

To Business Editor  
For Immediate Release



NEW ENVIRONMENTAL ENERGY  
HOLDINGS LIMITED  
新環保能源控股有限公司

### **Acquired an Integrated Municipal Waste Management Company in Hunan**

[19 January, 2012, Hong Kong] New Environmental Energy Holdings Limited (“New Environmental Energy” or the “Group”, stock code: 3989.hk) announced the issue of convertible bond in amount of HK\$100,000,000, and the acquisition of **Liling Beijing Capital Waste Treatment Company Limited** (“Liling Beijing Capital”, 醴陵首創垃圾綜合處理有限責任公司) disclosed earlier was approved at the extraordinary general meeting held today.

The Group will issue 250,000,000 shares upon conversion of the bond, representing approximately 13.87% of the enlarged number of shares, to Beijing Capital (Hong Kong) Limited (“Beijing Capital (Hong Kong)”), a wholly-owned subsidiary of Beijing Capital Company Limited (“Beijing Capital”). The conversion price of HK\$0.4 per conversion share represents a premium of approximately 14.29% to the closing price of HK\$0.35 per share, quoted on 5 December 2011 (the Last Trading Day). The net proceeds from the subscription will be approximately HK\$96.8 million. Approximately HK\$62.4 million of it will be utilized for the acquiring **Liling Beijing Capital** while the remaining part will be utilized as general working capital of the Group.

According to the acquisition agreement, **Yangzhou Biomax Environmental Development Limited** (揚州百瑪士環保產業發展有限公司), an indirect wholly-owned subsidiary of the Group, acquires 100% equity interest in **Liling Beijing Capital**, from Beijing Capital indirect wholly-owned **Zhuzhou Beijing Capital Water Treatment Company Limited** (株州首創水務有限責任公司). Liling Beijing Capital is principally engaged in integrated municipal waste management. As at 30 June 2011, its audited net asset value was approximately HK\$42.0 million. For the six months ended 30 June 2011, Liling Beijing Capital’s turnover and profit after taxation recorded RMB6,299,000 and RMB2,148,000 respectively. The acquisition not only expands geographic coverage of the Group, but also brings sustainable and stable revenue to the Group.

On the other hand, New Environmental Energy earlier disclosed the disposal of the entire share capital of **Hembly Garment Manufacturing Limited** (恒寶利製衣有限公司), was also approved at the extraordinary general meeting held on 16 January. The consideration for the disposal amounts to HK\$12,000,000, while the net proceeds is approximately HK\$11,000,000. For the six months ended 30 June 2011, the Group recorded a loss of approximately HK\$103.86 million from the trading of

apparel and accessories segment. As most of the products are exported to Eurozone countries, debt crisis in Europe might further reduce the purchasing power of the region. Therefore, the disposal helps to improve the financial performance of the Group, and is in line with the Group's development strategy to focus on waste-to-energy business.

Mr. Cao Guo Xian, Chief Executive Officer and Executive Director of New Environmental Energy Holdings Limited commented, "The coming five years will be a period of fast expansion in waste management on the mainland. The 12<sup>th</sup> Five Year Plan gives strong support to the industry, the estimated investment on environmental protection amounts to RMB3,400 billion, The Chinese government targets to increase the rate of non-polluting disposal of municipal solid waste to 80% nationwide by 2015, up from approximately 77.9% in 2010. We are optimistic towards the future prospects of solid waste management industry in China, and will focus on extending our participation in the supply chain. Leveraging Beijing Capital's extensive experience in the water management industry, project coverage of 33 cities in China, as well as the network with the municipal governments, it will bring new prospects to New Environmental Energy, and enhance shareholders' return in the long run."

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#### **About New Environmental Energy Holdings Limited**

The Group is principally engaged in the provision of waste treatment technologies and services which specializes in technology development, design, system integration, project investment, consultancy, operation and maintenance of waste treatment facilities, especially waste-to-energy projects.

#### **About Beijing Capital (Hong Kong) Limited**

Beijing Capital (Hong Kong) Limited is principally engaged in overseas capital operations, investment and financing in the environmental industry and international business co-operation. It is a wholly-owned subsidiary of Beijing Capital Company Limited, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600008). The Shanghai listed company is controlled by Beijing Capital Group Company Limited, a state-owned company under the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality.

#### **Press Enquiry:**

#### **Fortune Media Advisory Limited**

Mr. Yohji Yuen (852) 3103 2036 / 6223 0100 [yohjiyuen@fortunemedia.com.hk](mailto:yohjiyuen@fortunemedia.com.hk)

Ms. Joey Lam (852) 3103 2038 / 9313 9196 [joeylam@fortunemedia.com.hk](mailto:joeylam@fortunemedia.com.hk)