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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 NEW PROJECT

Capital Environment Holdings Limited (the “**Company**”) is pleased to announce that a wholly owned subsidiary of the Company, Beijing Capital Environment Investment Limited (北京首創環境投資有限公司) (“**Capital Investment**”) has negotiated with People's Government of Xihua County, Henan Province for the solid wastes incineration project and the integrated solid wastes collection and transfer project in Xihua County, Henan Province, China. On 18 August 2016, both parties reached a consensus and entered into the “concession agreement and its supplemental agreements in respect of the straw and solid waste incineration project and the integrated urban and rural solid waste collection and transfer project in Xihua County” (the “**Agreements**”).

Pursuant to the Agreements, People's Government of Xihua County, Henan Province granted the concession right to Capital Investment who shall invest, construct and operate the integrated urban and rural solid waste collection and transfer project in Xihua County, Henan Province (“**Collection and Transfer Project**”) and solid waste incineration project in Xihua County, Henan Province (“**Incineration Project**”), with a concessionary period of 30 years (with effect from the date of commencing commercial operation). Both the Collection and Transfer Project and the Incineration Project shall be operated under “Build - Operate - Transfer” (BOT) mode and have a coverage of all administrative regions under Xihua County. The total investment in the Collection and Transfer Project shall be approximately RMB45 million; the minimum guaranteed volume shall be not less than 50 tons per day in the first year, not less than 150 tons per day in the second year, not less than 250 tons per day in the third year and not less than 350 tons per day after the third year and onward. On the other hand, the construction scale of the Incineration Project shall be 1,200 tons per day, and a scale of 600 tons per day shall be built in the first phase; the total investment for the first phase shall be approximately RMB300 million; the minimum guaranteed volume shall be the same as that of Collection and Transfer Project stated above plus the town solid waste of 150 tons per day.

Shareholders and/or investors should be noted that this announcement is published as a voluntary disclosure aimed to allow the public to acknowledge the latest development of the Company.

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

Hong Kong, 18 August 2016

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.