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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: 3989)

VOLUNTARY ANNOUNCEMENT **ESTABLISHMENT OF** **THE STRATEGIC COOPERATION RELATIONSHIP**

The board of directors (the “**Board**”) of Capital Environment Holdings Limited (the “**Company**”) is pleased to announce that the Company and Qingdao Ebara Environmental Equipment Co., Ltd. (青島荏原環境設備有限公司) (“**Qingdao Ebara**”) entered into the Strategic Cooperation Agreement to establish a strategic cooperation relationship. Qingdao Ebara, a wholly-owned subsidiary of Ebara Environmental Plant Co., Ltd. in Japan, 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). Qingdao Ebara is technically mature and reliable with extensive experience and achievements in, among other things, waste incineration power generation projects, sludge drying and incineration projects and other solid waste treatment projects, as well as a boiler making license.

The scope of major strategic cooperation between the Company and Qingdao Ebara covers the following: (1) the brand logo of “CAPITAL-Ebara” grate furnace technology is used for core equipment, so as to show the technical advantages of the Company; (2) Qingdao Ebara will make available drawings of core technical equipment, and then the Company may independently produce core equipment for incineration lines, according to the core technology of Qingdao Ebara; and (3) upon implementation of the strategic cooperation, both parties may provide supplemental information to each other according to actual project operation parameters of equipment of the Company and equipment manufacturing technology parameters of Qingdao Ebara, so as to continuously improve the incineration technology and core equipment.

The strategic cooperation with Qingdao Ebara is of great importance for the Company in the following aspects:

- (1) Opening a path to standardization. Defining the use of unified technologies for projects of the Company may help realize standardization of project construction, operation and maintenance;
- (2) Shortening the project construction period. Incinerators in an incineration project must be first selected, and corresponding technical routes and parameters can be determined accordingly, so selection of main processing equipment in advance is conducive to accelerating such processes as purchase, provision of information and design, thus shortening the construction period;
- (3) Improving the brand advantage of the Company for supporting market expansion. Obtaining Qingdao Ebara incinerator technology license in respect of which “CAPITAL” is incorporated into a relevant title enhances the core competitiveness and the marketing ability of the Company;
- (4) Fostering of technical and operational professionals. Through deep cooperation with Qingdao Ebara, technical and operational professionals of the Company may have access to further training, study and exercise and further assimilate incineration technologies; and
- (5) In the medium-long run, the strategic cooperation will lay a foundation for the Company to develop its core manufacturing capacity.

Shareholders and/or investors should note that this announcement is published as a voluntary disclosure aimed to allow the public to keep abreast of the latest development of the Company.

By order of the Board
Capital Environment Holdings Limited
Wu Lishun
Chairman

Hong Kong, 9 April 2018

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.