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**CAPITAL ENVIRONMENT HOLDINGS LIMITED**

**首創環境控股有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 03989)**

**VOLUNTARY ANNOUNCEMENT  
ACQUISITION OF SHARES OF THE TARGET COMPANY**

This announcement is made by the Company voluntarily.

On 22 December 2015, the Purchaser entered into an equity transfer agreement with the Vendor, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell 51% equity interests of the Target Company for a consideration of RMB51 million (equivalent to approximately HK\$60.69 million).

The applicable percentage ratio in respect of the Acquisition does not exceed 5% under Rule 14.07 of the Listing Rules. The Acquisition does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

This announcement is made by the Company voluntarily.

**EQUITY TRANSFER AGREEMENT**

The major terms of the Equity Transfer Agreement are set out as follows:

**DATE**

22 December 2015

**PARTIES**

- (i) 北京首創環境投資有限公司 (Beijing Capital Environment Investment Limited\*), as the Purchaser; and
- (ii) 愛思環保科技有限公司 (Ai Si Environmental Technology Limited\*), as the Vendor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

**ASSETS TO BE ACQUIRED**

The Vendor has agreed to sell and the Purchaser has agreed to acquire 51% equity interests of the Target Company.

**CONSIDERATION FOR THE ACQUISITION**

The total consideration for the Acquisition is RMB51 million (equivalent to approximately HK\$60.69 million), which was determined after arm's length negotiations between the parties to the Equity Transfer Agreement. Upon completion of the transaction, the Target Company will become a non-wholly owned subsidiary of the Purchaser.

The first installment of the consideration of RMB15 million shall be paid from internal funds of the Purchaser within 3 days upon signing of the Equity Transfer Agreement. The remaining consideration in the amount of RMB36 million shall be treated as the debt due to the Target Company by the Purchaser. Shareholders are obliged to repay the debts when the Target Company needs the funds for project construction.

**COMPLETION**

After payment of the first installment of the consideration within three days upon signing the Equity Transfer Agreement, the Purchaser and the Vendor commence to jointly handle the registration of change in shareholders. The equity transfer will be completed on the date of completion of change in the registration of shareholders.

**INFORMATION OF THE TARGET COMPANY**

The Target Company was established in December 2014 with registered capital of RMB100 million. As at 30 September 2015, the net asset of the Target Company is approximately RMB100 million. The Target Company will inherit all rights and

obligations of the Vendor under a concessionary agreement for the Project which was entered into between the Vendor and the People's Government of Ruijin City, Jiangxi Province in November 2014, and will be responsible for investment, construction and operation of the Project.

The total daily treatment capacity of the Project is designed to be 1,200 tonnes. At the early implementation stage, the daily treatment capacity shall be 800 tonnes and shall be implemented in two phases. The daily treatment capacity of 400 tonnes shall be implemented at the first phase, the total investment for the first phase of the Project shall be approximately RMB200 million. Mechanical grate technology shall be adopted, the waste treatment fee shall be RMB69 per tonne, and the concessionary period shall be 30 years.

## **REASONS FOR THE ACQUISITION**

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

Given the prominent political position and tourism resources of Ruijin City Jiangxi Province, the number of population is relatively secured, which in turn shall secure the volume of solid waste for the Project. The Project will be another solid waste incineration and power generation project of the Company following the Nanchang Project and Gaoan Project in Jiangxi Province, which shall benefit the Company's expansion plan for other projects in Jiangxi Province.

In view of the above, the Directors consider that the terms of the Equity Transfer Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

The applicable percentage ratio in respect of the Acquisition does not exceed 5% under Rule 14.07 of the Listing Rules. The Acquisition does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

**The Acquisition is subject to completion. The Shareholders and potential investors of the Company are advised to exercise caution in dealing in the Shares of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the acquisition of 51% equity interests of the Target Company from the Vendor by Capital Environment Investment according to the terms and conditions of the Equity Transfer Agreement;
“associates”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Capital Environment Investment” or “Purchaser”	北京首創環境投資有限公司 (Beijing Capital Environment Investment Limited*), a company established under the PRC law, being an indirect wholly-owned subsidiary of the Company;
“Company”	Capital Environment Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Equity Transfer Agreement”	the equity transfer agreement dated 22 December 2015 entered into between the Purchaser and the Vendor in relation to the acquisition of the Target Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement;
“Project”	Solid waste incineration and power generation project in Ruijin City, Jiangxi Province;
“RMB”	Renminbi, the lawful currency of the PRC and the exchange rate between RMB and HK\$ for the purpose of this announcement is RMB1: HK\$1.19;

“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	江西瑞金愛思環保電力有限公司 (Jiangxi Ruijin Ai Si Environmental Electric Limited*), a company established under the PRC law; and
“Vendors”	愛思環保科技有限公司 (Ai Si Environmental Technology Limited*).

*\* For identification purpose only.*

By order of the Board  
Capital Environment Holdings Limited  
**Wang Hao**  
*Chairman*

Hong Kong, 23 December 2015

*As at the date of this announcement, the Board comprises four executive directors, namely Mr. Wang Hao, Mr. Cao Guoxian, Mr. Shen Jianping and Mr. Liu Yongzheng; and three independent non-executive directors, namely, Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen and Dr. Chan Yee Wah, Eva.*