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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)*

### **AMENDMENT OF TERMS OF EXISTING UNLISTED WARRANTS**

Reference is made to the announcements (the “**Announcements**”) of Capital Environment Holdings Limited (the “**Company**”) dated 31 March 2014, 1 April 2014 and 14 April 2014 respectively regarding the placing of 370,000,000 Warrants. Unless otherwise defined herein, capitalized terms used herein shall have the same meaning as those defined in the Announcements.

On 22 October 2014, the Company has successfully sought consent from all of the seven Places to amend the terms of the Warrants in the following manner:

- (1) denomination of the Warrants will be amended from Hong Kong Dollar to Renminbi;
- (2) as a result of (1) above, the Subscription Price of HK\$0.80 per Warrant Share (subject to adjustment) will be converted into RMB0.633688 per Warrant Share (subject to adjustment) based on a Hong Kong Dollar to Renminbi exchange rate of HK\$0.79211 : RMB1.0, which is the daily Renminbi fixing price released by the China Foreign Exchange Trading System on 22 October 2014;
- (3) the amendment will become effective on 24 October 2014.

Save for the above, all other terms of the Warrants will remain unchanged and continue to be in full force and effect.

Given that the functional currency of the Company is Renmibi while the denominated currency of the Warrants is Hong Kong Dollar, under the current accounting standards in Hong Kong, the Warrants may give rise to a fair value adjustment in the Company's statement of profit and loss. For the six months ended 30 June 2014, a loss on fair value change of the Warrants in the amount of approximately HK\$33,298,000 was recognized in the Company's statement of profit and loss. In order to eliminate the effect of future potential gain or loss on the Company's statement of profit and loss, the Company proposed to amend the denomination of the Warrants from Hong Kong Dollar to Renminbi.

Upon the above amendment become effective, it is expected a gain on fair value change of the Warrants will be recognized in the Company's statement of profit and loss in the second half year of 2014, and any fair value change of the Warrants thereafter will be recognized as movement of the Company's reserves. As a result, the net effect of the fair value change of the Warrants on the Company's statement of profit and loss for the financial year ended 31 December 2014 will be immaterial.

Upon full exercise of the subscription rights attaching to the Warrants, 370,000,000 Warrant Shares will be issued and allotted by the Company, representing (i) approximately 7.95% of the issued share capital of the Company as at the date of this announcement, (ii) approximately 7.36% of the issued share capital of the Company as enlarged by the issue and allotment of the Warrant Shares.

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

Hong Kong, 23 October 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.*