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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 NEW PROJECT

Capital Environment Holdings Limited (the “**Company**”) is pleased to announce that a wholly owned subsidiary of the Company, Beijing Capital Environment Investment Limited (北京首創環境投資有限公司) (“**Capital Investment**”) had submitted its investment plan in respect of the Integrated Project of Solid Waste Incineration Power Generation and Rural and Town Solid Waste Collection and Transportation in Zhengyang County, Henan Province, China (“**Zhengyang Project**”). The Company has just received a notification from Bureau of Urban Management Comprehensive Law Enforcement of Zhengyang County (正陽縣城市管理綜合執法局) that Capital Investment has been confirmed to be the successful investor of the Zhengyang Project, and it will enter into relevant concessionary agreements after negotiation with Bureau of Urban Management Comprehensive Law Enforcement of Zhengyang County within 20 days after receiving this notification.

Capital Investment shall be responsible for investing and operating the solid waste incineration power generation project in Zhengyang County (“**Incineration Project**”) and the rural and town solid waste collection and transportation project in Zhengyang County (“**Collection and Transportation Project**”). Both the Incineration Project and the Collection and Transportation Project shall be operated under “Build-Operate-Transfer” (BOT) mode, with a concessionary period of 30 years (with effect from the date of commencing commercial operation).

The total investment in the Incineration Project shall be approximately RMB300 million, the total treatment scale shall be 1,200 tons per day. The Incineration Project shall be constructed in two phases, a construction scale of 600 tons per day shall be built in each phase. The minimum guaranteed volume will be composed of two parts: the urban solid waste and the rural and town solid waste. The minimum guaranteed volume of urban solid waste shall be 150 tons per day, the minimum guaranteed volume of rural and town solid waste shall be determined based on the minimum guaranteed volume of the Collection and Transportation Project. The initial waste treatment fee shall be RMB65 per ton.

The total investment in the Collection and Transportation Project shall be approximately RMB50 million. The average minimum guaranteed volume of the collection and transportation of solid waste during the concessionary period shall be not less than 250 tons per day in the first year, not less than 300 tons per day in the second year, not less than 350 tons per day in the third year and not less than 400 tons per day after the third year and onward. The initial waste collection and transportation fee shall be RMB120 per ton.

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, 16 August 2017

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.