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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)

INSIDE INFORMATION ARBITRATION WON

This announcement is made by Capital Environment Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 (2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the disclosure in the Annual Report 2017 of the Group, the Group has made a deposit for construction of infrastructure (the “**Prepayment**”) to a third party service provider, China Urban Construction Design and Research Institute (城市建設研究院) (the “**Urban Construction Institute**”), for the solid waste incineration power plant project in Quanling, Nanchang. Afterward, the Group and the Urban Construction Institute were in a dispute. The Group and the Urban Construction Institute have lodged several appeals to Nanchang Arbitration Commission (南昌仲裁委員會) and various courts in China. The Group has made impairment loss of RMB 89,600,000 for the Prepayment.

On 10 April 2019, Nanchang Arbitration Commission (南昌仲裁委員會) issued a mediation order (the “**Mediation Order**”) for the above dispute. Pursuant to the Mediation Order, the Group won the case and shall receive back the Prepayment, but a payment to the Urban Construction Institute for another related litigation shall be deducted. The actual amount of recovery can only be confirmed after the completion of execution of the Mediation Order.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Capital Environment Holdings Limited
Zhang Meng
Chairlady

Hong Kong, 12 April 2019

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.