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**CAPITAL ENVIRONMENT HOLDINGS LIMITED**  
**首創環境控股有限公司**

**(FORMERLY KNOWN AS 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)

**VOLUNTARY ANNOUNCEMENT**

**(1) Memorandum on Project Cooperation**

**(2) Intention of Entering into Hazardous Waste Treatment Business**

This voluntary announcement is made by the board of directors (the “**Board**”) of Capital Environment Holdings Limited (the “**Company**”).

**MEMORANDUM ON PROJECT COOPERATION**

On 8 August 2014, the Board approved the entering of a memorandum on cooperation (the “**Memorandum**”) by the Company’s wholly-owned subsidiary 北京首拓環能投資有限公司 (Beijing Capital Solid Environmental Energy Investment Limited\*) (“**Beijing Capital Solid**”) with 黑龍江省雙豐林業局 (Heilongjiang Province Shuangfeng Forestry Bureau\*) (the “**Forestry Bureau**”) and 中基華業(北京)投資有限公司 (Zhongji Huaye (Beijing) Investment Co., Ltd.\*). Pursuant to the Memorandum, Beijing Capital Solid intends to acquire 75% equity interest in 伊春中基華業能源發展有限公司 (Yichun Zhongji Huaye Energy Development Co., Ltd.\*) (the “**Project Company**”) in the future so as to cooperate with the Forestry Bureau for joint operation of the biomass heat and power co-generation project of Heilongjiang Shuangfeng Forestry Bureau (the “**Project**”) held through the Project Company.

Administered by Forestry Bureau, the Project is a biomass heat and power co-generation project using forest leftovers as raw materials with a site area of approximately 7.78 hectares. The total investment of the Project is approximately RMB345 million. The Project shall meet the annual treatment target set by the local government when entering into operation, and is estimated to generate power of approximately 180 million kWh per annum.

With effect from the date of the Memorandum, Beijing Capital Solid and the Forestry Bureau shall jointly conduct a due diligence investigation on the Project Company and smooth the way for related work. Upon completion of the due diligence investigation, the parties to the Memorandum shall enter into a formal agreement on equity cooperation.

The Board believes that the investment in the Project is in line with the Company's positioning and development strategy; and the Project holds the potential to obtain attractive return on investment with controllable risks, which is in the interest of the Company and its shareholders as a whole.

### **Intention of Entering into Hazardous Waste Treatment Business**

The Board is pleased to announce that through continuously identifying the investment opportunities in regard to environmental protection, the Company has made sound progress in setting foot in hazardous waste treatment business. The Company will continue to proactively follow up the potential projects, and make a further announcement according to applicable requirements in due course.

**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. The aforesaid activities may or may not occur. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Capital Environment Holdings Limited**  
**Yu Changjian**  
*Chairman*

Hong Kong, 8 August 2014

*As at the date of this announcement, the Board comprises five executive directors, namely Mr. Yu Changjian, Mr. Cao Guoxian, Mr. Liu Xiaoguang, Mr. Xue Huixuan and Mr. Shen Jianping, and three independent non-executive directors, namely Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen and Ms. Chan Yee Wah, Eva.*

\* *For identification purpose only*