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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 YONGJI PROJECT

Capital Environment Holdings Limited (the “**Company**”) is pleased to announce that as at the date of this announcement, Beijing Capital Environment Investment Limited (北京首創環境投資有限公司) (“**Capital Investment**” or the “**Purchaser**”), a wholly-owned subsidiary of the Company, and Zhu Meiyuan (朱梅元), a natural person (the “**Seller**”) entered into the Share Transfer Agreement (the “**Share Transfer Agreement**”). The Seller is a third party independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Pursuant to the Share Transfer Agreement, the Seller agrees to sell, and the Purchaser agrees to acquire 80% equity interest in Yongji Huaxinda Clean Energy Co., Ltd. (永濟市華信達清潔能源有限公司) (the “**Target Company**”) at a consideration of RMB60,409,100, which shall be paid by cash in stages.

The Target Company was established on 29 May 2014 with the registered capital of RMB100 million and the paid-in capital of RMB37,411,000. As of 30 June 2017, the net assets of the Target Company amounted to approximately RMB36,036,000, and 100% equity interest of the Target Company was valued by a third party at RMB76,631,000. The business scope of the Target Company mainly includes preparation for construction of house refuse, solid waste and waste incineration power generation projects and development of sewage and sludge projects. The Target Company holds the Concession Contract for Yongji Waste Incineration Power Generation BOT Project and will be responsible for operating the waste incineration power generation project of Yongji City, Shanxi Province (the “**Project**”). The Project is located at the junction of Yuncheng City, Linyi County and Yongji City, Shanxi Province. The original designed capacity of the Project was 500 tons per day, and is 600 tons per day upon technical transformation. The total investment for the Project is approximately RMB270 million with the concession period of 30 years.

None of the applicable percentage ratios in respect of the aforesaid acquisition is more than 5% under Rule 14.07 of the Listing Rules. Therefore, the acquisition does not constitute a notifiable transaction of the Company.

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
Zhang Meng
Chairlady

Hong Kong, 4 June 2018

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