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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 UPDATE ON DUYUN INCINERATION PROJECT

The board of directors (the “**Board**”) of Capital Environment Holdings Limited (the “**Company**”) is pleased to announce that the solid waste incineration project in Duyun City, Guizhou Province, China (“**Duyun Incineration Project**”), which is operated by a wholly owned subsidiary of the Company, Capital Environment Investment Limited (首創環保投資有限公司) in cooperation with the People's Government of Duyun City, Guizhou Province under the “Public—Private—Partnership” (PPP) concession mode, has successfully completed the "72+24" timing appraisal recently and it has officially entered into the production trial stage.

The construction scale of Duyun Incineration Project shall be daily treatment of 900 tons of solid waste, and the treatment scale shall be 600 tons per day in the first phase. After Duyun Incineration Project is put into operation, it will greatly improve the solid waste treatment capacity and treatment level in Duyun City and surrounding counties and cities, and effectively realize the reduction, recycling and harmlessness of solid waste in the southern part of Qiannan, Guizhou Province.

Shareholders and/or investors should note 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
Wu Lishun
Chairman

Hong Kong, 3 April 2018

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Wu Lishun, Mr. Cao Guoxian, Mr. Liu Yongzheng, Ms. Zhang Meng and Mr. Cheng Jialin; and three independent non-executive directors, namely, Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen and Dr. Chan Yee Wah, Eva.