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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)

COMPLETION OF THE PLACING OF NEW SHARES AND SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

The Board is pleased to inform that all conditions set out in the Placing Agreement and the Subscription Agreement have been fulfilled and both the Placing and the Subscription were completed on 23 May 2011. 202,022,000 Subscription Shares, representing approximately 16.66% of the issued share capital of the Company as at the date of this announcement, have been issued and allotted to the Subscriber at the Subscription Price of HK\$0.40 per Subscription Share.

Reference is made to the announcements of the Company dated 2 December 2010, 24 February 2011 and 30 March 2011 (the “**Announcements**”) in relation to, among other things, the Placing Agreement, the Supplemental Placing Agreement, the Second Supplemental Placing Agreement and the Subscription Agreement. Capitalized terms used in this announcement shall have the same meanings as defined in the Announcements unless otherwise stated.

The Board is pleased to inform that all conditions set out in the Placing Agreement and the Subscription Agreement have been fulfilled and both the Placing and the Subscription were completed on 23 May 2011. 202,022,000 Subscription Shares, representing approximately 16.66% of the issued share capital of the Company as at the date of this announcement, have been issued and allotted to the Subscriber at the Subscription Price of HK\$0.40 per Subscription Share. The net proceeds from the Subscription, after deducting related Placing fees and all related expenses which may be borne by the Company, are estimated to be approximately HK\$78.8 million.

EFFECTS ON SHAREHOLDING STRUCTURE

The table below sets out the issued share capital of the Company (i) immediately before the completion of the Subscription of Shares; and (ii) immediately after the completion of the Subscription of Shares:

Shareholders Name	(i) Immediately before the completion of Subscription of Shares		(ii) Immediately after the completion of Subscription of Shares	
	<i>Number of Shares</i>	<i>% (approx)</i>	<i>Number of Shares</i>	<i>% (approx)</i>
	Best View Enterprises Limited	76,400,000	7.56%	76,400,000
Simple Success Investments Limited	72,000,000	7.12%	72,000,000	5.94%
Charm Hero Investments Limited, Mr. Ngok Yan Yu and his associates (<i>Note 1</i>)	76,344,205	7.55%	76,344,205	6.30%
Sycomore Limited, Mr. Marcello Appella and his associates (<i>Note 2</i>)	3,588,030	0.36%	3,588,030	0.30%
The Subscriber	—	—	202,022,000	16.66%
Existing public Shareholders	<u>782,202,804</u>	<u>77.40%</u>	<u>782,202,804</u>	<u>64.51%</u>
Total	<u><u>1,010,535,039</u></u>	<u><u>100%</u></u>	<u><u>1,212,557,039</u></u>	<u><u>100%</u></u>

Notes:

1. These Shares are held by Charm Hero Investments Limited, a wholly owned subsidiary of Mensun Limited which was controlled by Mr. Ngok Yan Yu, the chairman and executive Director of the Company.
2. These Shares are held by Sycomore Limited, which is owned as to 50% by Mr. Marcello Appella, an executive Director of the Company, and 50% by Mrs. Maguy, Alice, Juliette, Marie Pujol ep. Appella, the spouse of Mr. Marcello Appella.

ADJUSTMENT OF THE CONVERSION PRICE UNDER THE CONVERTIBLE NOTES AND THE CONVERTIBLE BONDS

The terms of the instrument constituting the Convertible Notes and Convertible Bonds require an adjustment to the conversion prices respectively. Pursuant to the terms of the Convertible Notes instrument, an adjustment to the conversion price under the Convertible Notes shall be made if and whenever the Company shall issue Shares at less than 95% of the Current Market Price per Share (as that expression is defined in the Convertible Notes instrument). Pursuant to the terms of the Convertible Bonds instrument, an adjustment to the conversion price under the Convertible Bonds shall be made if and whenever the Company shall issue Shares at less than 90% of the Current Market Price per Share (as that expression is defined in the Convertible Bonds instrument). With effect from 23 May 2011 on which the Subscription was completed, the conversion price for the Convertible Notes and Convertible Bonds were adjusted to HK\$1.13 and HK\$2.4 respectively in accordance with the terms of the Convertible Note instrument and Convertible Bonds instrument.

By order of the Board of
New Environmental Energy Holdings Limited
Chan Tak Yan
Executive Director

Hong Kong, 23 May 2011

As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Ngok Yan Yu, Mr. Marcello Appella, Mr. Chan Tak Yan, Mr. Ng Cheuk Fan, Keith and Ms. Yu Sau Lai; one non-executive director, namely, Mr. Lim Jui Kian; one alternate non-executive director, namely Mr. Cai Qiao Herman (alternate director to Mr. Lim Jui Kian) and four independent non-executive directors, namely, Mr. Lo Ming Chi, Charles, Mr. Pao Ping Wing, Mr. Kwan Hung Sang, Francis and Mr. Cheng Kai Tai, Allen.