

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNOUNCEMENT

This announcement is made by New Environmental Energy Holdings Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company is pleased to announce the followings:

I. Writing back of provisions made during past financial years

Reference is made to the announcement of the Company dated 25 July 2013 (the “**Announcement**”) in respect of, among other things, the possible writing back of provisions made for Beijing Duncun Project during the past financial years. Terms used herein shall have the same meaning as those defined in the Announcement unless defined otherwise.

The Board is pleased to announce that after receiving the Notice from 北京市市政市容管理委員會 (Beijing Municipal Commission of City Administration and Environment*) in relation to the amendments of the major operational terms and conditions of Beijing Dongcun Project on 25 July 2013, the Company has carried out further studies in respect of the legal validity and financial impact of the Notice. On the date of this announcement, in accordance with the management's best estimation, it was estimated that the provisions made during the past financial years in an aggregate amount of approximately HK\$115 million to HK\$200 million can be written back and recognised in the statement of profit or loss and other comprehensive income of the Company for the financial year ended 31 December 2013.

II. Loss on fair value change of the conversion options derivatives

It is recapped that the Company issued convertible bonds in an aggregate principal amount of HK\$100 million (the “**Convertible Bonds**”) by two equal installments on 11 September 2012 and 31 December 2012 respectively. The Convertible Bonds bear zero interest and will mature on 31 December 2014. As at the date of this announcement, the Convertible Bonds can be converted into ordinary shares of the Company at HK\$0.29 per share, subject to anti-dilutive adjustment.

During the financial year ended 31 December 2013, the Company has applied Hong Kong Financial Reporting Standards 9 and 13 issued by the Hong Kong Institute of Certified Public Accountants for recording the Convertible Bonds. For accounting purposes, the Convertible Bonds contains two components: a liability component and an embedded derivative component being the conversion options derivatives. The conversion option derivatives is measured at fair value with changes in fair value recognised in profit or loss.

In view of above, the Company has appointed an independent valuer to assess the fair value of the conversion options derivatives as at 31 December 2013. On 10 January 2014, the Company received a drafted valuation report which indicating that the fair value of the conversion option derivatives should be approximately HK\$149 million. As a result, a loss on conversion option derivatives in the amount of approximately HK\$121 million should be recognized in the statement of profit or loss and other comprehensive income of the Company for the financial year ended 31 December 2013.

In conclusion, writing back of provisions made during the past financial years will contribute to the Company of approximately HK\$115 million to HK\$200 million, which will significantly improve the operating results of the Company for the financial year ended 31 December 2013. However, the loss on fair value change of the conversion options derivatives of approximately HK\$121 million will significantly offset the effect of the above writing back.

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

Hong Kong, 10 January 2014

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Yu Chang Jian, Mr. Cao Guo Xian, Mr. Liu Xiao Guang, Mr. Xue Huixuan and Mr. Shen Jianping, 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.

** For identification purpose only*