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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board of directors (the "Board") of New Environmental Energy Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Continuing operations			
Revenue	4	**22,690**	15,503
Cost of sales		**(19,799)**	(15,505)
Gross profit (loss)		**2,891**	(2)
Other income, gains and losses	5	**(3,516)**	7,028
Administrative expenses		**(32,055)**	(33,964)
Gain on fair value change of embedded derivatives	17	**10,329**	296
Share of results of an associate		**6,964**	4,113
Finance costs	6	**(36,342)**	(22,996)
Loss before tax		**(51,729)**	(45,525)
Income tax credit	7	**1,217**	1,435

	NOTES	Six months ended 30 June **2013** ***HK$'000*** **(unaudited)**	 2012 *HK$'000* (unaudited) (restated)
Loss for the period from continuing operations		**(50,512)**	(44,090)
Discontinued operations			
Profit for the period from discontinued operations		—	4,852
Loss for the period	8	**(50,512)**	(39,238)
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation:			
Exchange difference during the period		**4,183**	(291)
Exchange difference arising from an associate during the period		**1,738**	(1,195)
Reclassification adjustment upon disposal of subsidiaries		—	(3,607)
Other comprehensive income (expense) for the period		**5,921**	(5,093)
Total comprehensive expense for the period		**(44,591)**	(44,331)
(Loss) profit for the period attributable to:			
Owners of the Company		**(48,376)**	(41,135)
Non-controlling interests		**(2,136)**	1,897
		(50,512)	(39,238)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(42,098)**	(46,228)
Non-controlling interests		**(2,493)**	1,897
		(44,591)	(44,331)
Loss per share	10		
From continuing and discontinued operations			
Basic		**HK(2.46) cents**	HK(2.51) cents
Diluted		**HK(2.46) cents**	HK(2.51) cents
From continuing operations			
Basic		**HK(2.46) cents**	HK(2.80) cents
Diluted		**HK(2.46) cents**	HK(2.80) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	NOTES	**30 June 2013 *HK$'000* (unaudited)**	31 December 2012 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	11	**15,708**	15,965
Intangible assets		**1,584**	2,318
Prepaid lease payments		**2,287**	2,277
Amounts due from grantors for contract work	12	**408,376**	383,339
Amount due from an investee		**46,070**	45,267
Amount due from an associate		**—**	6,219
Interest in an associate		**110,533**	101,831
Deposits paid for construction of infrastructure in service concession arrangements	13	**229,506**	174,981
Deposits, prepayments and other receivables		**28,142**	—
		842,206	732,197
Current assets			
Trade receivables	14	**566**	7,411
Deposits, prepayments and other receivables		**38,435**	32,267
Amounts due from grantors for contract work	12	**10,341**	9,453
Prepaid lease payments		**52**	52
Amount due from an associate		**20,997**	12,708
Bank balances and cash		**961,673**	263,239
		1,032,064	325,130
Current liabilities			
Trade payables	15(a)	**24,580**	23,863
Other payables and accruals	15(b)	**599,216**	42,326
Provisions	15(c)	**207,558**	192,969
Taxation payable		**15,833**	15,638
Borrowings	16	**186,295**	26,592
		1,033,482	301,388
Net current (liabilities) assets		**(1,418)**	23,742
Total assets less current liabilities		**840,788**	755,939

	NOTES	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Non-current liabilities			
Convertible notes		**160,287**	150,400
Convertible bonds	17	**78,550**	252,200
Embedded derivatives	17	**21,373**	54,152
Borrowings	16	**567,282**	239,899
Deferred tax liabilities		**6,670**	8,071
		834,162	704,722
		6,626	51,217
Capital and reserves			
Share capital		**186,226**	186,226
Reserves		**(167,576)**	(125,478)
Equity attributable to owners of the Company		**18,650**	60,748
Non-controlling interests		**(12,024)**	(9,531)
		6,626	51,217

NOTE:

1. BASIS OF PREPARATION

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

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

Adoption of new and revised HKFRSs effective in the current period

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with condensed consolidated financial statements and HK(SIC) — Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

Based on the existing group structure, the application of these five standards is not expected to have a significant impact on the amounts reported in the condensed consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

The directors of the Group are of the opinion that the application of HKFRS 13 has no material impact on the Group's fair value measurement as set out in these condensed consolidated financial statements of the Group.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group has been operating in one reportable and operating segment, being the waste treatment and waste-to-energy business after the disposal of trading of apparel and accessories business in the prior period. Trading of apparel and accessories business was another reportable and operating segment considered as discontinued operations in the prior period. Since there is only one reportable and operating segment, no segment information is provided.

4. REVENUE

An analysis of the Group's revenue for the period from continuing operations is as follows:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Provision of construction services under service concession arrangements	**19,423**	15,503
Provision of operation services under service concession arrangements	**2,370**	—
Consultancy fee income	**897**	—
	22,690	15,503

5. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Bank interest income	**359**	78
Interest income received from an associate	**727**	728
Effective interest income on amounts due from grantors for contract work	**11,130**	6,111
Gain on redemption of Convertible Bonds I *(Note 17)*	**3,217**	—
Impairment loss recognised in respect of trade receivables *(Note 14)*	**(7,536)**	—
Provision for penalty charges in relation to construction of waste-to-energy plant *(Note 12)*	**(11,418)**	—
Others	**5**	111
	(3,516)	7,028

6. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Interests on:		
Borrowings	**8,863**	2,531
Convertible bonds	**17,592**	11,770
Convertible notes	**9,887**	8,695
	36,342	22,996

7. INCOME TAX CREDIT

Continuing operations

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

Under the Law of the People's Republic of China (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%.

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Income tax credit relating to continuing operations		
Current income tax:		
PRC Enterprise Income Tax ("EIT")	**414**	—
Deferred tax:		
Current period	**(1,631)**	(1,435)
	(1,217)	(1,435)

8. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Director's and chief executives' emoluments	**2,772**	2,840
Staff's salaries and allowances	**10,580**	7,524
Retirement benefit scheme contribution	**1,659**	1,493
Total staff costs	**12,239**	9,017
Auditor's remuneration	**668**	600
Depreciation of property, plant and equipment	**1,415**	976
Rental expenses	**2,337**	1,344
Amortisation of intangible assets (included in cost of sales)	**734**	734
Legal and professional fees	**3,369**	9,626

9. DIVIDEND

No dividend was paid, declared or proposed during both interim periods. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

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 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	**(48,376)**	(41,135)

	2013	2012
Number of shares	*'000*	*'000* (restated)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share *(Note)*	**1,969,709**	1,641,425

Note: The weighted average numbers of ordinary shares for the purposes of basic and diluted loss per share have been adjusted for the bonus element of the rights issue completed.

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.

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 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Loss for the period attributable to owners of the Company	**(48,376)**	(41,135)
Less: Profit for the period from discontinued operations	**—**	4,852
Loss for the purposes of basic and diluted loss per share from continuing operations	**(48,376)**	(45,987)

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 earnings per share from discontinued operations is HK0.29 cents (restated) per share, based on the profit for the period from discontinued operations of approximately HK$4,852,000 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 wrote off of certain plant and machinery with an aggregate carrying amount of HK$152,000. During the six months ended 30 June 2012, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK$479,000, with cash consideration of HK$323,000, resulting in loss on disposal of HK$156,000.

During the current interim period, the Group acquired leasehold improvements, furniture, fixtures and equipment and motor vehicles of approximately HK$121,000, HK$472,000 and HK$482,000 respectively (for the six months ended 30 June 2012: HK$458,000, HK$1,417,000 and HK$710,000 respectively).

12. AMOUNTS DUE FROM GRANTORS FOR CONTRACT WORK

Amounts due from grantors for contract work represent a) costs incurred by the Group for the construction and operation 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 services provided; b) arising from acquisition of subsidiaries during the year ended 31 December 2012. Revenues and costs relating to the construction phase of the contract are accounted for in accordance with HKAS 11. Revenue and costs relating to the operating phase of the contract are accounted for in accordance with HKAS 18.

Several subsidiaries of the Company entered into service concession arrangements with certain government authorities in the PRC ("Grantors") in respect of their waste treatment and waste-to-energy businesses. These subsidiaries acted as operators in these service concession arrangements to construct waste treatment and waste-to-energy plants on a BOT basis, and to operate and maintain the waste treatment and waste-to-energy plants at a specified level of serviceability on behalf of the relevant government authorities over the relevant service concession periods. The effective interest rates ranged from 3.6% to 11.7% during the six months ended 30 June 2013 (as at 31 December 2012: ranged from 3.6% to 4.3%).

During the operation phase of the respective service concession periods, the Group will receive guaranteed receipts of waste treatment fee from the grantors calculated by multiplying the minimum level of municipal waste to be processed per day at a pre-determined waste treatment fee per tonne as specified in all service concession agreements. In addition, for two service concession arrangements of 北京市一清百瑪士綠色能源有限公司 (Beijing Yiqing Biomax Green Energy Park Co., Ltd*) and 南昌百瑪士綠色能源有限公司 (Nanchang Biomax Green Energy Co., Ltd.*), the Group has the right to charge on-grid electricity tariff from users after commencement of operation phase of the waste-to-energy plants. The directors of the Company considers that the possibility of exceeding the threshold (minimum level of municipal waste to be processed per day) of these projects is remote at this stage and hence no intangible assets are recognised.

The Group recognised revenue from construction services of approximately HK$19,423,000 (for the six months ended 30 June 2012: HK$15,503,000) by reference to the stage of completion of the construction work and revenue from operation services of approximately HK$2,370,000 (for the six months ended 30 June 2012: Nil).

Provision for penalty charges is based on penalty clause stated in the service concession agreement of Beijing Dongcun, Sorting Comprehensive Treatment Plant ("Beijing Plant") at RMB350,000 per week starting from the original commencement date of operation in January 2009. The provision for penalty charges of approximately HK$11,418,000 (for the six months ended 30 June 2012: Nil) was recognised for the period ended 30 June 2013.

Provision for future loss in construction services is based on the difference between revenue and budgeted cost to be generated and incurred respectively from the commencement date of construction to the completion of construction of the Beijing Plant. No provision for the expected loss of the construction services was recognised for the periods ended 30 June 2013 and 2012.

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 2013, provision of approximately HK$1,011,000 (as at 31 December 2012: HK$995,000) (see Note 15(c)) has been recognised in respect of the contractual obligations to maintain or restore these waste treatment and waste-to-energy plants to specified conditions.

* *For identification purpose only*

13. DEPOSITS PAID FOR CONSTRUCTION OF INFRASTRUCTURE IN SERVICE CONCESSION ARRANGEMENTS

The amount represents deposits 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 of approximately HK$229,506,000 (2012: HK$174,981,000).

Included in the deposits balances are deposits paid to a third party supplier, 城市建設研究院 (Urban Construction Design & Research Institute*) ("Urban Construction Institute"), with aggregate carrying amount of approximately HK$157,585,000 (2012: HK$155,037,000) which is subject to arbitration proceedings as at the end of the reporting period. During the period ended 30 June 2013, the arbitration committee, 南昌仲裁委員會 (Nanchang Arbitration Committee*) has issued the first order which determined that the contract entered into between the Group and Urban Construction Institute was invalid. In accordance with the legal opinion provided by a firm of independent lawyers not connected to the Group, the amount should be refunded to the Group taking into account the outcome of the first order. However, the refundable amount is yet to be finalised by the arbitration. The estimated recoverable amount of the deposits of approximately HK$157,585,000 as at 30 June 2013 is expected to be recovered by the directors of the Company, taking into account the legal opinion provided by the independent lawyer.

* *For identification purpose only*

14. 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 2013	31 December 2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 90 days	**566**	—
Over 360 days	**—**	7,411
	566	7,411

During the period ended 30 June 2013, net impairment losses of approximately HK$7,536,000 in respect of trade receivable due from 北京市大興區政府採購中心 (Beijing Da Xing Government Procurement Center*) is recognised in profit or loss after consideration of the credit quality of this individual customer based on the amounts subsequently settled after year end, the ongoing relationship with the Group and the aging of this receivable.

* *For identification purpose only*

15. TRADE PAYABLES/OTHER PAYABLES AND ACCRUALS/PROVISIONS

(a) Trade payables

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

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 90 days	**45**	295
91–180 days	**—**	41
181–360 days	**263**	616
Over 360 days	**24,272**	22,911
	24,580	23,863

(b) Other payables and accruals

The amounts mainly represented receipt in advance for subscription of rights shares of approximately HK$553,891,000, where the rights issue become unconditional in July 2013 (2012: Nil), accrued interest of approximately HK$12,243,000 (2012: HK$6,393,000), accrued professional fee of approximately HK$3,312,000 (2012: HK$5,112,000), business tax payable of approximately HK$5,331,000 (2012: HK$5,273,000) and construction payable of approximately HK$16,479,000 (2012: HK$11,082,000).

(c) Provisions

The amounts mainly represented expected loss relating to service concession arrangements of Beijing Plant of approximately HK$91,569,000 (2012: HK$90,088,000), provision for penalty charges of approximately HK$114,978,000 (2012: HK$101,886,000) and provision for maintenance of approximately HK$1,011,000 (2012: HK$995,000).

16. BORROWINGS

During the current interim period, the Group obtained the following new borrowings:

(i) The Group entered into a variable-rate loan agreement with 北京銀行股份有限公司 (Bank of Beijing Company Limited*) for the borrowing of RMB300,000,000 (approximately HK$379,267,000) that are repayable by instalments starting from the year of 2015 until 2021. The proceeds was used to finance the construction of 南昌市垃圾焚燒發電廠 (Nanchang Solid Waste Incineration Power Generation Plant*). The balance is guaranteed by Shanghai Environmental Biomax Investment Ltd, a subsidiary of the Company, and carries interest at PRC benchmark loan rate.

(ii) The Group entered into a variable-rate loan agreement with the substantial shareholder, Beijing Capital (HK) Limited ("Beijing Capital HK"), of the Group, of HK$50,000,000 for the repayment of the Convertible Bonds I due to Waste Resources GP Limited. The balance is unsecured and carries interest at Hong Kong Interbank Offered Rate plus 3.8% per annum.

(iii) The Group entered into a fixed rate loan agreement of HK$30,000,000 with Quam Finance Limited, a non-related party of the Group, for the repayment of the Convertible Bonds I due to Waste Resources GP Limited. The balance is unsecured and carries interest at fixed rate of 1% per month. Subsequent to the period ended 30 June 2013, the amount was fully settled in accordance to the loan agreement.

(iv) The Group entered into a fixed rate loan agreement of RMB21,100,000 (approximately HK$26,675,000) with China Guangfa Bank, a non-related party of the Group, for operating purpose, that will be due in September 2013. The balance is secured by corporate guarantee of intermediate holding company of the Company and carries interest at fixed rate of 5.6% per annum.

During the current interim period, the Group has repayment of the borrowings of approximately HK$2,377,000 (2012: Nil).

* *For identification purpose only*

17. CONVERTIBLE BONDS/EMBEDDED DERIVATIVES

Same as disclosed in the Company's 2012 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 are set out as below:

	Liability component *HK$'000*	Embedded derivatives *HK$'000*
At 31 December 2012 (audited)	252,200	54,152
Redemption on 4 June 2013 *(Note)*	(191,242)	(22,450)
Effective interest charged to profit or loss *(Note 6)*	17,592	—
Gain on fair value change of embedded derivatives	—	(10,329)
At 30 June 2013 (unaudited)	78,550	21,373

Note: On 4 June 2013, the Group has paid a redemption amount of approximately HK$210,475,000 for the redemption of Convertible Bonds I with a principal amount of HK$156,000,000, which includes liability component of HK$191,242,000 and embedded derivatives of HK$22,450,000 as at 4 June 2013. Gain on redemption of Convertible Bonds I of HK$3,217,000 was resulted.

The fair values of the embedded derivatives at 31 December 2012 and 4 June 2013 for Convertible Bonds I and 31 December 2012 and 30 June 2013 for Convertible Bonds II 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:

	4 June 2013	31 December 2012
Convertible Bonds I		
Share price	**HK$0.265**	HK$0.345
Risk-free rate	**0.214%**	0.117%
Time to maturity	**1.79 years**	2.29 years
Dividend yield	**0%**	0%
Volatility	**69.56%**	58.18%

	30 June 2013	31 December 2012
Convertible Bonds II		
Share price	**HK$0.219**	HK$0.345
Risk-free rate	**0.291%**	0.117%
Time to maturity	**1.5 years**	2 years
Dividend yield	**0%**	0%
Volatility	**72.17%**	58.18%

At 30 June 2013, Convertible Bonds II with principal amount of HK$100,000,000 remained outstanding with Beijing Capital HK (31 December 2012: Convertible Bonds II with principal amount of HK$100,000,000 and Convertible Bonds I with principal amount of HK$156,000,000 remained outstanding with Beijing Capital HK and Waste Resources G.P. Limited, respectively).

BUSINESS REVIEW

The economic outlook for 2013 remains uncertain. Sovereign debt problems in Europe, the fiscal cliff conundrum in the United States are amongst the main factors posing continual risks and uncertainties to the recovery and stability of major economies and financial markets around the world, despite the loose monetary measures taken by major central banks globally. In respect of the Group's waste treatment and waste-to-energy business, the Group is conservatively optimistic about the future development of the green energy industry. According to the "National Plan for Establishing Facilities for Treatment Of Urban Household Waste in a Non-Hazardous Way under the Twelfth Five-Year Plan" of the PRC issued in May 2012, the daily waste processing capacity of waste-to-energy shall be substantially increased from 89,625 tonnes at the end of 2010 to approximately 307,155 tonnes by the end of 2015 at an annual compound growth rate of approximately 28%.

In 2012, the PRC government ranked energy conservation and environmental protection first among the seven "Strategic Emerging Industries" under its "Twelfth Five-Year Plan". The National Development and Reform Commission has also refined the waste-to-energy tariff policy and provided concrete support to the environmental protection industry through special subsidies. In expectation of the great market potential underscored by favourable national policies, the Group will endeavour to seize opportunities in the environmental protection and alternative energy industries to deliver stronger results for its shareholders.

As at 30 June 2013, the Group had eight waste treatment projects that commanded a total investment of approximately RMB2,268 million. The facilities were designed with the annual capacity to process waste of approximately 2,008,050 tonnes which can generate on-grid electricity of approximately 377 million kWh annually.

BUSINESS PROSPECTS

If Beijing Dongcun Sorting Comprehensive Treatment Plant of the Group is put into commercial operation as soon as possible, the Group's further development will benefit from its operation. Beijing Plant is the first waste-to-energy project in the PRC applying the technology of anaerobic digestion. On 25 July 2013, the Company received a notice named "Notice of Accelerating the Construction of Dongcun Waste Sorting Comprehensive Treatment Plant" ("Notice") dated on 23 July 2013 from Beijing Municipal Commission of City Administration and Environment in relation to the amendments of the operational terms and conditions of Beijing Plant. The Notice states that:

(1) The waste treatment capacity will increase from 650 tons per day to 930 tons per day;

(2) The concessionary period will be 25 years commencing from 1 January 2014 to 31 December 2038;

(3) The minimum guaranteed volume of waste treatment will increase from 360 tons per day to 500 tons per day.

The progress of the construction of the Beijing plant is currently underway and is progressing in line with plan generally. The coming few months will be critical as far as completion of the construction of the Beijing plant is concerned and the Group is continuously monitoring the ongoing progress closely such that the trial run operation can be successfully launched within the Group's anticipated timing in the first half of 2014.

The Xingtai Investment is pending for the final approval from the relevant PRC government authority. The Nanchang Solid Waste Incineration Power Generation Plant located in Nanchang Quanling will continue to be under construction in 2013 and expected to enter into the trial run stage in 2014.

The projects located in Shenzhen Pinghu and Guizhou Duyun and Weng'an are all in normal commercial operation.

Looking ahead, with stronger supporting policies from the PRC government and the continued comprehensive support from the substantial shareholder, the Company is confident that the Company can realise the full potential of all the opportunities for future development. With rising growth momentum and strong competitive edge in the waste treatment industry, the management of the Group believes that once most of the existing projects commence operation, they will provide contribution to the Group. Thus, the management of the Group is confident of achieving sustained growth in the medium-to-long term.

FINANCIAL REVIEW

Overview

The net loss attributable to the owners of the Company amounted to approximately HK$48.4 million for the period under review.

Waste treatment and Waste to Energy Business

During the period under review, the Group's revenue from its waste treatment and waste-to-energy business reached approximately HK$22.7 million, representing increase of approximately 46.5%, as compared to last year.

For the year under review, its gross profit is approximately 12.7%.

Administrative Expenses

The Group's administrative expenses of the continuing operations decreased by approximately 5.6% to approximately HK$32.1 million during the period under review.

FINANCE COSTS

Finance costs, for the Group's continuing operations, increased by approximately 57.8% to approximately HK$36.3 million, as compared to the same period last year. This increase is mainly attributable to the increase in the interest on borrowings and convertible bonds.

Financial Position

As at 30 June 2013, the Group had total assets amounting to approximately HK$1,874.3 million, with approximately HK$18.7 million of net assets attributable to equity shareholders of the Company. The net gearing ratio, which is calculated on the basis of total borrowings (net of cash and bank balances) over the Group's total shareholders' equity, was approximately 0.05 as at 31 December 2012. Net gearing ratio has not been calculated as at 30 June 2013 as cash and cash equivalent exceeded borrowings as at 30 June 2013. The current ratio, which is calculated on the basis of current assets over current liabilities, decreased from approximately 1.08 as at 31 December 2012 to approximately 1.00 as at 30 June 2013.

Financial Resources

The Group finances its operations primarily with internally generated cash flow and loan facilities from shareholders and banks. As at 30 June 2013, the Group had cash and bank balances of approximately HK$961.7 million, representing an increase of approximately HK$698.5 million as compared to approximately HK$263.2 million at the end of 2012. The increase was mainly due to the proceeds received from rights issue and the new borrowings raised during the period under review. Currently, most of the Group's cash is denominated in HK dollars and RMB.

Borrowings

As at 30 June 2013, the Group had outstanding borrowings of approximately HK$753.6 million, representing an increase of approximately HK$487.1 million as compared to approximately HK$266.5 million at the end of 2012. The borrowings comprised secured loans of approximately HK$599.8 million and unsecured loans of approximately HK$153.8 million. The borrowings are denominated in HK dollars and RMB. Approximately 37.4% and 62.6% of the borrowings are at fixed rate and variable rate.

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. During the period, the Group has adopted no formal hedging policies and no instruments have been applied for foreign currency hedging purposes. The management will continue to monitor the foreign exchange exposure flexibly and engage in timely and appropriate hedging activities when needed.

CHARGES ON ASSETS

As at 30 June 2013, the Group has no asset pledged.

CAPITAL COMMITMENT

As at 30 June 2013, the Group had capital commitment of approximately HK$339.2 million in respect of the construction work under service concession arrangements, which were contracted but not provided for in the condensed consolidated financial statements.

CONTINGENT LIABILITIES

As at 30 June 2013, the Group provide guarantees of approximately HK$23.3 million to a bank in respect of banking facilities granted to an associate.

EMPLOYMENT INFORMATION

As at 30 June 2013, the Group had about 160 employees in total, stationed mainly in the PRC, Hong Kong and Europe. 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.

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 2013 (six months ended 30 June 2012: 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 2013.

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 Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the period under review.

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 2012 annual report:

Name of Director	Details of Changes
Mr. Marcello Appella	Resignation as an executive director of the Company on 6 June 2013
Mr. Tang Zhi Bin	Retirement as an executive director of the Company on 27 June 2013
Mr. Pao Ping Wing	Appointment as an independent non-executive director of HL Technology Group Limited on 29 May 2013

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 director, 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 2013 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 2013 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".

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement will be published on both the websites of the Company (www.neeh.com.hk) and of the Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2013 will be dispatched to shareholders and published on the aforesaid websites in due course.

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

Hong Kong, 23 August 2013

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Yu Chang Jian, Mr. Cao Guo Xian, Mr. Liu Xiao Guang and Mr. Xue Huixuan; 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. Pao Ping Wing, Mr. Cheng Kai Tai, Allen, Mr. Li Baochun and Ms. Chan Yee Wah, Eva.