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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 UPDATE ON ARBITRATION WON

Reference is made to the announcement dated 12 April 2019 (the “**Announcement**”) issued by Capital Environment Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) in relation to the arbitration of the legal dispute that the Group won. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Board would like to announce that on 23 April 2019, the Urban Construction Institute has paid an amount of approximately RMB 108 million to Nanchang Capital Environment Energy Co., Ltd. (南昌首創環保能源有限公司), a wholly owned subsidiary of the Company, according to the Mediation Order. The above payment includes repayment of the Prepayment of approximately 129 million, after deduction of a payment to the Urban Construction Institute for another related litigation of approximately RMB 31.67 million and addition of an interest of approximately RMB 10.6 million. It is estimated that the Group shall recover the impairment loss made in previous years of approximately RMB 58 million, which in aggregate with the interest income shall generate a positive impact on the profit in the amount of approximately RMB 68 million for the Group.

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, 24 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.