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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Capital Environment Holdings Limited**, you should at once hand this circular, the 2019 annual report and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CAPITAL ENVIRONMENT HOLDINGS LIMITED

首創環境控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03989)

**PROPOSAL FOR
GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of Capital Environment Holdings Limited to be held at Floor 14, Zhongjian Building, No.18, Xibahe Dongli, Chaoyang District, Beijing, China on 23 June 2020, Tuesday at 2:30 p.m. is set out on pages 13 to 16 of this circular. A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof, should you so wish.

22 May 2020

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“Annual General Meeting”	the annual general meeting of the Company to be held at Floor 14, Zhongjian Building, No.18, Xibahe Dongli, Chaoyang District, Beijing, China on 23 June 2020, Tuesday at 2:30 p.m. notice of which is set out on pages 13 to 16 of this circular;
“Articles of Association”	the articles of association of the Company;
“Board”	the board of Directors of the Company;
“Code”	the Hong Kong Code on Takeovers and Mergers;
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time;
“Company”	Capital Environment Holdings Limited, a company incorporated with limited liability in the Cayman Islands on 27 May 2004 under the Companies Law, the Shares of which are listed on the Stock Exchange;
“Directors”	the directors of the Company for the time being, including executive directors, non-executive directors and independent non-executive directors;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to allot, issue and deal with Shares, during the period as set out in the relevant resolution, up to a maximum of 20% of the issued share capital of the Company as at the date of passing of the relevant resolution;
“Latest Practicable Date”	15 May 2020 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;

DEFINITIONS

“Registrar”	the branch registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong;
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase Shares, during the period as set out in the relevant resolution, up to a maximum of 10% of the issued share capital of the Company as at the date of passing of the relevant resolution;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	registered holders of Shares;
“Shares”	ordinary shares of HK\$0.10 each (or of such other nominal amount as shall result from a sub-division or a consolidation of such shares from time to time) in the capital of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.



CAPITAL ENVIRONMENT HOLDINGS LIMITED
首創環境控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03989)

Executive Directors:

Mr. Cao Guoxian (*Chairman*)
Mr. Li Fujing (*Chief Executive Officer*)
Ms. Hao Chunmei
Mr. Xiao Yukun

Independent Non-Executive Directors:

Mr. Pao Ping Wing
Mr. Cheng Kai Tai, Allen
Dr. Chan Yee Wah, Eva

Registered Office:

Cricket Square,
Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

Head Office and

Principal Place of Business:
Unit 1613–1618, 16/F.,
Bank of America Tower,
12 Harcourt Road,
Central,
Hong Kong

22 May 2020

To the Shareholders

Dear Sir or Madam,

**PROPOSAL FOR
GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information reasonably necessary to enable you to make a decision on whether to vote for or against the ordinary resolutions to be proposed at the Annual General Meeting of the Company for the purpose of considering and if thought fit, passing resolutions to approve (i) the granting of the general mandates to the Directors to repurchase and issue Shares; and (ii) the re-election of retiring Directors

LETTER FROM THE BOARD

who shall retire by rotation and to give you the notice of the Annual General Meeting. The Board has confirmed that having made all reasonable enquiries, no Shareholder is required to abstain from voting on any of the above mentioned proposed resolutions at the forthcoming Annual General Meeting.

I. GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES

At the last annual general meeting of the Company held on 27 June 2019, the Directors were granted a general mandate to exercise the powers of the Company to repurchase issued Shares and a general mandate to issue new Shares in the capital of the Company. These general mandates will lapse at the conclusion of the Annual General Meeting. The Directors therefore propose to seek your approval of the ordinary resolutions to be proposed at the Annual General Meeting to grant general mandates to the Directors to exercise the powers of the Company to repurchase issued Shares and to issue new Shares in the capital of the Company.

Resolution No. 5 as set out in the notice of the Annual General Meeting will be proposed at the Annual General Meeting as an ordinary resolution to grant to the Directors the Repurchase Mandate. An explanatory statement, as required to be disclosed by the Listing Rules, is set out in Appendix I to this circular. The explanatory statement contains all the information necessary to enable you as Shareholders to make an informed decision on whether or not to vote for or against the ordinary resolution to grant the Repurchase Mandate to the Directors at the Annual General Meeting.

Resolutions Nos. 4 and 6 as set out in notice of the Annual General Meeting will be proposed at the Annual General Meeting as ordinary resolutions to grant to the Directors the Issue Mandate extended by adding the amount of any Shares repurchased by the Company under the Repurchase Mandate.

II. RE-ELECTION OF RETIRING DIRECTORS

Resolution No. 2 as set out in the notice of the Annual General Meeting will be proposed at the Annual General Meeting as an ordinary resolution to re-elect retiring Directors.

In accordance with articles 86 and 87 of the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Any Director appointed to fill in a casual vacancy on the Board or as an addition to the existing Board shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation and any Director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Besides, pursuant to the Code provision A.4.3 set out in Appendix 14 Corporate Governance Code and Corporate Governance Report of the Listing Rules, if an independent non-executive Director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by Shareholders.

LETTER FROM THE BOARD

The tenure in office of Mr. Pao Ping Wing and Mr. Cheng Kai Tai, Allen, the independent non-executive Directors have been more than 9 years.

Mr. Cao Guoxian, Mr. Li Fujing, Mr. Xiao Yukun, Mr. Cheng Kai Tai, Allen and Dr. Chan Yee Wah, Eva will retire from office and, being eligible, offer themselves for re-election at the Annual General Meeting. The particulars of these Directors, as are required to be disclosed pursuant to the Listing Rules, are set out in Appendix II to this circular.

III. ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting to be held at Floor 14, Zhongjian Building, No.18, Xibahe Dongli, Chaoyang District, Beijing, China on 23 June 2020, Tuesday at 2:30 p.m. is set out on pages 13 to 16 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting of the Company must be taken by poll. Accordingly, the chairman of the Annual General Meeting will demand a poll for every resolution put to the vote at the Annual General Meeting pursuant to article 66 of the Articles of Association. Additionally, the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Board considers that the granting of the Issue Mandate and Repurchase Mandate and the re-election of retiring Directors are in the interests of the Company and the Shareholders as a whole and recommends Shareholders to vote in favour of the ordinary resolutions to approve the same at the Annual General Meeting.

Your attention is also drawn to the additional information set out in the appendices to this circular.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully,
By order of the Board of
Capital Environment Holdings Limited
Cao Guoxian
Chairman

The following serves as an explanatory statement in compliance with the Listing Rules to give all the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the grant to the Directors the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$1,429,473,316 comprising 14,294,733,167 Shares.

Subject to the passing of the relevant ordinary resolution to approve the Repurchase Mandate (as set out in Resolution No. 5 of the notice of the Annual General Meeting) and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, exercise in full of the Repurchase Mandate would result in the repurchase by the Company of a maximum of 1,429,473,316 Shares during the period as set out in Resolution No. 5 of the notice of the Annual General Meeting, representing not more than 10% of the issued share capital of the Company as at the Latest Practicable Date.

2. REASONS FOR REPURCHASES

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value and/or earnings per share of the Company and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association, the Listing Rules, the Companies Law and all applicable laws of the Cayman Islands and any other applicable laws. A company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any repurchases may be made out of profits or share premium of the Company or out of the proceeds of a fresh issue of Shares made for the purpose, or subject to the Companies Law, out of capital. Any premium on a repurchase may be made out of profits or share premium of the Company, or subject to the Companies Law, out of capital.

There might be material adverse impact on the working capital and/or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the 2019 Annual Report), in the event that the Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such extent as would in the circumstances

have a material adverse impact on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICE

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the twelve months preceding the Latest Practicable Date and up to the Latest Practicable Date were as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
	<i>(Per Share)</i>	<i>(Per Share)</i>
Year 2019		
May	0.238	0.180
June	0.243	0.210
July	0.231	0.186
August	0.210	0.195
September	0.210	0.175
October	0.199	0.166
November	0.180	0.111
December	0.178	0.119
Year 2020		
January	0.149	0.120
February	0.144	0.125
March	0.144	0.095
April	0.120	0.097
May (up to the Latest Practicable Date)	0.120	0.100

5. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSON

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate in the event that such mandate is approved by Shareholders.

No connected person (as defined in the Listing Rules), has notified the Company that he/she has a present intention to sell any Shares to the Company, nor has he/she undertaken not to do so in the event that the Repurchase Mandate is approved by Shareholders.

6. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, all applicable laws of the Cayman Islands and the Articles of Association of the Company.

7. EFFECT OF THE CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Rule 32 of the Code. As a result, a Shareholder or a group of Shareholders acting in concert (within the meanings of the Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code for all Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, to the best of the knowledge and belief of Directors, Beijing Capital (Hong Kong) Limited, together with party presumed to be acting in concert with it which include namely, BCG Chinastar International Investment Limited (hereinafter altogether "Beijing Capital Concert Group"), beneficially held 9,565,793,808 Shares, representing 66.92% of the issued share capital of the Company. To the best of the knowledge of the Company, no other person, together with any of its associates, was beneficially interested in Shares representing 10% or more of the entire share capital of the Company as at the Latest Practicable Date.

Assuming that there will be no change to the issued share capital of the Company since the Latest Practicable Date and up to the date of the repurchase, in the event that the Directors exercise in full the power to repurchase Shares of the Company under the Repurchase Mandate, if so approved, in accordance with the terms of Resolution No. 5 as set out in the notice of the Annual General Meeting, the attributable aggregate shareholding of Beijing Capital Concert Group, in the Company would be increased to approximately 74.35% of the issued share capital of the Company. In the opinion of the Directors, such increase would not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Code. The Directors are not aware of any consequence which will arise under the Code as a result of any repurchases to be made under the Repurchase Mandate. Moreover, in the event that the Repurchase Mandate is implemented in full, the number of Shares held by the public would not fall below 25% of the issued share capital of the Company.

8. SHARES REPURCHASES MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The biography of the Directors, who will retire from office by rotation at the Annual General Meeting and being eligible, offer themselves for re-election at the Annual General Meeting, are set out below:

EXECUTIVE DIRECTORS

Mr. Cao Guoxian, aged 56, is a postgraduate, he was appointed as an executive Director and chief executive officer of the Company in July 2011, and was redesignated as executive Director and the chairman of the Board on 25 November 2019. Mr. Cao served in the foreign language department of Henan Normal University and Bureau of International Cooperation under the Chinese Academy of Sciences. Mr. Cao worked as manager of oversea business department of Beijing Jingfang Economic Development Corporation (北京京放經濟發展公司), assistant to the chairmen of Beijing Capital Land Ltd. (首創置業股份有限公司), deputy officer of the office of Beijing Capital Group Company Limited (北京首都創業集團有限公司) and deputy general manager of Beijing Capital Co., Ltd. (北京首創股份有限公司). Mr. Cao has engaged in local and foreign investment and financing business for many years, with extensive experience in investment management and wide international perspective. He also has considerable knowledge and operating experience in international investment and financing and capital market.

Save as disclosed, Mr. Cao has no directorship held in other listed public companies in the last three years and he does not have any relationship with any other Directors, senior management, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr. Cao does not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Cao has entered into a service contract with the Company, for a term of three years commencing from 25 November 2019, and will continue thereafter until terminated by both parties mutually agreed or by either party thereto giving to the other not less than three months' prior notice in writing. He is entitled to a fixed salary of RMB1,208,000 per year and a year-end bonus at the discretion of the Board with reference to his duties, responsibilities, performance and the Company's performance.

Mr. Li Fujing, aged 39, is a senior economist, an engineer, as well as a postgraduate at Beijing Jiaotong University. He was appointed as an executive Director and the chief executive officer of the Company on 25 November 2019. Before joining the Company, he worked as the deputy general manager at the environmental industry department of Beijing Capital Group Company Limited (北京首都創業集團有限公司). He has rich experience in enterprise management and operation, investment, financing and risk management and other enterprise management work, as well as work experience at overseas enterprises. He worked as an engineer at Baicheng Engineering Technology (Beijing) Co., Ltd. (柏誠工程技術(北京)有限公司), and the project manager at the infrastructure consulting department of Beijing Municipal Engineering Consulting Corporation (北京市工程諮詢公司). He joined Beijing Capital Group Company Limited (北京首都創業集團有限公司) in May 2013 and

successively acted as the assistant to general manager at the infrastructure department, the deputy general manager at the environmental industry department and a director of its certain domestic and foreign subsidiaries.

Save as disclosed, Mr. Li has no directorship held in other listed public companies in the last three years and he does not have any relationship with any other Directors, senior management, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr. Li does not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Li has entered into a service contract with the Company, for a term of three years commencing from 25 November 2019, and will continue thereafter until terminated by both parties mutually agreed or by either party thereto giving to the other not less than three months' prior notice in writing. He is entitled to a fixed salary of RMB1,208,000 per year and a year-end bonus at the discretion of the Board with reference to his duties, responsibilities, performance and the Company's performance.

Mr. Xiao Yukun, aged 40, holds a bachelor's degree in economics from China Agricultural University and an MBA from the University of Illinois at Chicago. He was appointed as an executive Director on 4 March 2020. Mr. Xiao has been the deputy general manager of Beijing Capital Investment & Guarantee Co., Ltd. (北京首創融資擔保有限公司) since February 2015. Prior to that, he was the principal staff member of the Administrative Politics and Law Department of the Beijing Municipal Bureau of Finance (北京市財政局行政政法處) and the deputy researcher of the Cadre Deployment Office of Organization Department of Beijing Municipal Party Committee (北京市委組織部幹部調配處), and assistant general manager and deputy general manager of Beijing Capital Investment Rail Transit Assets Management Company (北京京投軌道交通資產經營管理有限公司). He has rich experience in human resource management and financial management.

Save as disclosed, Mr. Xiao has no directorship held in other listed public companies in the last three years and he does not have any relationship with any other Directors, senior management, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr. Xiao does not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Xiao has entered into a service contract with the Company, for a term of three years commencing from 4 March 2020, and will continue thereafter until terminated by both parties mutually agreed or by either party thereto giving to the other not less than three months' prior notice in writing. He is entitled to a fixed salary of RMB904,400 per year and a year-end bonus at the discretion of the Board with reference to his duties, responsibilities, performance and the Company's performance.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Cheng Kai Tai, Allen, aged 56, was appointed as an independent non-executive Director in January 2010. Mr. Cheng is a qualified accountant, a fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has practiced as a Certified Public Accountant in Hong Kong for over 20 years and has extensive professional experience in auditing, taxation, financial management, corporate recovery and restructuring. Mr. Cheng holds a master degree of accountancy from Jinan University in China and is a professional advisor to several international companies of investment management, trading and service industry.

Mr. Cheng has served the Board for more than nine years since 1 June 2010. Despite this length of service, there is no evidence that the independence of Mr. Cheng, especially in terms of exercising independent judgment and objective challenges to the management, has been or will be in any way compromised or affected. The Board is confident that Mr. Cheng will continue to make valuable contribution to the Company by providing his balanced and objective views to the Board; and Mr. Cheng's extensive and unique working and life experience could contribute to the diversity of the Board. Mr. Cheng has also provided an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The nomination committee of the Company (with Mr. Cheng abstaining from opining on the same) is fully satisfied that Mr. Cheng meets the independence guidelines set out in Rule 3.13 of the Listing Rules and continues to be independent. The Board therefore comes to the view that Mr. Cheng should be re-elected for a further term at the Annual General Meeting.

Save as disclosed, Mr. Cheng has no directorship held in other listed public companies in the last three years and he does not have any relationship with any Directors, senior management, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr. Cheng does not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Cheng has entered into a letter of appointment with the Company for a term of three years commencing from 4 January 2019 and he is entitled a fixed monthly Director's fee of HK\$26,250 which is determined by the Board from time to time with reference to the market conditions.

Dr. Chan Yee Wah, Eva, age 55, was appointed as an independent non-executive Director in July 2012. She has more than 25 years of financial and management experience and has been senior executives of various listed companies in Hong Kong. Dr. Chan is the founding chairman of Hong Kong Investor Relations Association; Dr. Chan is also a fellow member of Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Chartered Secretaries. Dr. Chan graduated from City University of Hong Kong with a bachelor of arts in accounting. She then earned her MBA degree from the University of Nottingham. She also obtained a DBA degree from the Polytechnic University of Hong Kong. She is currently the Head of Investor Relations of CC Land Holdings Limited.

Save as disclosed, Dr. Chan has no directorship held in other listed public companies in the last three years and she does not have any relationship with any Directors, senior management, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Dr. Chan does not have any interests in the Shares within the meaning of Part XV of the SFO.

Dr. Chan has entered into a letter of appointment with the Company for a term of three years commencing from 1 July 2018 and she is entitled a fixed monthly Director's fee of HK\$26,250 which is determined by the Board from time to time with reference to the market conditions.



CAPITAL ENVIRONMENT HOLDINGS LIMITED

首創環境控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03989)

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “Meeting”) of Capital Environment Holdings Limited (the “Company”) will be held at Floor 14, Zhongjian Building, No.18, Xibahe Dongli, Chaoyang District, Beijing, China on 23 June 2020, Tuesday at 2:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors of the Company for the year ended 31 December 2019;
2.
 - (i) To re-elect Mr. Cao Guoxian as executive director of the Company;
 - (ii) To re-elect Mr. Li Fujing as executive director of the Company;
 - (iii) To re-elect Mr. Xiao Yukun as executive director of the Company;
 - (iv) To re-elect Mr. Cheng Kai Tai, Allen as independent non-executive director of the Company;
 - (v) To re-elect Dr. Chan Yee Wah, Eva as independent non-executive director of the Company; and
 - (vi) To authorise the board of directors of the Company to fix the remuneration of the directors of the Company;
3. To re-appoint Messrs. Ernst & Young Certified Public Accountants as the Company’s auditor and authorise the directors of the Company to fix their remuneration;
4. As special business, to consider and, if thought fit, pass with or without amendment(s) the following resolution as ordinary resolution:

“THAT:

- (a) subject to paragraph (c) of this Resolution, and pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”), the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the

NOTICE OF ANNUAL GENERAL MEETING

Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company (“Shares”) and to make or grant offers, agreements and options (including warrants, bonds, notes, debentures and other securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) of this Resolution shall authorize the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including warrants, bonds, notes, debentures and other securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period (as hereinafter defined);
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of any rights of subscription or conversion under any share option scheme(s) of the Company or any other option, scheme or similar arrangement for the time being adopted for the grant or issue to grantees as specified in such scheme or similar arrangement of Shares or rights to acquire the Shares; or (iii) an issue of Shares pursuant to any scrip dividends or similar arrangement providing for the allotment of Shares in lieu of the whole or part of the dividend on Shares in accordance with the articles of association of the Company in force from time to time, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any other applicable laws to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares, open for a period fixed by the directors of the Company to holders of Shares, whose

NOTICE OF ANNUAL GENERAL MEETING

names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer), on a fixed record date in proportion to their holdings of such Shares (or, where appropriate, such other securities) as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory or otherwise howsoever applicable to the Company).”

5. As special business, to consider and, if thought fit, pass with or without amendment(s) the following resolution as ordinary resolution:

“THAT:

- (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase Shares on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission and the Stock Exchange for such purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall be in addition to any other authorization given to the directors of the Company and shall authorize the directors of the Company on behalf of the Company, during the Relevant Period (as hereinafter defined), to procure the Company to repurchase the Shares at a price determined by the directors of the Company;
- (c) the aggregate nominal amount of Shares which may be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution, during the Relevant Period (as hereinafter defined), shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution and the authority granted pursuant to paragraph (a) of this Resolution shall be limited accordingly; and
- (d) for the purpose of this Resolution, “Relevant Period” means the period from the date of passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any other applicable laws to be held; and

NOTICE OF ANNUAL GENERAL MEETING

(iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

6. As special business, to consider and, if thought fit, pass with or without amendment(s) the following resolution as ordinary resolution:

“**THAT** conditional upon Resolutions Nos. 4 and 5 set out in the notice convening this meeting being duly passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with Shares pursuant to Resolution No. 4 set out in the notice convening this Meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the Shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 5 set out in the notice convening this meeting, provided that such an extended amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of Resolution No. 5 set out in the notice convening this meeting.”

By order of the Board
Capital Environment Holdings Limited
Cao Guoxian
Chairman

Hong Kong, 22 May 2020

Notes:

1. In order to determine the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from 18 June 2020 to 23 June 2020, both days inclusive, during which period the registration of transfers of Shares will be suspended. In order to qualify to attend and vote at the Meeting, completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 17 June 2020.
2. A shareholder of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him at this meeting. A proxy need not be a shareholder of the Company but must be present in person to represent the member.
3. The form of proxy must be lodged at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for the Meeting. Completion and return of the proxy will not preclude any shareholder of the Company from attending and voting in person.
4. Where there are joint registered holders of any Share in the Company, any one of such joint holders may vote at any meeting, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting personally or by proxy, the one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.