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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 ACHIEVEMENT OF STRATEGIC COOPERATION INTENT

The board of directors (the “**Board**”) of Capital Environment Holdings Limited (the “**Company**”) is pleased to announce that recently, the Company has entered into a letter of intent of strategic cooperation with Ping An Asset Management Co. Ltd (平安資產管理有限責任公司) (“**PAAM**”) to achieve the intent of strategic cooperation. PAAM is a third party which is 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) and a professional organization of insurance funds management with the capabilities and willingness to invest with insurance funds subject to the requirements of relevant laws and regulations and the approval of regulatory authorities.

The Company and PAAM, on the basis of equality and mutual benefit and after an amicable negotiation, have reached the intent of cooperation as below:

- (1) the Company intends to invest and construct infrastructure projects related to solid waste treatment business in China (“**Target Projects**”) and PAAM intends to be an investor of the Target Projects in such a manner as PAAM considers appropriate;
- (2) under the premise that the Target Projects comply with relevant laws and regulations, regulatory requirements and the request of the internal evaluation of PAAM, both parties are willing to commence cooperation in a lawful and appropriate way; and

- (3) the scale of the said cooperation of which both parties intended to cooperate is up to RMB 5,000 million and the funds are for the Target Projects especially for payment of construction fees, adjustment of debt structure and supplement of working capital, etc. The specific transaction elements shall be negotiated and determined by both parties based on the situation of each of the Target Projects, and duly signed relevant documents shall prevail.

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
Zhang Meng
Chairlady

Hong Kong, 24 July 2018

As at the date of this announcement, the Board comprises four executive directors, namely Ms. Zhang Meng, Mr. Cao Guoxian, Mr. Cheng Jialin and Ms. Hao Chunmei; and three independent non-executive directors, namely, Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen and Dr. Chan Yee Wah, Eva.