



New Environmental  
Energy Holdings Limited

新環保能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股票代號 : 03989

# 2012

Interim Report

中期報告



# Renewable Energy





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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Yu Chang Jian (*Chairman*)  
Mr. Cao Guo Xian  
(*Chief Executive Officer*)  
Mr. Liu Xiao Guang  
Mr. Marcello Appella  
Mr. Tang Zhi Bin  
Mr. Xue Huixuan  
(Appointed on 1 July 2012)

### Non-executive Directors

Mr. Lim Jui Kian

### Alternate Non-executive Director

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

### Independent Non-Executive Directors

Mr. Pao Ping Wing  
Mr. Cheng Kai Tai, Allen  
Mr. Li Baochun  
(Appointed on 1 July 2012)  
Ms. Chan Yee Wah, Eva  
(Appointed on 1 July 2012)

## COMMITTEES

### Audit Committee

Ms. Chan Yee Wah, Eva  
(*Chairman*)  
(Appointed on 1 July 2012)  
Mr. Pao Ping Wing  
Mr. Cheng Kai Tai, Allen  
(Appointed on 25 April 2012)  
Mr. Lim Jui Kian

### Nomination Committee

Mr. Yu Chang Jian (*Chairman*)  
Mr. Pao Ping Wing  
Mr. Cheng Kai Tai, Allen  
(Appointed on 25 April 2012)  
Ms. Chan Yee Wah, Eva  
(Appointed on 1 July 2012)

### Remuneration Committee

Mr. Pao Ping Wing (*Chairman*)  
Mr. Cheng Kai Tai, Allen  
(Appointed on 25 April 2012)  
Mr. Yu Chang Jian

### COMPANY SECRETARY

Ms. Wong Bing Ni

### AUTHORIZED REPRESENTATIVES

Mr. Yu Chang Jian  
Ms. Wong Bing Ni

### REGISTERED OFFICE

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

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

### AUDITORS

Deloitte Touche Tohmatsu

### LEGAL ADVISER

Conyers Dill and Pearman  
Jun He Law Offices  
King & Wood Mallesons

### PRINCIPAL BANKERS

Bank of China (Hong Kong)  
Limited  
The Hong Kong and Shanghai  
Banking Corporation Limited

### SHARE REGISTRARS AND TRANSFER OFFICES

#### Principal Registrar in Cayman Islands

Butterfield Fulcrum Group  
(Cayman) Limited  
Butterfield House  
68 Fort Street  
P. O. Box 705  
George Town  
Grand Cayman  
Cayman Islands

#### Branch Registrar in Hong Kong

Tricor Investor Services Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

### CORPORATE WEBSITE

[www.neeh.com.hk](http://www.neeh.com.hk)

### STOCK CODE

03989



# Management Discussion and Analysis

## OVERVIEW

In the first half of 2012, the Group's revenue reached approximately HK\$15.5 million, including waste treatment and waste-to-energy business which are classified as "Continuing Operations" and trading of apparel and accessories which is classified as "Discontinued Operations") representing a decrease of 29.4% over the same period last year. Loss attributable to the Company's equity holders was approximately HK\$41.1 million, as compared to loss attributable to the Company's equity holders of HK\$180.4 million for the same period last year.

## WASTE TO ENERGY BUSINESS

During the period under review, the Group's revenue for its waste to energy business reached approximately HK\$15.5 million, representing an increase of approximately 176.6%, as compared to same period last year, which accounted for all of the Group's revenue in the first half of 2012.

## TRADING OF APPAREL AND ACCESSORIES BUSINESS

During the period under review, none of the Group's revenue came from its trading of apparel and accessories business. After the disposal of Hembly Garment on 22 February 2012, the trading of apparel and accessories business is treated as Discontinued Operations.

## ADMINISTRATIVE EXPENSES

The Group's administrative expenses, including continuing and discontinued operations, decreased by approximately 78.0% to approximately HK\$34.6 million during the period under review.

The decrease in administrative expenses is mainly attributable to the disposal of trading and apparel and accessories business.

## FINANCE COSTS

Finance costs, including continuing and discontinued operations, decreased by approximately 32.8% to approximately HK\$23.0 million, as compared to the same period last year. This decrease is mainly attributable to the decrease in the interest on promissory notes and convertible notes.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2012, the Group had cash and bank balances of approximately HK\$43.3 million, primarily denominated in RMB and HK dollars, (31 December 2011: HK\$54.9 million), and total borrowings of approximately HK\$101.0 millions (31 December 2011: HK\$52.3 million), 51.7% (31 December 2011: none) of which are long-term borrowings. As at 30 June 2012, 48.3% and 51.7% of the Group's total borrowings were denominated in RMB and HK dollars, respectively, and subject to fixed interest rates.

The net gearing ratio, which is calculated on the basis of total borrowings (net of cash and cash equivalent) over the total shareholders' equity of the Company, was approximately 1.64 as at 30 June 2012. Net gearing ratio has not been calculated as at 31 December 2011 as cash and cash equivalent exceeded borrowings as at 31 December 2011. The current ratio, which is calculated on the basis of current assets over current liabilities, decreased from approximately 0.44 as at 31 December 2011 to approximately 0.42 as at 30 June 2012.



## Management Discussion and Analysis (Continued)

### FOREIGN EXCHANGE EXPOSURE

The majority of the Group's sales, purchase and operating expenses were denominated in RMB, HK dollars and US dollars. Although the Group has been and will continue to be exposed to foreign currency exchange risks, the Board does not expect future currency fluctuations to materially impact the Group's operations. The Group has adopted no formal hedging policies and no instruments have been applied for foreign currency hedging purposes during the period under review.

### CHARGES ON ASSETS

As at 30 June 2012, the Group has no asset pledged.

### CAPITAL COMMITMENT

As at 30 June 2012, the Group had capital commitment of HK\$420.7 million in respect of the acquisitions of property, plant and equipments and construction infrastructure in service concession arrangement, which were contracted but not provided for in the condensed consolidated financial statements.

### CONTINGENT LIABILITIES

As at 30 June 2012, the Group provide guarantees of RMB18.4 million to a bank in respect of banking facilities granted to an associate.

### EMPLOYMENT INFORMATION

As at 30 June 2012, the Group had about 108 employees in total, stationed mainly in the PRC and Hong Kong. The Group's emolument policies, which are reviewed periodically, are linked to the performance of individual employees and are based on the salary trends prevailing in the aforesaid regions.

In addition, the Group maintains a share option scheme for the purpose of providing incentives and rewards to eligible participants based on their individual contributions to the Group.



# Report on Review of Condensed Consolidated Financial Statements



**TO THE BOARD OF DIRECTORS OF  
NEW ENVIRONMENTAL ENERGY HOLDINGS LIMITED**  
*(incorporated in the Cayman Islands with limited liability)*

## **INTRODUCTION**

We have reviewed the condensed consolidated financial statements of New Environmental Energy Holdings Limited (the “Company”) and its subsidiaries set out on pages 6 to 27, which comprises the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
23 August 2012



# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	NOTES	Six months ended 30 June	
		2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
<b>Continuing operations</b>			
Revenue		15,503	5,604
Cost of sales		(15,505)	(5,819)
Gross loss		(2)	(215)
Other income, gains and losses	4	7,028	10,491
Administrative expenses		(33,964)	(31,128)
Finance costs	5	(22,996)	(34,199)
Gain on fair value change of embedded derivatives	20	296	4,151
Share of results of an associate	13	4,113	5,835
Loss before tax		(45,525)	(45,065)
Income tax credit	6	1,435	2,589
Loss for the period from continuing operations		(44,090)	(42,476)
<b>Discontinued operations</b>			
Profit (loss) for the period from discontinued operations	7	4,852	(138,625)
Loss for the period	8	(39,238)	(181,101)
<b>Other comprehensive (expense) income</b>			
Exchange differences on translation:			
Exchange difference arising during the period		(291)	44,046
Exchange difference arising from an associate during the period		(1,195)	1,704
Reclassification adjustment on disposal of subsidiaries		(3,607)	—
Other comprehensive (expense) income for the period		(5,093)	45,750
Total comprehensive expense for the period		(44,331)	(135,351)
Loss for the period attributable to:			
Owners of the Company		(41,135)	(180,389)
Non-controlling interests		1,897	(712)
		(39,238)	(181,101)



## Condensed Consolidated Statement of Comprehensive Income (Continued)

For the six months ended 30 June 2012

	NOTE	Six months ended 30 June	
		2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Total comprehensive expense attributable to:			
Owners of the Company		(46,228)	(134,639)
Non-controlling interests		1,897	(712)
		<b>(44,331)</b>	<b>(135,351)</b>
LOSS PER SHARE	10		
From continuing and discontinued operations			
Basic		<b>HK(2.65) cents</b>	HK(16.80) cents
Diluted		<b>HK(2.65) cents</b>	HK(16.80) cents
From continuing operations			
Basic		<b>HK(2.96) cents</b>	HK(3.89) cents
Diluted		<b>HK(2.96) cents</b>	HK(3.89) cents



# Condensed Consolidated Statement of Financial Position

At 30 June 2012

	NOTES	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	14,508	13,522
Intangible assets		3,052	3,786
Prepaid lease payments		2,259	2,314
Amounts due from grantors for contract work	12	212,510	193,581
Amount due from an investee	16	58,909	59,500
Interest in an associate	13	96,096	93,178
Deposits paid for construction of infrastructure in service concession arrangements	14	177,188	179,299
		<b>564,522</b>	<b>545,180</b>
<b>Current assets</b>			
Trade receivables	15(a)	7,263	31,986
Deposits, prepayments and other receivables	15(b)	51,031	48,064
Prepaid lease payments		52	52
Amount due from an associate	19	20,273	980
Bank balances and cash		43,259	54,859
		<b>121,878</b>	<b>135,941</b>
<b>Current liabilities</b>			
Trade payables	17(a)	24,185	31,958
Other payables and accruals	17(b)	200,178	206,908
Amount due to a shareholder		1,860	2,366
Taxation payable		15,405	18,069
Obligations under finance leases — due within one year		—	17
Borrowing — due within one year	18	48,780	52,250
		<b>290,408</b>	<b>311,568</b>
<b>Net current liabilities</b>		<b>(168,530)</b>	<b>(175,627)</b>
<b>Total assets less current liabilities</b>		<b>395,992</b>	<b>369,553</b>



## Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2012

	NOTES	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Obligations under finance leases — due after one year		—	44
Borrowing — due after one year	18	52,250	—
Convertible bonds	20	166,853	155,083
Embedded derivatives	20	8,164	8,460
Convertible notes	21	140,974	132,279
Deferred tax liabilities		9,352	10,957
		<b>377,593</b>	306,823
		<b>18,399</b>	62,730
<b>Capital and reserves</b>			
Share capital	22	155,188	155,188
Reserves		(119,978)	(73,750)
		<b>35,210</b>	81,438
Equity attributable to owners of the Company		(16,811)	(18,708)
Non-controlling interests		<b>18,399</b>	62,730



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	Attributable to owners of the Company							Total	Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Share option reserve	Special reserve	Convertible notes equity reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2011 (audited)	101,053	953,917	61,747	2,083	29,677	389,426	(1,469,756)	68,147	3,332	71,479
Loss for the period	—	—	—	—	—	—	(180,389)	(180,389)	(712)	(181,101)
Exchange differences arising on translation of foreign operations	—	—	44,046	—	—	—	—	44,046	—	44,046
Exchange differences arising from an associate on translation of foreign operations	—	—	1,704	—	—	—	—	1,704	—	1,704
Total comprehensive income (expense) for the period	—	—	45,750	—	—	—	(180,389)	(134,639)	(712)	(135,351)
Issue of shares under placement	20,202	60,607	—	—	—	—	—	80,809	—	80,809
Share issuance expenses	—	(2,520)	—	—	—	—	—	(2,520)	—	(2,520)
Issue of shares upon conversion of convertible notes	19,876	350,561	—	—	—	(227,007)	—	143,430	—	143,430
Deferred tax transferred upon conversion of convertible notes	—	—	—	—	—	13,393	—	13,393	—	13,393
At 30 June 2011 (unaudited)	141,131	1,362,565	107,497	2,083	29,677	175,812	(1,650,145)	168,620	2,620	171,240
At 1 January 2012 (audited)	<b>155,188</b>	<b>1,443,637</b>	<b>71,957</b>	<b>2,083</b>	<b>29,677</b>	<b>174,156</b>	<b>(1,795,260)</b>	<b>81,438</b>	<b>(18,708)</b>	<b>62,730</b>
Loss for the period	—	—	—	—	—	—	(41,135)	(41,135)	1,897	(39,238)
Exchange differences arising on translation of foreign operations	—	—	(291)	—	—	—	—	(291)	—	(291)
Exchange differences arising from an associate on translation of foreign operations	—	—	(1,195)	—	—	—	—	(1,195)	—	(1,195)
Released on disposal of subsidiaries (Note 23)	—	—	(3,607)	—	—	—	—	(3,607)	—	(3,607)
Total comprehensive (expense) income for the period	—	—	(5,093)	—	—	—	(41,135)	(46,228)	1,897	(44,331)
Disposal of subsidiaries	—	—	—	(398)	(4,522)	—	4,920	—	—	—
Lapse of share options	—	—	—	(1,458)	—	—	1,458	—	—	—
At 30 June 2012 (unaudited)	<b>155,188</b>	<b>1,443,637</b>	<b>66,864</b>	<b>227</b>	<b>25,155</b>	<b>174,156</b>	<b>(1,830,017)</b>	<b>35,210</b>	<b>(16,811)</b>	<b>18,399</b>

Note:

- (a) The special reserve represents the difference between the aggregate of the nominal value of share capital and share premium of Full Prosper Holdings Limited acquired by the Company pursuant to a group reorganisation in June 2006 and the nominal value of the share capital issued by the Company as consideration for the acquisition.



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	NOTE	Six months ended 30 June	
		2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES		(29,624)	(19,055)
NET CASH (USED IN) FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,585)	—
Disposal of subsidiaries	23	5,882	—
Receipt in advance for disposal of property, plant and equipment		—	20,465
Payments to contractors for construction of infrastructure in service concession arrangements		(15,534)	(6,570)
Advance to an associate		(18,654)	—
Other investing cash flows		157	727
		(30,734)	14,622
NET CASH FROM FINANCING ACTIVITIES			
Repayment of bank borrowings		—	(17,689)
New borrowing raised		48,228	—
Interest paid		—	(16)
Issuance of shares		—	80,809
Share issuance expenses		—	(2,520)
Other financing cash flows		(2)	(378)
		48,226	60,206
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(12,132)	55,773
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		532	(9,764)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		54,859	34,278
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash		43,259	80,287



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The functional currency of the Company is Renminbi. For users’ convenience of the condensed consolidated financial statements, the results and financial position of the Group are expressed in Hong Kong dollar, i.e. the presentation currency for the condensed consolidated financial statements, because the Company is listed in Hong Kong.

In preparing the condensed consolidated financial statements, the directors of the Company have assessed the liquidity position and going concern of the Group in light of the fact that the Group incurred a loss of approximately HK\$39,238,000 for the six months ended 30 June 2012 and had net current liabilities of approximately HK\$168,530,000 as at 30 June 2012. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations including the capital commitments and other commitment as disclosed in Notes 25 and 26 respectively as they fall due in the foreseeable future for the following reasons:

- (i) A substantial shareholder, Beijing Capital (Hong Kong) Limited (“Beijing Capital HK”), a wholly owned subsidiary of a listed company in the People Republic of China (“PRC”), Beijing Capital Co., Ltd., (“Beijing Capital”) has granted the Group a three-year term facility of RMB300,000,000 (approximately HK\$365,854,000) in December 2011. The facility has not yet been drawn down at the end of the reporting period.
- (ii) In August 2011, a bank in the PRC has granted a subsidiary of the Company a facility of RMB305,000,000 (approximately HK\$371,951,000) solely for one of the service concession arrangement projects which was secured by the underlying assets of the service concession arrangements of that subsidiary and guaranteed by the Company and a subsidiary of the Company. The facility has not yet been drawn down at the end of the reporting period.

Accordingly, the condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared on a going concern basis.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the annual financial statements of the Company and its subsidiaries (collectively referred as the “Group”) for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA that are mandatorily effective for the current interim period.

The application of amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/ or disclosures set out in these condensed consolidated financial statements.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2012

### 3. SEGMENT INFORMATION

The Group has been operating with one reportable and operating segment, being the waste treatment and waste-to-energy business after the disposal of trading of apparel and accessories business during the current interim period as disclosed in Notes 7 and 23. Trading of apparel and accessories business was another reportable and operating segment in the prior period. The trading of apparel and accessories business is considered as discontinued operations and therefore, not included in the segment information. The prior period figures have been re-presented. Since there is only one reportable and operating segment, no segment information is provided.

### 4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
<b>Continuing operations</b>		
Bank interest income	78	727
Interest income received from an associate	728	—
Effective interest income on amount due from an investee	—	2,363
Effective interest income on amounts due from grantors for contract work	6,111	7,205
Others	111	196
	<b>7,028</b>	<b>10,491</b>

### 5. FINANCE COSTS

	Six months ended 30 June	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
<b>Continuing operations</b>		
Interest on:		
Borrowings wholly repayable within five years	2,531	2,258
Convertible bonds	11,770	10,131
Convertible notes	8,695	15,688
Promissory notes	—	6,122
	<b>22,996</b>	<b>34,199</b>



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2012

### 6. INCOME TAX CREDIT

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group had no assessable profits for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the Enterprise Income Tax rate applicable to the Group's subsidiaries in the PRC is 25%.

	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Income tax credit relating to continuing operations		
Deferred tax:		
Current period	<b>1,435</b>	<b>2,589</b>

### 7. DISCONTINUED OPERATIONS

As mentioned in note 23 to the condensed consolidated financial statements, the Group disposed of its wholly-owned subsidiary, Hembly Garment Manufacturing Limited ("Hembly Garment"), and its subsidiary, 恆華(南京)服飾有限公司 ("Heng Hwa"), for a cash consideration of approximately HK\$12,000,000, to an independent third party on 22 February 2012. Details of the disposal agreement are set out in the Company's announcement dated on 2 December 2011. The trading of apparel and accessories operation is treated as discontinued operations. Comparative information in the condensed consolidated statement of comprehensive income has been re-presented. The details of the disposal and the net assets being disposed of are detailed in Note 23.

The profit (loss) from the discontinued operations from 1 January 2012 to 22 February 2012 and for the six months ended 30 June 2011 were as follows:

	<b>From 1 January to 22 February 2012</b>	Six months ended 30 June 2011
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Gain on disposal of subsidiaries (Note 23)	<b>4,567</b>	—
Profit (loss) for the period from discontinued operations	<b>285</b>	<b>(138,625)</b>
	<b>4,852</b>	<b>(138,625)</b>



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2012

### 7. DISCONTINUED OPERATIONS (Continued)

The results of the Group's trading of apparel and accessories operation from 1 January 2012 to 22 February 2012 and for the six months ended 30 June 2011 were as follows:

	<b>From 1 January to 22 February 2012 HK\$'000 (unaudited)</b>	Six months ended 30 June 2011 HK\$'000 (unaudited)
Revenue	—	16,341
Cost of sales	—	(28,605)
Gross loss	—	(12,264)
Other income, gains and losses	<b>968</b>	182
Distribution and selling expenses	—	(20)
Administrative expenses	<b>(683)</b>	(126,515)
Finance costs	—	(8)
Profit (loss) for the period from discontinued operations	<b>285</b>	(138,625)

Profit (loss) for the period from discontinued operations was arrived at after charging (crediting) the following items:

	<b>Six months ended 30 June</b>	
	<b>2012 HK\$'000 (unaudited)</b>	2011 HK\$'000 (unaudited)
Depreciation of property, plant and equipment	<b>128</b>	972
Impairment loss on inventories	—	13,897
(Reversal of) impairment loss on trade receivables	<b>(853)</b>	66,194
Impairment loss on prepayments to suppliers	—	19,063



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2012

### 8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
<b>Continuing Operations</b>		
Staff's salaries and allowances	7,524	7,264
Staff's contribution to retirement benefit scheme	1,493	1,425
Total staff costs	9,017	8,689
Auditor's remuneration	600	580
Depreciation of property, plant and equipment	976	1,021
Rental expenses	1,344	972
Amortisation of intangible assets (included in cost of sales)	734	734
Legal and professional fees	9,626	3,869
Provision for penalty charge in relation to construction of waste-to-energy plant	—	5,423

### 9. DIVIDEND

The directors do not declare an interim dividend for the current period. No dividend was paid, declared or proposed during both reporting periods.

### 10. LOSS PER SHARE

#### From continuing and discontinued operations

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(41,135)</u>	<u>(180,389)</u>
Number of shares	2012 '000	2011 '000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share (Note)	<u>1,551,881</u>	<u>1,073,831</u>

Note: The computation of diluted loss per share does not assume the exercise of outstanding share options of the Company and the conversion of the outstanding convertible bonds and convertible notes of the Company since their assumed exercise would result in a decrease in loss per share.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2012

### 10. LOSS PER SHARE (Continued)

#### From continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

Loss figures are calculated as follows:

	Six months ended 30 June	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company	(41,135)	(180,389)
Less: Profit (loss) for the period from discontinued operations	4,852	(138,625)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share from continuing operations	(45,987)	(41,764)

The denominators used are the same as those detailed above for basic and diluted loss per share.

#### From discontinued operations

For the six months ended 30 June 2012, basic and diluted earning per share from discontinued operation is HK0.31 cents per share (for the six months ended 30 June 2011: basic and diluted loss per share from discontinued operations is HK12.91 cents per share), based on the profit for the period from discontinued operations of HK\$4,852,000 (for the six months ended 30 June 2011: loss for the period from discontinued operations of HK\$138,625,000) and the denominators detailed above for both basic and diluted loss per share.

### 11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired leasehold improvements, furniture, fixtures and equipment and motor vehicles of approximately HK\$458,000, HK\$1,417,000 and HK\$710,000 respectively (for the six months ended 30 June 2011: nil).

### 12. AMOUNTS DUE FROM GRANTORS FOR CONTRACT WORK

Amounts due from grantors for contract work represent costs incurred by the Group for the construction services rendered under service concession arrangements of waste treatment and waste-to-energy plant in the PRC on a build-operate-transfer ("BOT") basis, plus attributable profits on the construction services provided less foreseeable losses. Revenues and costs relating to the construction phase of the contract are accounted for in accordance with HKAS 11.

As at 30 June 2012 and 31 December 2011, the Group had two service concession arrangements with certain government authorities in the PRC ("Grantors").

The Group recognised revenue from construction services of approximately HK\$15,503,000 during the current interim period (for the six months ended 30 June 2011: HK\$5,604,000) by reference to the stage of completion of the construction work. Such construction revenue is recognised as construction services rendered by the Group.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2012

### 12. AMOUNTS DUE FROM GRANTORS FOR CONTRACT WORK (Continued)

Pursuant to the service concession agreements, the Group is required to surrender these waste treatment and waste-to-energy plants to the Grantors at a specified level of serviceability at the end of the respective service concession periods. As at 30 June 2012, no provision has been recognised in respect of the contractual obligations to maintain or restore these waste treatment and waste-to-energy plants to specified conditions as the operation has not commenced.

As at 30 June 2012, the Group is under negotiation with the local government to increase the waste treatment fee and extend the service concession period of one of the BOT projects, 北京市董村分類綜合處理廠.

### 13. INTEREST IN AN ASSOCIATE

As at 30 June 2012, the Group held 46% (31 December 2011: 46%) equity interest in 深圳粵能環保再生能源有限公司 ("SZ Yueneng"). SZ Yueneng operates a waste treatment and waste-to-energy plant in Shenzhen, the PRC on a BOT basis. The share of results of an associate of HK\$4,113,000 is recognised for the six months ended 30 June 2012 (for the six months ended 30 June 2011: HK\$5,835,000).

### 14. DEPOSITS PAID FOR CONSTRUCTION OF INFRASTRUCTURE IN SERVICE CONCESSION ARRANGEMENTS

The amount represents advance payments to third party suppliers for purchase of materials and equipment, which have not yet been delivered to the Group at the end of the reporting period, for the construction of waste treatment and waste-to-energy plants in the PRC under service concession arrangements.

Included in the deposits paid balance is advance payment to a third party supplier, 城市建設研究院 ("城建院"), with aggregate carrying amount of approximately HK\$158,110,000 (31 December 2011: HK\$160,062,000) which is under legal procedures at the end of the reporting period. The Group has submitted a dispute with 城建院 to arbitration and expected to finalise in second half of 2012. The Group has not provided for impairment loss as the amount is still considered recoverable as of 30 June 2012.

### 15. TRADE RECEIVABLES AND DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

#### (a) Trade Receivables

The Group allows an average credit period of 90 days to its trade customers.

The following is an analysis of trade receivables by age, presented based on the invoice date, net of allowance for doubtful debts:

	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
Within 90 days	—	24,630
Over 360 days	7,263	7,356
	<b>7,263</b>	<b>31,986</b>

Included in the Group's trade receivable balance is a debtor, 北京市大興區政府採購中心 ("北京大興"), a local government authority in PRC with aggregate carrying amount of approximately HK\$7,263,000 (2011: HK\$7,356,000) which has been past due for more than one and a half year as at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amount is still considered recoverable by the management.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2012

### 15. TRADE RECEIVABLES AND DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(Continued)

#### (b) Deposits, prepayments and other receivables

The amounts mainly represented advances to suppliers of approximately HK\$33,020,000 (2011: HK\$34,072,000), prepaid professional fee of HK\$4,873,000 (2011: HK\$6,520,000), prepaid profit tax of HK\$1,502,000 (2011: HK\$1,502,000) and consideration receivable from disposal of subsidiaries of HK\$6,000,000 (2011: Nil).

### 16. AMOUNT DUE FROM AN INVESTEE

	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
Trade receivables		
Shanghai Biomax Green Energy Park Company Limited ("SH Biomax GEP")	19,310	19,548
Other receivables		
SH Biomax GEP	39,599	39,952
	<b>58,909</b>	<b>59,500</b>

Note:

The receivables due from SH Biomax GEP, a fully impaired available-for-sale investment of the Group, are past due over 2.5 years (2011: over 2 years) but not impaired. The other receivables due from SH Biomax GEP is unsecured and interest free.

In accordance with the agreement entered by the Group and the investee, the receivables will not be repayable within 18 months (2011: 24 months) from the end of the reporting period until the waste treatment plant of SH Biomax GEP commences its operation. These receivables are measured at amortised cost of HK\$58,909,000 (2011: HK\$59,500,000). The initial fair value adjustment thereon is recognised as deemed investment cost, which had been fully impaired for the available-for-sale investment.

### 17. TRADE PAYABLES AND OTHER PAYABLES AND ACCRUALS

#### (a) Trade Payables

The following is an analysis of trade payables by age, presented based on the invoice date:

	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
Within 90 days	—	9,601
181–360 days	9,477	150
Over 360 days	14,708	22,207
	<b>24,185</b>	<b>31,958</b>



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2012

### 17. TRADE PAYABLES AND OTHER PAYABLES AND ACCRUALS (Continued)

#### (b) Other payables and accruals

The amounts mainly represented provision for expected losses in relation to service concession arrangements of approximately HK\$88,331,000 (2011: approximately HK\$89,421,000) and provision for penalty charges in relation to construction of waste-to-energy plant of approximately HK\$88,781,000 (2011: HK\$89,877,000) to the grantor arising from the delay of commencement of operation of a waste treatment and waste-to-energy plant pursuant to the service concession agreement at RMB350,000 per week starting from the original commencement date of operation in January 2009. The directors of the Company consider the penalty charges will be payable in accordance with the contractual terms when the operation of the waste-to-energy plant commenced.

### 18. BORROWINGS

During the current interim period, the Group entered into a supplemental agreement with Simple Success Investments Limited ("Simple Success"), a substantial shareholder of the Company, for the extension of the fixed-rate borrowing of HK\$52,250,000 that was originally due in December 2012 for another eighteen months. As a result, the borrowing is classified as non-current liabilities as at 30 June 2012. The balance is unsecured and carries interest at fixed rate of 4.0% per annum.

In addition, the Group entered into an agreement with Beijing Capital for the borrowing of RMB40,000,000 (approximately HK\$48,780,000) that will be due in December 2012. The balance is unsecured and carries interest at fixed rate of approximately 7.2% per annum.

### 19. AMOUNT DUE FROM AN ASSOCIATE

During the current interim period, the Group entered into two fixed-rate loan agreements with SZ Yueneng of RMB5,000,000 (approximately HK\$6,097,000) and RMB11,100,000 (approximately HK\$13,536,000) that will be due in January 2013 and June 2013 respectively. The balance is unsecured and carries interest at fixed rate of 18.0% per annum.

### 20. CONVERTIBLE BONDS/EMBEDDED DERIVATIVES

Same as disclosed in the Company's 2011 annual report relating to the Convertible Bonds/ Embedded Derivatives, except for the following.

The movement of the liability component and embedded derivatives of the Convertible Bonds for the period is set out as below:

	<b>Liability component</b>	<b>Embedded derivatives</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31 December 2011	155,083	8,460
Effective interest charged to profit or loss (Note 5)	11,770	—
Gain on fair value change of embedded derivatives	—	(296)
At 30 June 2012	<u>166,853</u>	<u>8,164</u>



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2012

### 20. CONVERTIBLE BONDS/EMBEDDED DERIVATIVES (Continued)

The fair values of the embedded derivatives at 31 December 2011 and 30 June 2012 were determined by reference to a valuation conducted by a firm of independent valuers using Binomial Option Pricing Model. The inputs and methodology used for the calculation of the fair values of the embedded derivatives were as follows:

	30 June 2012	31 December 2011
Share price	HK\$0.25	HK\$0.38
Risk-free rate	0.235%	0.594%
Time to maturity	2.79 years	3.29 years
Dividend yield	0%	0%
Volatility	39.66%	45.11%

### 21. CONVERTIBLE NOTES

Same as disclosed in the Company's 2011 annual report relating to the Convertible Notes, except for the following.

The movements of the liability component and equity component of Convertible Notes for the period are set out below:

	HK\$'000
<b>Liability component</b>	
At 31 December 2011	132,279
Effective interest charged to profit or loss (Note 5)	8,695
At 30 June 2012	<u>140,974</u>
<b>Equity component</b>	
At 31 December 2011 and 30 June 2012	<u>174,156</u>

At 30 June 2012 and 31 December 2011, Convertible Notes with principal amounts of HK\$177,000,000 and HK\$16,000,000 remained outstanding with Beijing Capital HK and Winner Performance Limited respectively.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2012

### 22. SHARE CAPITAL

	Number of ordinary shares		Amount	
	30 June 2012	30 June 2011	30 June 2012 HK\$'000	30 June 2011 HK\$'000
Ordinary shares of HK\$0.1 each				
Authorised:				
At beginning of period	2,000,000,000	2,000,000,000	200,000	200,000
Increase	4,000,000,000	—	400,000	—
At end of period	6,000,000,000	2,000,000,000	600,000	200,000
Issued and fully paid:				
At beginning of period	1,551,881,039	1,010,535,039	155,188	101,053
Issue of shares under placement	—	202,022,000	—	20,202
Conversion of convertible notes	—	198,760,000	—	19,876
At end of period	1,551,881,039	1,411,317,039	155,188	141,131

### 23. DISPOSAL OF SUBSIDIARIES

On 2 December 2011, the Group entered into a disposal agreement to dispose of its wholly-owned subsidiaries, Hembly Garment and its subsidiary, Heng Hwa, which were principally engaged in the trading of apparel and accessories, to an independent third party, for a cash consideration of approximately HK\$12,000,000.

The disposal of Hembly Garment is conditional upon, among other things, the approval by shareholders at a general meeting of the Company. The disposal of Hembly Garment was approved by the shareholders at an extraordinary general meeting of the Company on 16 January 2012 and completed on 22 February 2012.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2012

### 23. DISPOSAL OF SUBSIDIARIES (Continued)

The Group's share of net assets of Hembly Garment at the date of disposal and the effect of disposal are as follows:

	<i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	326
Trade receivables	24,630
Other receivables	5,015
Amount due from a shareholder	28
Bank balances and cash	118
Trade payables	(7,388)
Accruals	(9,110)
Taxation payable	(2,520)
Obligations under finance leases	(59)
	<hr/>
	11,040
Release of translation reserve	(3,607)
Gain on disposal of subsidiaries	4,567
	<hr/>
Total consideration	<u>12,000</u>
Satisfied by:	
Cash	6,000
Deferred consideration (Note)	6,000
	<hr/>
	<u>12,000</u>
Net cash inflow arising on disposal:	
Cash consideration	6,000
Bank balances and cash disposed of	(118)
	<hr/>
	<u>5,882</u>

Note: The consideration was settled by two instalments in accordance with the sale and purchase agreement. HK\$6,000,000 was received upon completion date, 22 February 2012. The remaining, HK\$6,000,000, will be received six months after completion date and included in the other receivables as at 30 June 2012.

The subsidiaries disposed of contributed no revenue to the Group and a profit of approximately HK\$285,000 to the Group during the six months ended 30 June 2012.

No tax charge or credit arose on gain on the disposal.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2012

### 24. SHARE-BASED PAYMENTS

The Company has a share option scheme for eligible directors and employees of the Group. Details of the share options outstanding during the current period are as follows:

	Number of share options
Outstanding at 1 January 2012	15,068,805
Lapsed during the period	<u>(10,967,273)</u>
Outstanding at 30 June 2012	<u><u>4,101,532</u></u>

### 25. CAPITAL COMMITMENTS

	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
Capital expenditure contracted for but not provided in respect of construction work under service concession arrangements	<u><u>420,681</u></u>	<u><u>449,831</u></u>

### 26. OTHER COMMITMENT

On 18 October 2011, a subsidiary of the Company entered into a legal binding tender agreement with Guangzhou City Management Committee, a governmental authority and acted together with Guangdong Environmental Engineering & Equipment General Corporation to set up a project company with a registered capital of not less than RMB97.87 million (approximately HK\$119.4 million) which is responsible for building and operating the Guangzhou Likeng Waste Treatment project under a BOT arrangement with a concessionary period of 25 years.

### 27. CONTINGENT LIABILITIES

At 30 June 2012 and 31 December 2011, the Group provided guarantees of RMB18,400,000 (approximately HK\$22,439,000) to a bank in respect of banking facilities granted to an associate. The directors of the Company consider that the fair value of the financial guarantees at date of inception and at the end of the reporting period is insignificant.

### 28. RELATED PARTY TRANSACTIONS

(i) The transactions and balances with government related entities are listed below:

The Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities"). A substantial shareholder with significant influence to the Company, Beijing Capital HK, is a company incorporated in Hong Kong with limited liabilities, is ultimately controlled by the PRC government. The ultimate parent of Beijing Capital HK is Beijing Capital Group Co., Ltd, which is controlled by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2012

### 28. RELATED PARTY TRANSACTIONS (Continued)

(i) The transactions and balances with government related entities are listed below: (Continued)

(a) Transactions and balances with Beijing Capital and its subsidiary:

Name of the related parties	Nature of the transactions	Six months ended 30 June	
		2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Entity with significant influence over the Group:			
Beijing Capital	Interest expenses (Note)	1,485	—
Beijing Capital HK	Rental expenses (Note)	480	—

Note: The interest and rentals were charged in accordance with the relevant agreements.

As at 30 June 2012, Beijing Capital has granted the Group a three-year term facility of RMB300,000,000 (approximately HK\$365,854,000) as disclosed in Note 1.

Details of the outstanding balances with Beijing Capital are set out in Note 18.

(b) Transactions and balances with other government-related entities:

During the six months ended 30 June 2012 and 2011, the Group recognised revenue from the construction services approximately to HK\$15,503,000 and HK\$5,604,000 respectively under two service concession arrangements with the local governments in PRC (See Note 12 to the condensed consolidated financial statements and Note 23 in the Company's 2011 annual report).

As at 30 June 2012 and 31 December 2011, the deposits paid for construction of infrastructure in service concession arrangements and trade receivable with the government related entities, 城建院 and 北京大興, are disclosed in the Notes 14 and 15 respectively.

The Group maintained most of its bank deposits in government-related financial institutions associated with the respective interest income received while banking facility of the Group obtained is also from a government-related financial institution as disclosed in Note 1.

Apart from the transactions with related parties disclosed above, the Group also conducts business with other government-related entities. The directors of the Company consider those government-related entities are independent third parties so far as the Group's business transactions with them are concerned.

In establishing its pricing strategies and approval process for transactions with other government-related entities, the Group does not differentiate whether the counter-party is a government-related entity or not.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2012

### 28. RELATED PARTY TRANSACTIONS (Continued)

- (ii) The transactions and balances with non government-related entities which are related to the Group are listed below:

Name of the related parties	Nature of the transactions	Six months ended 30 June	
		2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Associate: SZ Yueneng	Interest income (Note 1)	728	—
Substantial shareholder with significance influence: Simple Success	Interest expenses (Note 1)	1,046	—
Company controlled by a director of the Company: Sergio Tacchini International S.P.A. ("ST") (Note 2)	Sales of apparel	—	12,854

Note 1: The interest was charged in accordance with the relevant loan agreement.

Note 2: Mr. Ngok Yan Yu, a director and substantial shareholder of the Company with significant influence as at 31 December 2010, has controlling interest in ST. During the period ended 30 June 2011, Mr. Ngok Yan Yu resigned from his directorship of the Company on 27 May 2011 and was not a key management personnel of the Group but still hold approximately 9.39% of the Company's share capital as at 30 June 2011. Hence, ST was not considered as related company to the Group as at 30 June 2011 in accordance with HKAS 24 *Related Party Disclosure*. The balance with ST as at 30 June 2011 was therefore included in trade receivables.

Details of the outstanding balances with SZ Yueneng and Simple Success are set out in Notes 19 and 18 respectively.

- (iii) The remuneration of key management personnel during the period was as follows:

	Six months ended 30 June	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Short-term benefits	4,230	2,176
Post-employment benefits	—	20
	<b>4,230</b>	<b>2,196</b>



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2012

### 29. EVENTS AFTER THE END OF INTERIM PERIOD

On 3 August 2012, the Company and Simple Success, a substantial shareholder of the Company, entered into a placing agreement to place 127,244,000 shares held by Simple Success to Year Good Group Limited, an independent third party, at HK\$0.39 per share (the "Shares Placing").

On 3 August 2012, the Company and Simple Success entered into a subscription agreement pursuant to which the Company has conditionally agreed to issue and Simple Success has conditionally agreed to subscribe for 127,244,000 new shares at HK\$0.39 per share (the "Shares Subscription"). The subscription is conditional upon, among other things, the completion of the Shares Placing mentioned above.

Details of the arrangement are set out in the Company's announcement dated on 3 August 2012.

The Shares Placing and the Share Subscription has been completed on 8 August 2012 and 14 August 2012 respectively. The net proceeds from the subscription, after deducting related placing fees and all related expenses, which were borne by the Group, are approximately HK\$48.77 million.



# Disclosure of Interests and Other Information

## INTERESTS AND SHORT POSITIONS OF THE DIRECTORS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2012, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### Shares of the Company

Name of director	Capacity	Number of shares held	Approximate percentage of shareholdings
Mr. Marcello Appella	Interest of a controlled corporation (Note 1)	3,588,030 (L)	0.23%

(L) denotes a long position

Note:

1. These Shares were held by Sycomore Limited ("Sycomore"), which was 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. As such, Mr. Marcello Appella was deemed or taken to be interested in the Shares held by Sycomore for the purposes of the SFO.



## Disclosure of Interests and Other Information (Continued)

### Share options of the Company

The interests of the Directors in the share options of the Company as at 30 June 2012 and the movements of the outstanding share options during the six months are set out as follows:

Name of Director	Number of share options				Balance as at 30 June 2012	Exercisable period	Exercise price	Approximate Percentage of issued share capital of the Company
	Balance as at 1 January 2012	Exercised during the period	Lapsed during the period	Reclassified during the period				
Mr. Marcello Appella	201,532 (Note 1)	—	—	—	201,532	18/08/2008– 17/08/2018	HK\$1.5581	0.01%
Employees In aggregate	808,424 (Note 1)	—	(808,424)	—	—	18/08/2008– 17/08/2018	HK\$1.5581	
	8,849 (Note 2)	—	(8,849)	—	—	11/11/2008– 10/11/2018	HK\$0.3592	
	14,050,000 (Note 3)	—	(10,150,000)	—	3,900,000	06/09/2010– 05/09/2015	HK\$0.501	
	14,867,273	—	—	—	3,900,000			0.25%

Notes:

- These share options were granted on 18 August 2008. 20% of the granted share options have vested on 18 August 2008 and be exercisable from 18 August 2008 to 17 August 2018. Another 30% of the granted share options have vested on 18 August 2009 and be exercisable from 18 August 2009 to 17 August 2018. The remaining 50% of the granted share options have vested on 18 August 2010 and be exercisable from 18 August 2010 to 17 August 2018.
- These options were granted on 11 November 2008. 30% of the granted share options have vested on 11 November 2008 and be exercisable from 11 November 2008 to 10 November 2018. Another 30% of the granted share options have vested on 11 November 2009 and be exercisable from 11 November 2009 to 10 November 2018. The remaining 40% of the granted share options have vested on 11 November 2010 and be exercisable from 11 November 2010 to 10 November 2018.
- These share options were granted on 6 September 2010 and have vested on 6 September 2010 and be exercisable from 6 September 2010 to 6 September 2015.

None of the above share options were cancelled during the period.

Save as disclosed above, as at 30 June 2012, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code.



## Disclosure of Interests and Other Information (Continued)

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2012, the following shareholders (other than the Directors or chief executive of the Company whose interests and short positions in the shares or underlying shares of the Company as disclosed above) had interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholders	Capacity	Number of shares/ underlying shares held	Approximate percentage of shareholdings
Beijing Capital (Hong Kong) Limited	Beneficial owner (Note 1)	455,659,168 (L)	29.36%
Beijing Capital Co., Ltd.	Interest of controlled corporations (Note 1)	464,943,168 (L)	29.96%
Simple Success Investments Limited	Beneficial owner (Note 2)	270,760,000 (L)	17.45%
New World Strategic Investment Limited	Interest of a controlled corporation (Note 2)	270,760,000 (L)	17.45%
New World Development Company Limited	Interest of a controlled corporation (Note 2)	270,760,000 (L)	17.45%
Chow Tai Fook Enterprises Limited	Interest of a controlled corporation (Note 2)	270,760,000 (L)	17.45%
Chow Tai Fook (Holdings) Limited	Interest of a controlled corporation (Note 2)	270,760,000 (L)	17.45%
Chow Tai Fook Capital Limited	Interest of a controlled corporation (Note 2)	270,760,000 (L)	17.45%
Cheng Yu Tung Family (Holdings) Limited	Interest of a controlled corporation (Note 2)	270,760,000 (L)	17.45%
Cheng Yu Tung Family (Holdings II) Limited	Interest of a controlled corporation (Note 2)	270,760,000 (L)	17.45%
Best View Enterprises Limited	Beneficial owner and person having security interest (Note 3)	221,308,205 (L)	14.26%
Chow Tai Fook Nominee Limited	Interest of a controlled corporation (Note 3)	221,308,205 (L)	14.26%
Mr. Cheng Yu Tung	Interest of a controlled corporation (Note 3)	221,308,205 (L)	14.26%

(L) denotes a long position

Notes:

- These Shares represent 299,022,000 Shares and 156,637,168 underlying Shares which may be issuable upon conversion of all the outstanding amount of the convertible notes held by Beijing Capital (Hong Kong) Limited, which was a wholly-owned subsidiary of Beijing Capital Co., Ltd., and 9,284,000 Shares held by BC Water Investments Co., Ltd., an indirect wholly-owned subsidiary of Beijing Capital Co., Ltd.. As such, Beijing Capital Co., Ltd. was deemed to have interest in the said Shares and underlying Shares held by Beijing Capital (Hong Kong) Limited and BC Water Investments Co., Ltd. for the purposes of the SFO.



## Disclosure of Interests and Other Information (Continued)

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 and Cheng Yu Tung Family (Holdings II) Limited hold 49% and 40.2% interests in Chow Tai Fook Capital Limited, respectively. Chow Tai Fook Capital Limited in turn owns 74.1% interest in Chow Tai Fook (Holding) Limited which holds the entire interest in Chow Tai Fook Enterprises Limited, which in turn has more than one-third of the issued shares of New World Development Company Limited. As such, Cheng Yu Tung Family (Holdings II) Limited, Cheng Yu Tung Family (Holdings) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holdings) Limited, Chow Tai Fook Enterprises Limited, New World Development Company Limited, New World Strategic Investment Limited were deemed to have interest in the said Shares held by Simple Success Investments Limited for the purposes of the SFO.
3. These Shares represent 151,982,205 Shares held by Best View Enterprises Limited and 69,326,000 Shares in which Best View Enterprises Limited has security interest. Best View Enterprises Limited is wholly owned by Chow Tai Fook Nominee Limited, which is in turn controlled by Mr. Cheng Yu Tung. As such, Chow Tai Fook Nominee Limited and Mr. Cheng Yu Tung were deemed to have interest in the said Shares and underlying Shares that Best View Enterprises Limited had interest in for the purpose of the SFO.

Save as aforesaid and as disclosed in the “Interests and Short Positions of the Directors in Shares, underlying Shares and Debentures of the Company and its associated corporations” section above, the Company has not been notified by any person who had any interest or short position in the shares or underlying shares of the Company as at 30 June 2012 which are required to be notified to the Company pursuant to Part XV of the SFO or which are recorded in the register required to be kept by the Company under Section 336 of the SFO.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities during the period.

### INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: nil).

### DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquires of all its directors regarding any noncompliance with the Model Code, and all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2012.

### CORPORATE GOVERNANCE PRACTICES

The Board believes that high standards of corporate governance are essential to the success of the Company and is committed to maintain a high level of corporate governance standards and practices.

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) contained in Appendix 14 (the “Code”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the period under review.



## Disclosure of Interests and Other Information (Continued)

### CHANGES IN INFORMATION OF DIRECTORS

Below are the changes of directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Company's 2011 annual report:

#### (1) Change in directorship

Name of Director	Details of Changes
Mr. Kwan Hung Sang, Francis	Resignation as an independent non-executive director, a member of each of the audit committee, the nomination committee and the remuneration committee of the Company on 25 April 2012
Mr. Cheng Kai Tai, Allen	Appointment as a member of each of the audit committee, the nomination committee and the remuneration committee of the Company on 25 April 2012
Mr. Xue Huixuan	Appointment as an executive director of the Company on 1 July 2012
Mr. Li Baochun	Appointment as an independent non-executive director of the Company on 1 July 2012
Ms. Chan Yee Wah, Eva	Appointment as an independent non-executive director, the chairman of the audit committee and a member of the nomination committee of the Company on 1 July 2012
Mr. Lo Ming Chi, Charles	Resignation as an independent non-executive director, the chairman of the audit committee and a member of the nomination committee of the Company on 1 July 2012

#### (2) Change in remuneration

With effect from 1 April 2012, the director's fee of each of Mr. Lim Jui Kian, a non-executive director of the Company and Mr. Cheng Kai Tai, Allen, an independent non-executive director of the Company has been increased to HK\$18,000 per month which is in line with the remuneration of other non-executive directors of the Company.

### AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely, Ms. Chan Yee Wah, Eva, Mr. Pao Ping Wing and Mr. Cheng Kai Tai, Allen, and one non-executive, Mr. Lim Jui Kian. Ms. Chan Yee Wah, Eva has been appointed as the chairman of the audit committee. The audit committee has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal controls and financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2012 with the management.

In addition, the Group's external auditors performed an independent review of the interim financial information for the six months ended 30 June 2012 in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The auditors based on their review, concluded that nothing has come to their attention that causes them to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34 "Interim Financial Reporting".





New Environmental  
Energy Holdings Limited  
新環保能源控股有限公司

