connected person of the Company. As certain applicable percentage ratios (as defined under the Listing Rules and other than the profit ratio) in respect of the Bright King Redemption are 5% or more, the Bright King Redemption constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders’ approval requirement under the Listing Rules.

LETTER FROM GOLDIN FINANCIAL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the associates of Bright King are interested in 76,344,205 Shares, which represent approximately 5.41% of the existing issued share capital of the Company as at the Latest Practicable Date. Accordingly, Bright King and its associates will abstain from voting at the EGM to approve the Bright King Redemption Deed and the transactions contemplated thereunder.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Lo Ming Chi, Charles, Mr. Pao Ping Wing, Mr. Kwan Hung Sang, Francis and Mr. Cheng Kai Tai, Allen, has been established to make recommendations to the Independent Shareholders as to whether the terms of the Bright King Redemption Deed are fair and reasonable so far as the Independent Shareholders are concerned and whether the Bright King Redemption is in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote taking into account the recommendations of Goldin Financial.

We, Goldin Financial, have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Bright King Redemption and to make a recommendation as to, among others, whether the terms of Bright King Redemption Deed are fair and reasonable so far as the Independent Shareholders are concerned and as to voting in respect of the relevant resolution at the EGM. Our appointment has been approved by the Independent Board Committee.

BASIS OF OUR ADVICE

In formulating our opinions and recommendations, we have reviewed, *inter alia*, the Announcement, the Bright King Redemption Deed and the annual reports of the Company for the two years ended 31 December 2009 and 2010. We have also reviewed certain information provided by the management of the Company relating to the operation, financial condition and prospect of the Group. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussions with the management of the Company regarding the financials, businesses and future outlook of the Group. We have assumed that such information and statements, and any representation made to us, which we have relied upon in formulating our opinion, are true, accurate and complete in all material respects as of the date hereof and the Shareholders will be notified of any material changes as soon as possible.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement herein or in the Circular misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of, and the reasons for entering into, the Bright King Redemption Deed and to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this

LETTER FROM GOLDIN FINANCIAL

exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion was necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, at the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

1. Business and financial information of the Group

The Company is an investment holding company. The Group is principally engaged in (i) trading of apparel and accessories, being provision of supply chain services for the supply of apparel and accessories to international brands; and (ii) waste treatment and waste-to-energy business, being investment, engineering, procurement of equipment, operation and maintenance of waste treatment and waste-to-energy plants in first tier cities in the People's Republic of China (the "PRC") primarily on a build-operate-transfer basis with a concessionary period of 25 to 30 years as well as sales of waste-to-energy machines. Set out below is the audited financial information of the Group for the two years ended 31 December 2009 and 2010 as extracted from the Group's annual reports for the relevant financial years:

Table 1: Financial highlights of the Group

	For the year ended 31 December	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from continuing operations	195,233	117,598
Loss attributable to owners of the Company	<u>(742,303)</u>	<u>(978,257)</u>
	As at 31 December	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	531,585	1,051,608
Current assets	308,014	886,585
Current liabilities	(245,861)	(709,109)
Net current assets	62,153	177,476
Net assets	<u>71,479</u>	<u>506,497</u>

LETTER FROM GOLDIN FINANCIAL

As illustrated in table 1 above, the Group's revenue from continuing operations increased from approximately HK\$117.60 million to approximately HK\$195.23 million for the year ended 31 December 2010, representing an increase of approximately 66.01%. Loss attributable to the owners of the Company for the year ended 31 December 2010 amounted to approximately HK\$742.30 million, reduced by approximately HK\$235.95 million as compared with the loss of approximately HK\$978.26 million for the year ended 31 December 2009. As advised by the management of the Company, such loss was mainly due to the impairment loss on goodwill of approximately HK\$415.91 million attributable to the waste treatment and waste-to-energy business. In December 2009, the Company entered the PRC's waste-to-energy market through the acquisition of a group of companies principally engaged in waste-to-energy business in the PRC. The Group had discontinued the businesses of manufacture of apparel and accessories, and distribution and retailing of apparel and footwear during the years ended 31 December 2009 and 31 December 2010, respectively.

As at 31 December 2010, the Group had an audited net current assets of approximately HK\$62.15 million and an audited net assets of approximately HK\$71.48 million.

2. Reasons for, and benefits of, entering into the Bright King Redemption Deed

According to the annual report of the Company for the year ended 31 December 2010, the total borrowings of the Company as at 31 December 2010 were approximately HK\$550.05 million, which comprised of bank borrowings of approximately HK\$67.69 million, bank overdrafts of approximately HK\$2,000, convertible notes of approximately HK\$251.73 million, convertible bonds of approximately HK\$133.87 million and promissory notes of approximately HK\$96.76 million. As at the Latest Practicable Date, the outstanding balance of the Bright King Promissory Note and the Bright King Performance Based Promissory Note were HK\$55 million and HK\$460,800, which will mature on 10 December 2014 and 5 April 2016, respectively. The Bright King Promissory Note in the principal amount of HK\$55 million was issued by the Group to Bright King on 11 December 2009 as part of the consideration of the Acquisition and the Group is obligated to issue the Bright King Performance Based Promissory Note in the initial principal amount of HK\$144 million, subject to adjustment, to Bright King. On 6 April 2011, the Bright King Performance Based Promissory Note after adjustment with principal amount of HK\$460,800 was issued to Bright King. We noted from the Bright King Redemption Deed that the Bright King Promissory Note and the Bright King Performance Based Promissory Note will be fully settled by redemption and cancellation in consideration of the issue of the Issue Shares A and the Issue Shares B by the Company to Bright King respectively, upon the Bright King Redemption Completion Date. We consider that the entering of the Bright King Redemption Deed allows the Group to repay the Bright King Promissory Note and the Bright King Performance Based Promissory Note without any cash outlay except the relevant transaction costs, which conserves more financial resources of the Group for the funding of future investments when opportunities arise and broadens the capital base of the Company. As referred in the paragraphs under the section headed "5. Financial impacts of the Bright King Redemption", it is expected that the gearing ratio of the Company would be reduced and such improvement in the gearing level would help strengthen the financial position of the Company.

LETTER FROM GOLDIN FINANCIAL

Upon enquiry with the management of the Company, we understand that the Company has considered alternatives for the Group to raise funds other than the issue of the Issue Shares for the repayment of the Bright King Promissory Note and the Bright King Performance Based Promissory Note, including but not limited to, other forms of fund raising activities such as debt financing and equity financing. The Directors are of the view that debt financing will inevitably incur additional finance costs to the Group and increase the gearing ratio of the Group, which may bring adverse impacts on the financial position of the Group. Regarding equity financing, the Directors has considered the possibility of equity fund raising such as share placements, rights issue or open offer for obtaining financial resources for the repayment of the Bright King Promissory Note and the Bright King Performance Based Promissory Note. In view of the loss making position of the Group for the latest financial year and the recent unfavorable global market conditions, the Directors are of the view that potential placing agent would be rather conservative and it will be difficult for the Company to identify suitable brokerage firms to act as underwriters, and hence do not consider these equity fund raisings to be desirable alternatives to the Bright King Redemption. Despite the Bright King Promissory Note and the Bright King Performance Based Promissory Note do not bear interest and will mature in 2014 and 2016 respectively, it is uncertain that the Company will be able to identify better funding or settlement alternatives during the remaining lives of such notes without incurring additional interest expenses. Furthermore, we are of the view that the Bright King Redemption allows the Group to settle the Bright King Promissory Note and the Bright King Performance Based Promissory Note by way of issue of the Issue Shares at the Issue Price with a significant premium over the recent closing prices of the Shares, which is favourable to the Company, and the current financial position of the Company is expected to improve upon completion of Bright King Redemption. In view of the above factors regarding the alternative financing methods, we concur with the Directors' view that the Bright King Redemption is the most appropriate means to settle the Bright King Promissory Note and the Bright King Performance Based Promissory Note under the current circumstances.

After taking into account that entering into the Bright King Redemption Deed (i) allows the Group to repay the Bright King Promissory Note and the Bright King Performance Based Promissory Note in full without any cash outlay; (ii) conserves more financial resources of the Group for the funding of future investments when opportunities arise; (iii) broadens the capital base of the Company; and (iv) is the most appropriate means to settle the Bright King Promissory Note and the Bright King Performance Based Promissory Note, we concur with the Directors' view that the Bright King Redemption is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Bright King Redemption Deed

Pursuant to the Bright King Redemption Deed, Bright King shall surrender the Bright King Promissory Note and the Bright King Performance Based Promissory Note to the Group for redemption and cancellation in consideration of the issue of the Issue Shares A and the Issue Shares B respectively. The Issue Shares A of 68,750,000 Shares and the Issue Shares B of 576,000 Shares of HK\$0.80 per Share for both, totalling 69,326,000 Shares represent approximately 4.91% of the total issued share capital of the Company as at the Latest Practicable Date and approximately 4.68% of the issued share capital of the Company as enlarged by the issue of the Issue Shares. The Issue Shares shall, when issued, be fully paid and rank *pari passu* in all respects

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with the other Shares in issue or to be issued by the Company on or prior to the Bright Redemption Completion Date including the right to receive all dividends and other distributions declared, made or paid at any time after the date of allotment and issue of the Issue Shares.

The Issue Price of HK\$0.80 per Issue Share represents:

- (i) a premium of approximately 42.86% over the closing price of HK\$0.56 per Share as quoted on the Stock Exchange on 4 August 2011, being the last full trading day before publication of the Announcement (the “Last Trading Day”);
- (ii) a premium of approximately 38.89% over the average closing price of HK0.576 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day (the “Last 5 Trading Day”);
- (iii) a premium of approximately 36.29% over the average closing price of HK0.587 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day (the “Last 10 Trading Day”);
- (iv) a premium of approximately 32.01% over the average closing price of HK0.606 per Share for the last 30 consecutive trading days up to and including the Last Trading Day (the “Last 30 Trading Day”);
- (v) a premium of approximately 1026.76% over the audited consolidated net asset value per Share of approximately HK\$0.071 as at 31 December 2010 (as disclosed by the Company in its 2010 annual report, such net asset value per Share is based on 1,010,535,039 Shares in issue as at 31 December 2010);
- (vi) a premium of approximately 100.00% over the closing price of HK\$0.40 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Issue Price was arrived at after arm’s length negotiation between the Company and Bright King with reference to (i) the recent Share price performance; and (ii) the prospect of the Company.

LETTER FROM GOLDIN FINANCIAL

Share price performance

Chart 1 below shows the daily closing price of the Shares versus the Issue Price for the period commencing from 2 August 2010 (12 months prior to the date of the Announcement) up to and including the Latest Practicable Date (the “Review Period”):

Chart 1: Share price performance versus the Issue Price during the Review Period



Source: The website of the Stock Exchange (www.hkex.com.hk)

Note: Trading in the Shares was suspended from 23 August 2010 to 26 August 2010, on 2 December 2010 and 30 March 2011.

During the Review Period, the closing price of the Share was below the Issue Price in general. The highest closing price and the lowest closing price of the Shares were HK\$0.88 on 26, 29 and 30 March 2011 and HK\$0.395 on 7 and 8 September 2011 during the Review Period (the “Relevant Range”), respectively. The Issue Price represents a discount of approximately 9.09% to the highest closing price of the Shares and a premium of approximately 102.53% over the lowest closing price of the Shares and is within and on the upper side of the Relevant Range.

Comparison with other placing and share subscription exercises

We note that the Bright King Redemption is in effect a subscription of the Issue Shares by Bright King in consideration of set-off against the Bright King Promissory Note and the Bright King Performance Based Promissory Note, we are of the view that fund raising activities by way of new share placing and share subscription are similar in nature to the issue of Issue Shares by the Company. In order to assess the fairness and reasonableness of the terms of the Issue Price, we have reviewed the relevant new share placing and share subscription exercises under specific mandate announced by companies listed on the Main

LETTER FROM GOLDIN FINANCIAL

Board of the Stock Exchange in the past six months immediately preceding the date of the Announcement (the “Placing Comparables”). We have, to our best effort, identified and made references to, so far as we are aware, 18 Placing Comparables. Independent Shareholders should note that the Placing Comparables are not identical to the Company in terms of principal business, operations and financial position. Nevertheless, we consider that the Placing Comparables could provide a general reference for the recent common market practice of companies listed on the Main Board of the Stock Exchange in placing and share subscription exercises under specific mandate. Details of our analyses are set out in the following table:

Table 2: Analysis on placing/subscription shares of Placing Comparables

Company name	Stock code	Date of announcement	Premium over/ (discount to) the closing price on the last trading day <i>Approximate %</i>	Premium over/ (discount to) the 5-day average closing price <i>Approximate %</i>
China Minsheng Banking Corp., Ltd.	1988	25-Feb-11	(20.00)	(20.00)
Garron International Limited	1226	9-Mar-11	(31.95)	(32.67)
Culture Landmark Investment Limited	674	21-Mar-11	(33.33)	(35.34)
Vital Group Holdings Limited	1164	31-Mar-11	(36.11)	(20.96)
Minmetals Resources Limited	1208	19-Apr-11	(13.41)	(19.94)
Dragonite International Limited	329	6-May-11	(17.61)	(17.14)
China Fortune Group Limited	290	12-May-11	(4.35)	2.17
Sam Woo Holdings Limited	2322	17-May-11	(19.72)	(12.32)
New Capital International Investment Limited	1062	23-May-11	(77.14)	(75.93)
Irico Group Electronics Company Limited	438	24-May-11	(20.00)	(20.00)
Simsen International Corporation Limited	993	2-Jun-11	(14.16)	(12.28)
Capital VC Limited	2324	9-Jun-11	(14.29)	(17.13)
The Hong Kong Building and Loan Agency Limited	145	9-Jun-11	(12.57)	(15.79)
Ko Yo Chemical (Group) Limited (formerly known as Ko Yo Ecological Agrotech (Group) Limited)	827	17-Jun-11	4.20	1.20
Hunan Nonferrous Metals Corporation Limited	2626	21-Jun-11	2.23	6.69
Haitong International Securities Group Limited	665	23-Jun-11	0.24	0.05
Xiwang Sugar Holdings Company Limited	2088	30-Jun-11	17.50	20.39
Solartech International Holdings Limited	1166	13-Jul-11	(34.43)	(41.69)
Maximum premium			17.50	20.39
Maximum discount			(77.14)	(75.93)
Mean			(18.05)	(17.26)
Median			(15.95)	(17.14)
The Company			42.86	38.89

Source: The website of the Stock Exchange (www.hkex.com.hk)

LETTER FROM GOLDIN FINANCIAL

As shown in Table 2 above, the issue price per placing/subscription share issued under the respective Placing Comparables to the respective share closing price on the last trading day ranges from a discount of approximately 77.14% to a premium of approximately 17.50%, with a mean of approximately 18.05% discount and a median of approximately 15.95% discount, respectively. It is noted that a premium of approximately 42.86% represented by the Issue Price of the Issue Shares over the closing price of the Share on the Last Trading Day exceeds the maximum premium, mean and median of the Placing Comparables in the analysis.

In addition, the issue price per placing/subscription share issued under the respective Placing Comparables to the respective average share closing price for the last 5 trading day ranges from a discount of approximately 75.93% to a premium of approximately 20.39%, with a mean of approximately 17.26% discount and a median of approximately 17.14% discount respectively. It is noted that a premium of approximately 38.89% represented by the Issue Price of the Issue Shares over the average closing price of the Share for the Last 5 Trading Day exceeds the maximum premium, mean and median of the Placing Comparables in the analysis.

Taking into account that (i) the Issue Price represents premiums over the closing price of the Shares on the Last Trading Day and the average closing prices of the Shares for the Last 5 Trading Day, the Last 10 Trading Day and the Last 30 Trading Day; (ii) the Issue Price is within and on the upper side of the Relevant Range, and (iii) the premiums over the closing price of the Shares on the Last Trading Day and the average closing price of the Shares for the Last 5 Trading Day as represented by the Issue Price fall above the range of that of the Placing Comparables as discussed above, we are of the view that the Issue Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM GOLDIN FINANCIAL

4. Effect of the Bright King Redemption on shareholding structure of the Company

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Bright King Redemption and before/after the completion of the Best View Redemption; (iii) immediately after completion of the Bright King Redemption and the Best View Redemption and assuming full conversion of the Convertible Note, which is proposed to be issued to Best View pursuant to the Best View Redemption Deed, at the Conversion Price; and (iv) immediately after completion of the Bright King Redemption and the Best View Redemption and assuming full conversion of all outstanding convertible notes and bonds issued/to be issued by the Company (including the Convertible Note, Water Resources Convertible Bonds and the 2009 Convertible Notes), assuming there being no other change to the shareholding structure of the Company after the Latest Practicable Date:

Table 3: Shareholding structures of the Company

	(i)		(ii)		(iii)		(iv)	
	As at the Latest Practicable Date		Immediately after completion of the Bright King Redemption and before/after the completion of the Best View Redemption		Immediately after completion of the Bright King Redemption and the Best View Redemption and assuming full conversion of the Convertible Note		Immediately after completion of the Bright King Redemption and the Best View Redemption and assuming full conversion of all outstanding convertible notes and bonds issued/to be issued by the Company (including the Convertible Note, Water Resources Convertible Bonds and the 2009 Convertible Notes)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Beijing Capital (Hong Kong) Limited	299,022,000	21.19	299,022,000	20.19	299,022,000	19.27	455,659,168	25.49
Simple Success Investments Limited (Note 1)	270,760,000	19.18	270,760,000	18.29	270,760,000	17.45	270,760,000	15.15
Best View Enterprises Limited (Note 2)	4,400,000	0.31	4,400,000	0.30	75,638,938	4.87	75,638,938	4.23
Charm Hero Investments Limited, Ngok Yan Yu and his associates (Note 3)	76,344,205	5.41	145,670,205	9.84	145,670,205	9.39	145,670,205	8.15
Sycomore Limited, Marcello Appella and his associates (Note 4)	3,588,030	0.26	3,588,030	0.24	3,588,030	0.23	3,588,030	0.20
Zesiger Capital Group LLC (Note 6)	152,032,000	10.77	152,032,000	10.27	152,032,000	9.80	152,032,000	8.50
Public Shareholders	605,170,804	42.88	605,170,804	40.87	605,170,804	38.99	684,330,096	38.28
Total	1,411,317,039	100.00	1,480,643,039	100.00	1,551,881,977	100.00	1,787,678,437	100.00

Notes:

- (1) Simple Success Investments Limited is 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 has 51% interest in Centennial Success Limited which has 100% 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.
- (2) Best View Enterprises Limited is wholly owned by Chow Tai Fook Nominee Limited, which is in turn controlled by Dato' Dr. Cheng Yu Tung. Best View Enterprises Limited also has security interest on Shares held by Charm Hero Investments Limited.
- (3) These Shares represent 76,344,205 shares held by Charm Hero Investments Limited, which was wholly owned by Mensun Limited, which was in turn wholly owned by Mr. Ngok Yan Yu, a director of the Company within the preceding 12 months as of the date of the Bright King Redemption Deed.

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- (4) These Shares are held by Sycomore Limited, which is owned as to 50% by Mr. Marcello Appella, an executive Director, and 50% by Mrs. Maguy, Alice, Juliette, Marie Pujol ep. Appella, the spouse of Mr. Marcello Appella.
- (5) As of the Latest Practicable Date, the Water Resources Convertible Bonds and the 2009 Convertible Notes remained outstanding, which were convertible into 65,000,000 Shares and 170,796,460 Shares respectively, upon exercise of the conversion right attached to each of them in full at their respective current conversion prices.
- (6) These Shares are held in the capacity as an investment manager based on the disclosure of interest notice filed by Zesiger Capital Group LLC and will count towards public float of the Company in scenario (iii) and (iv).

As illustrated in table 3 above, the interest of the existing public Shareholders will be diluted from approximately 42.88% to (i) approximately 40.87% immediately after the completion of the Bright King Redemption and before/after completion of the Best View Redemption; (ii) approximately 38.99% immediately after completion of the Bright King Redemption and the Best View Redemption and assuming full conversion of the Convertible Note at the Conversion Price; and (iii) approximately 38.28% immediately after completion of the Bright King Redemption and the Best View Redemption and assuming full conversion of the outstanding convertible notes and bonds issued/to be issued by the Company (including the Convertible Note, Water Resources Convertible Bonds and 2009 Convertible Note). Nevertheless, taking into account (i) the reasons of, and the benefits of, entering into the Bright King Redemption Deed as described under the paragraphs headed “2. Reasons for, and benefits of, entering into the Bright King Redemption Deed” above; (ii) the terms of the Bright King Redemption Deed are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the positive impact on the Group’s liquidity, gearing position and net asset value per Share as discuss below, we consider that the possible dilution effect on the shareholding interests of the existing public Shareholders is justifiable.

5. Financial impacts of the Bright King Redemption

(a) Net assets value

According to the annual report of the Company for the year ended 31 December 2010, the net assets of the Group were approximately HK\$71.48 million. Upon completion of the Bright King Redemption, the net assets of the Group will increase by the aggregate principal amount of the Bright King Promissory Note and the Bright King Performance Based Promissory Note less related expenses. Since the net Issue Price of approximately HK\$0.79 per Issue Share is substantially higher than the audited consolidated net asset value per Share of approximately HK\$0.071 as at 31 December 2010, it is expected the net asset value per Share will increase upon completion of the Bright King Redemption.

(b) Liquidity

According to the annual report of the Company for the year ended 31 December 2010, the bank balances and cash as at 31 December 2010 were approximately HK\$34.28 million. Given the settlement of the Bright King Promissory Note and the Bright King Performance Based Promissory Note will not involve any cash outlay of the Group, the Bright King Redemption would enable the Group to conserve more financial resources for its future development.

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(c) *Gearing ratio*

According to the annual report of the Company for the year ended 31 December 2010, the gearing ratio of the Group was approximately 7.22 times, calculated based on the total borrowings (approximately HK\$550.05 million) net of bank balances and cash (approximately HK\$34.28 million) over total equity (approximately HK\$71.48 million) as at 31 December 2010. Upon completion of the Bright King Redemption, the total borrowings of the Group will be reduced by the aggregate principal amount of the Bright King Promissory Note and the Bright King Performance Based Promissory Note and the total equity would be enlarged by the allotment and issue of the Issue Shares. Accordingly, it is expected that the gearing position would improve.

RECOMMENDATIONS

Based on the abovementioned principal factors and reasons for entering into the Bright King Redemption Deed, and after taking into account that the Bright King Redemption:

- allows the Group to repay the Bright King Promissory Note and the Bright King Performance Based Promissory Note in full without any cash outlay except related transaction costs;
- conserves more financial resources of the Group for the funding of future investments when opportunities arise;
- broadens the capital base of the Company;
- is the most appropriate means to settle the Bright King Promissory Note and the Bright King Performance Based Promissory Note under the current circumstances;
- the premiums over the closing price of the Shares on the Last Trading Day and the average closing price of the Shares for the Last 5 Trading Day as represented by the Issue Price fall above the range of that of the Placing Comparables;
- would have a positive impact on the Group's liquidity, gearing position and net asset value per Share,

we are of the view that the Bright King Redemption Deed is not in the ordinary and usual course of business of the Company but are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Bright King Redemption Deed and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Goldin Financial Limited
Billy Tang
Director

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in the compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or this circular misleading.

DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVE

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had, or was deemed to have, any interests and short positions in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered into the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange:

(A) Long position in the Shares

Name of director	Nature of interests	Number of ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Marcello Appella	Interest of a controlled corporation (<i>Note</i>)	3,588,030	0.25%

Note: These Shares were held by Sycomore Limited (“Sycomore”), which was owned as to 50% by Mr. Marcello Appella and 50% by Mrs. Maguy, Alice, Juliette, Marie Pujol ep. Appella, the spouse of Mr. Marcello Appella. As such, Mr. Marcello Appella was deemed or taken to have interest in the Shares held by Sycomore for the purposes of the SFO.

(B) Long position in share options of the Company

Name of director	Nature of interests	Number of underlying ordinary shares in respect of options granted	Approximate percentage of issued share capital of the Company
Mr. Marcello Appella	Beneficial owner	201,532	0.01%

DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

Saved as disclosed below, as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, no other person (not being a Director or chief executive of the Company) had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had an option in respect of such capital:

Long position in ordinary shares of the Company

Name of shareholder	Nature of interests	Number of ordinary shares held	Approximate percentage of issued share capital of the Company
Beijing Capital (Hong Kong) Limited (<i>Note 1</i>)	Beneficial Owner	299,022,000	21.19%
Simple Success Investments Limited (<i>Note 2</i>)	Beneficial Owner	270,760,000	19.18%
Zesiger Capital Group LLC (<i>Note 3</i>)	Investment Manager	152,032,000	10.77%

Notes:

1. These Shares are held by Beijing Capital (Hong Kong) Limited which is a wholly-owned subsidiary of Beijing Capital Co., Ltd.. Mr. Yu Chang Jian and Mr. Liu Xiao Guang, executive Directors of the Company, are the directors of Beijing Capital (Hong Kong) Limited. Mr. Yu Chang Jian is the director and the general manager of Beijing Capital Co., Ltd.. Mr. Liu Xiao Guang is the chairman of the board of directors of Beijing Capital Co., Ltd..
2. These Shares represent 270,760,000 Shares 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 has 51% interest in Centennial Success Limited which has 100% 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.
3. These Shares are held in the capacity as an investment manager based on the disclosure of interest notice filed by Zesiger Capital Group LLC.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, Mr. Yu Chang Jian, Mr. Liu Xiao Guang, Mr. Cao Guo Xian and Mr. Tang Zhi Bin has not yet entered into a service contract with the Company, except that Mr. Marcello Appella has entered into a service contract with the Company for a term of three years, and will continue thereafter until terminated by either party thereto giving to the other not less than three months' prior notice in writing.

Each of the non-executive Directors and independent non-executive Directors has entered into letter of appointment with the Company and is appointed for a period of three years.

The alternative non-executive Director has been appointed by one of the non-executive Director, Mr. Lim Jui Kian and will continue thereafter until terminated by Mr. Lim Jui Kian or upon the termination of Mr. Lim Jui Kian's appointment with the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contracts with any member of the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

COMPETING INTERESTS

As at the Latest Practicable Date, the Directors confirm that none of them and their respective associates have any interests in a business apart from the Group's business which directly competes with and will have material adverse impact on the Group.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors was materially interested in any contracts or arrangement subsisting as at the Latest Practicable Date and significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2010, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to the Company or any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

EXPERT AND CONSENT

The following is the qualifications of the expert, who have given opinions contained in and referred to in this circular:

Name	Qualification
Goldin Financial	A corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Goldin Financial had no shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Goldin Financial has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

Goldin Financial has no direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2010, the date to which the latest published audited consolidated financial statements of the Group were made up.

The letter from Goldin Financial is given as of the date of this circular for incorporation herein.

MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2010, the date to which the latest published audited consolidated financial statements of the Group were made up.

MISCELLANEOUS

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and principal place of business in Hong Kong is Unit 1613–1618, 16/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.
- (c) Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, is located at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.
- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (except Saturdays and public holidays) at Unit 1613–1618, 16/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong for a period of 14 days from the date of this circular:

- (a) the Bright King Redemption Deed;
- (b) the Best View Redemption Deed (including the form of certificate of the Convertible Note);
- (c) the letter from Goldin Financial as set out in this circular;
- (d) the letter from the Independent Board Committee as set out in this circular;
- (e) the written consent of Goldin Financial; and
- (f) the service contracts referred to in the paragraph headed “Directors’ service contracts” in this appendix.



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 The Focal Point, Level 10, World-Wide House, 19 Des Voeux Road Central, Hong Kong on 13 October 2011 at 2:30 p.m. to consider and, if thought fit, pass with or without amendments, the following ordinary resolutions:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the redemption deed dated 4 August 2011 (“Best View Redemption Deed”) entered into among the Company, Rising Boom Enterprises Limited and Best View Enterprises Limited in relation to the redemption of a promissory note of the Company for the principal amount of HK\$80.5 million pursuant to the terms and subject to the conditions thereunder (the “Best View Redemption ”), a copy of which is marked “A” and has been produced to the meeting and signed by the chairman of the meeting for purpose of identification, and all transactions contemplated under Best View Redemption Deed be and are hereby approved, confirmed and ratified;
- (b) conditional upon, among others, the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the shares of the Company fall to be issued pursuant to exercise of the conversion right (“Conversion Shares”) under the convertible note of the Company to be issued under the Best View Redemption Deed (“Convertible Note”); the issue of the Convertible Note pursuant to and subject to the terms and conditions of the Best View the Redemption Deed; and the completion of Best View Redemption, the issue and allotment of the Conversion Shares upon exercise of the conversion rights under the Convertible Note be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorised to exercise all the powers of the Company and take all steps as might in his/her opinion be desirable, necessary or expedient in connection with the implementation of the transactions contemplated under the Best View Redemption Deed as well as in relation to the issue of the Convertible Note and the issue and allotment of the Conversion Shares, including, without limitation to, the execution, amendment, supplement, delivery, submission and implementation of any further documents or agreements.”

NOTICE OF EGM

2. “**THAT:**

- (a) the redemption deed dated 4 August 2011 (“Bright King Redemption Deed”) entered into among the Company, Rising Boom Enterprises Limited and Bright King Investments Limited in relation to the redemption of a promissory note of the Company in the principal amount of HK\$55 million (“Bright King Promissory Note”) and a promissory note in the principal amount of HK\$460,800 (“Bright King Performance Based Promissory Note”) pursuant to the terms and subject to the conditions thereunder (a copy of which is marked “B” and has been produced to the meeting and signed by the chairman of the meeting for purpose of identification) and all transactions contemplated under the Bright King Redemption Deed be and are hereby approved, confirmed and ratified;
- (b) conditional upon, among others, the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in 69,326,000 shares of the Company to be issued in respect of the surrender of Bright King Promissory Note and Bright King Performance Based Promissory Note (“Issue Shares”), the issue and allotment of the Issue Shares, pursuant to and subject to the terms and conditions of the Bright King Redemption Deed, be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorised to exercise all the powers of the Company and take all steps as might in his/her opinion be desirable, necessary or expedient in connection with the implementation of the transactions contemplated under the Bright King Redemption Deed as well as in relation to the issue and allotment of the Issue Shares, including, without limitation to, the execution, amendment, supplement, delivery, submission and implementation of any further documents or agreements.”

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

Hong Kong, 15 September 2011

Notes:

1. Any Member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a Member of the Company. A Member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Branch Share Registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 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 the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a Member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.