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

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 03989)

FURTHER ANNOUNCEMENT
DISCLOSEABLE TRANSACTION IN RELATION TO
ACQUISITION OF THE DUYUN TARGET COMPANY AND
WENG'AN TARGET COMPANY

Reference is made to the announcement of New Environmental Energy Holdings Limited (the “Company”) dated 24 August 2012 and titled “Discloseable transaction in relation to acquisition of the Duyun Target Company and Weng’an Target Company” (the “Announcement”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the Announcement.

COMPLIANCE WITH THE LISTING RULES

As disclosed in the Announcement, the valuation of the Duyun Target Company and Weng’an Target Company was assessed by an independent asset appraiser in PRC. Beijing Guorong Xinghua Asset Appraisal Company Limited (北京國融興華資產評估有限責任公司) (“Guorong Xinghua”), being an appraiser, conducted assets valuation against the Duyun Target Company and Weng’an Target Company with the benchmark date of 30 June 2012, respectively (the “Valuation”). According to the Valuation, the market values of the Duyun Target Company and Weng’an Target Company amounted to RMB59,870,000 and RMB37,110,000 as at 30 June 2012, respectively. Guorong Xinghua adopted the income approach using free cash flow modeling in the Valuation, which involves the calculation of discounted cash flow and constitutes a profit forecast for the purpose of Rule 14.61 of the Listing Rules (the “Profit Forecast”). This announcement is made in compliance with Rules 14.60A and 14.62 of the Listing Rules.

Pursuant to Rule 14.62(1) of the Listing Rules, the principal assumptions upon which the valuation report (the “Valuation Report”) issued by Guorong Xinghua in relation to acquisition of the Duyun Target Company and Weng’an Target Company (hereinafter collectively referred to as the “Appraised Entities”) was based are set out below:

(I) General Assumptions

1. The Valuation is premised on particular valuation purposes indicated in the Valuation Report;
2. The respective assets under the Valuation is premised on its actual inventory as at the valuation benchmark date, whereas the prevailing market price of the relevant assets are based on the domestic effective prices as at the valuation benchmark date;
3. The Valuation assumes that the existing usage of the appraised assets will remain unchanged and the Appraised Entities will continue to operate as a going concern;
4. The Valuation assumes that the external economic environment will remain unchanged as at the valuation benchmark date;
5. The Valuation assumes that relevant basic information and financial information provided by the Appraised Entities are true, accurate and complete;
6. The Valuation has taken no account of the impact on appraisal value from mortgage and guarantee likely to be undertaken in the future and additional amount likely to be paid by special counterparty, and the impact on assets’ price from the influence of changes to the State’s macroeconomic policies and occurrence of natural disasters and other force majeure;
7. The scope of valuation is solely based on the valuation declarations provided by the Appraised Entities, and has taken no consideration of any contingent asset and contingent liability which might exist beyond such lists provided by the Appraised Entities.

(II) Special Assumptions

1. There will be no significant changes in the existing macro-economical environment of the State;
2. There will be no significant changes in social economic environment where the Appraised Entities are involved and in the policies such as taxation and tax rate implemented;
3. The Appraised Entities continue to operate as a going concern under its existing operating management mode with the diligent work of its future management team;
4. The operating strategy and cost control of the Appraised Entities will maintain the state of recent years and will be no significant changes in the future;
5. The major accounting policies applied in the financial information of prior years provided by the Appraised Entities will have no significant adjustment in the forecast period;

6. In the future operating period, the respective expenses of the Appraised Entities during the future operating period will have no significant changes from the present basis and will keep the changing trend in recent years;
7. It is assumed that the taxable profit of the Appraised Entities in the future forecast period is basically the same as its total profit, and there will be no material adjustment for permanent difference and timing difference;
8. The potential non-recurring gains or losses resulting from the operation of the Appraised Entities aren't considered within a foreseeable time;
9. The Valuation is based on their abilities of full performance in accordance with terms under the "service concession agreements" signed by the each both parties among the People's Government of Duyun City and Duyun Target Company, the People's Government of Weng'an County and Weng'an Target Company, and assumes that there is no default during the performance period;
10. The Valuation against the Appraised Entities which are service concession operator, so the forecast period is until the end of the concession periods; and it is assumed that the "feasible study report on municipal waste landfill of Duyun City" and the "feasible study report on municipal waste landfill of Weng'an County" provided by the Appraised Entities and issued by the Architectural Design Research Institute of Guizhou are objective, scientific and effective;
11. The Valuation is based on the existing operation and production capacity of the Appraised Entities on benchmark date, without taking account of the enlarged capital expenditure of the Appraised Entities in the future;
12. All the parameters deriving from the Valuation are determined in accordance with the unchanged pricing system, without considering the impact of inflation factor.

Deloitte Touche Tohmastu ("Deloitte"), the reporting accountant of the Company, has reported to the Directors of the Company in respect of the compilation, in accordance with the assumptions described above, of the discounted future estimated cash flows in connection with the valuation of 100% equity interests in Duyun Target Company and Weng'an Target Company prepared by Guorong Xinghua as set out in the Valuation Report. The Directors confirm that the Valuation, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, has been made after due and careful enquiry. A confirmation letter from the Board of the Company and a report from Deloitte have been submitted to the Stock Exchange by the Company pursuant to Rule 14.62 of the Listing Rules.

EXPERTS AND CONSENTS

The followings are the qualifications of the experts who have given opinions and advice contained in this announcement:

Name	Qualification
Guorong Xinghua	Certified Public Valuer
Deloitte	Certified Public Accountants

Neither Guorong Xinghua nor Deloitte has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

To the best knowledge, information and belief of the Board, each of Guorong Xinghua and Deloitte is an independent third party who is not connected with the Group or its connected persons.

The Valuation Report issued by Guorong Xinghua was dated 17 August 2012.

Each of Guorong Xinghua and Deloitte has given and has not withdrawn its written consent to the publication of this announcement with all references to its report and its name.

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

Hong Kong, 14 September 2012

As at the date of this announcement, the Board comprises six executive directors; namely, Mr. Yu Chang Jian, Mr. Cao Guo Xian, Mr. Liu Xiao Guang, Mr. Marcello Appella, Mr. Tang Zhi Bin 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.