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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
ACQUISITION OF SHARES OF THE TARGET COMPANY**

This announcement is made by the Company voluntarily.

On 15 September 2014, 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 100% equity interests of the Target Company for a consideration of approximately RMB3.65 million (equivalent to approximately HK\$4.563 million). The consideration of the Acquisition shall be satisfied by cash.

The applicable percentage ratios 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

15 September 2014

PARTIES

- (i) 北京首拓環能投資有限公司 (Beijing Capital Solid Environmental Energy Investment Limited*), as the Purchaser; and
- (ii) 重慶康特環保產業控股有限公司 (Chongqing Kangte Environmental Industrial Holdings Limited*), as the Vendor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is 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 100% equity interests of the Target Company.

CONSIDERATION FOR THE ACQUISITION

The total consideration for the Acquisition is approximately RMB3.65 million (equivalent to approximately HK\$4.563 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 wholly-owned subsidiary of the Purchaser.

The consideration shall be satisfied by cash in five (5) business days upon signing of the Equity Transfer Agreement, and will be financed by the internal funds of the Purchaser.

INCREASE IN CAPITAL AND REPAYMENT OF LIABILITIES

As at 31 July 2014, the amounts due to the Vendor and Chongqing Kangyan from the Target Company are in the aggregate of approximately RMB31.85 million. The Purchaser shall complete the change in industrial and commercial registration and the increase in capital of the Target Company within 20 days after the date of signing of the Equity Transfer Agreement, and the Target Company shall then repay Chongqing Kangyan part of the borrowings in amount of approximately RMB26.85 million. Within three months upon the date of completion of the change in industrial and commercial registration, the Target Company shall repay Chongqing Kangyan the balance of the borrowings in the amount of approximately RMB4.92 million and repay the Vendor the borrowings in the amount of approximately RMB80,000.

COMPLETION

After payment of the consideration within five (5) business days and completion of the change in industrial and commercial registration within 20 days upon signing the Equity Transfer Agreement, the equity transfer will be completed on the date of completion of the change in the industrial and commercial registration.

INFORMATION OF THE TARGET COMPANY

As at 31 July 2014, the registered capital of the Target Company was RMB5 million while its total assets, total liabilities and owners' equity were approximately RMB37.68 million, RMB35.96 million and RMB1.72 million, respectively. According to the valuation result reported by an independent valuer engaged by the Company, as at 31 July 2014, the fair value of the 100% equity interests of the Target Company is RMB35.8 million.

On 13 August 2011, the Target Company entered into a BOT (Build-Operate-Transfer) agreement named 《遼寧省葫蘆島市城市生活垃圾治理工程BOT項目特許經營合同》(BOT Agreement for Liaoning Province Huludao City Municipal Solid Waste Treatment Project *) with 葫蘆島市住房和城鄉建設委員會 (Huludao City Housing and Urban and Rural Construction Commission*). According to which, the Target Company owns the BOT franchise for a municipal solid waste treatment plant located in Huludao City, Liaoning Province, PRC. The Project is a municipal solid waste landfill project, the waste treatment capacity is expected to be 424 tons per day, the minimum guaranteed treatment capacity is expected to be 380 tons per day, the initial waste treatment service fee shall be RMB77 per ton and the concessionary period shall be 20 years as from the date of commencing commercial operation. The agreed investment in the Project is expected to be RMB93.38 million. The Target Company will be responsible for the investment, construction and operation. Currently, the Target Company has paid the amounts in the aggregate of RMB35.53 million for construction of the Project.

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.

The Project is in the same industry as the Company's principal business activities, the preliminary procedures of the construction is relatively comprehensive, the return on investment in the Project is expected to be reasonable while the investment risk associated is expected to be controllable. Therefore, 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 ratios 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 100% equity interests from the Vendor by the Purchaser 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;
“Chongqing Kangyan”	重慶康岩建設工程有限公司 (Chongqing Kangyan Construction Engineering Company Limited*), a related company of the Vendor;
“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 15 September 2014 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”	the municipal solid waste treatment project located in Huludao City, Liaoning Province, PRC;
“Purchaser”	北京首拓環能投資有限公司 (Beijing Capital Solid Environmental Energy Investment Limited*), a company established under the PRC law, being an indirect wholly-owned subsidiary of the Company;
“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”	葫蘆島康達錦程環境治理有限公司 (Huludao Kangte Jincheng Environmental Management Company Limited*), a company established under the PRC law;
“Vendor”	重慶康特環保產業控股有限公司 (Chongqing Kangte Environmental Industrial Holdings Limited*), a company established under the PRC law; and
“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\$1.25.

** For identification only*

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

Hong Kong, 15 September 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.