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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)**

### **VERY SUBSTANTIAL DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF BEIJING CAPITAL GROUP NZ INVESTMENT HOLDING LIMITED AND RESUMPTION OF TRADING**

**Financial Adviser**



#### **THE AGREEMENT**

On 31 March 2022 (after trading hours), the Vendor, a direct non-wholly owned subsidiary of the Company, and the Purchaser entered into the Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Shares, at the Initial Purchase Price (subject to adjustments). Upon Completion, the Target Company will cease to be a subsidiary of the Group.

#### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information in respect of the Disposal and the Target Group; (ii) other information as required under the Listing Rules; and (iii) a notice of the EGM, is expected to be despatched to the Shareholders on or before 23 May 2022, as additional time is required for the preparation of the relevant information to be included in the circular.

**Completion is conditional upon the fulfilment and/or waiver of the Conditions and therefore the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 1 April 2022 at the request of the Company. An application has been made to the Stock Exchange for the resumption of the trading in the Shares with effect from 9:00 a.m. on 4 April 2022.

## **INTRODUCTION**

On 31 March 2022 (after trading hours), the Vendor, a direct non-wholly owned subsidiary of the Company, and the Purchaser entered into the Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Shares. The Sale Shares were offered for sale through the Bidding and the Purchaser succeeded in the Bidding in relation to the Disposal.

## **THE AGREEMENT**

The salient terms of the Agreement are set out as follows:

### **Date**

31 March 2022 (after trading hours)

### **Parties**

- (i) the Vendor; and
- (ii) the Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners is an Independent Third Party.

### **Subject Matter**

The Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Shares, which represent the entire issued share capital of the Target Company, on the Completion Date, together with all rights attached thereto on or after Completion, and free of all security interests.

### **Consideration**

The Consideration for the Sale Shares is the Initial Purchase Price, subject to the Second Adjustment (as defined below) and the aggregate Escrow Amount (as defined below) released to the Vendor within the six-month period following the Completion pursuant to the Agreement.

The Initial Purchase Price shall be calculated by Enterprise Value of NZ\$1,900 million (equivalent to approximately HK\$10,059 million) less the Vendor Debt Balance, Cash Advance Facility Balance, Escrow Amount and Completion Deductible, each to be notified by the Vendor to the Purchaser prior to Completion, and subject to the First Adjustment (as defined below).

The Consideration was determined with reference to, among others, prevailing market conditions, the performance, position and ranking of the Target Group in the industry and resulted from the final bidding price offered by the Purchaser through the Bidding.

### ***First Adjustment***

The Initial Purchase Price shall be adjusted (the "**First Adjustment**") in the following manner:

- (i) if the Estimated NWC is greater than the Reference NWC, the Initial Purchase Price shall be increased by the excess of the Estimated NWC over the Reference NWC;
- (ii) if the Estimated NWC is less than the Reference NWC, the Initial Purchase Price shall be decreased by the excess of the Reference NWC over the Estimated NWC;
- (iii) if the Estimated ND is a positive number, then the Initial Purchase Price shall be decreased by the absolute value of the Estimated ND; and
- (iv) if the Estimated ND is a negative number, then the Initial Purchase Price shall be increased by the absolute value of the Estimated ND.

## ***Second Adjustment***

The Consideration shall be further adjusted based on an unqualified audit report on the Completion Statement in the following manner:

- (i) if the Actual NWC is greater than the Estimated NWC, the Purchaser shall pay to the Vendor an amount equal to the difference;
- (ii) if the Actual NWC is less than the Estimated NWC, the Vendor shall refund to the Purchaser an amount equal to the difference;
- (iii) if the Actual ND is less than the Estimated ND, the Purchaser shall pay to the Vendor an amount equal to the difference; and
- (iv) if the Actual ND is more than the Estimated ND, the Vendor shall refund to the Purchaser an amount equal to the difference.

The abovementioned amounts of difference payable by the Vendor and the Purchaser shall be set off against each other, such that only one adjustment payment (the “**Second Adjustment**”) in respect of the balance (if any) shall be made on the Adjustment Date. The Purchaser is not obligated to pay any amount to the Vendor under the Second Adjustment unless the amount of the Second Adjustment exceeds NZ\$1 million.

## **Payment Terms**

The Consideration will be satisfied in the following manner:

- (i) the amount of Initial Purchase Price shall be paid by the Purchaser to the Vendor at Completion;
- (ii) the Second Adjustment shall be paid by the Purchaser or the Vendor (as the case may be) on the Adjustment Date (if applicable); and
- (iii) the Escrow Amount shall be released to the Vendor and the Purchaser (as the case may be) on a date falling six months after Completion.

Any party to the Agreement who is default in payment under the Agreement shall pay to the other party interest on the relevant amount of defaulted payment with the annual simple interest rate being 8% per annum, which shall be calculated and payable on a daily basis.

## **Conditions Precedent**

Completion is conditional upon fulfilment of the following Conditions:

- (a) consent to the transfer of Sale Shares under Overseas Investment Act 2005 and the Overseas Investment Regulations 2005 being given to the Purchaser on terms and conditions acceptable to the Purchaser (acting reasonably); and
- (b) shareholders' approvals on the Disposal of both BCPRC and the Company being obtained.

The Condition in (a) may not be waived and the Condition in (b) may only be waived by agreement in writing between the Vendor and the Purchaser where permitted by applicable law.

The Agreement shall be terminated upon written notice given by (i) the Vendor or the Purchaser if any of the Conditions are not satisfied by the Long Stop Date provided that such party is not in breach of a material obligation under the Agreement or (ii) the non-defaulting Vendor or the non-defaulting Purchaser (as the case may be) if the Purchaser or the Vendor defaults in any material respect in the performance of any of its obligations at Completion and such default has not been remedied within 10 Business Days from the date of written notice from the non-defaulting party requiring the defaulting party to remedy such default. Upon such termination of the Agreement, the Agreement, save and except for certain clauses, shall be of no further force or effect.

## **Pre-Completion Permitted Acts**

Before Completion, but subject to compliance with applicable laws, member(s) of the Target Group may (a) pay cash dividends provided that, among others, if any such dividend is declared, then it must be paid prior to Completion and the imputation credit account of the Target Company must not have a debit balance at Completion or (b) pay principals, interests or other moneys payable in respect of any financial indebtedness of the Target Group (other than owed to another member of the Target Group).

## **Completion**

Completion shall take place on (i) the last Business Day of the month in which the final outstanding Condition is satisfied or waived (if capable of waiver), or the last Business Day of the following month if such Condition is satisfied or waived less than twelve (12) Business Days before the end of a month; or (ii) such other date as the Vendor and Purchaser may agree in writing.

## **Settlement of Vendor Debt Balance and Cash Advance Facility Balance**

If there is any Vendor Debt Balance and/or Cash Advance Facility Balance, the Purchaser shall, at Completion, provide to the Target Company a loan with an amount equal to the Vendor Debt Balance and/or Cash Advance Facility Balance for the purpose of the Target Group's repayment of the Vendor Debt Balance and the Cash Advance Facility Balance. Such loan shall be paid by the Purchaser upon the direction from the Target Company at Completion directly to (i) the Vendor's designated bank account, in order to settle the Vendor Debt and obtain releases of the encumbrances securing the Vendor Debt; and (ii) ANZ Bank New Zealand Limited at its nominated account to settle in full the Cash Advance Facility Balance and obtain the releases of the encumbrances securing the Cash Advance Facility Balance.

## **Vendor Liability**

The Vendor shall be liable to the Purchaser for breach of the Agreement or any other Claim, subject to certain exceptions stated in the Agreement, provided that the Vendor shall not be liable for any breach or Claims for breach of warranty except in certain limited circumstances, on the basis that the Purchaser's recourse for breach of warranties is to be against the insurance policy to be purchased by the Purchaser.

In the event that the Target Company loses certain specific material businesses prior to the Completion as a result of the Disposal or certain specific breach by the Vendor of the Agreement, relevant agreed-upon value of such businesses ("**Completion Deductible**") shall be deducted from the Initial Purchase Price. In addition, in the event that the Target Company is reasonably expected to lose certain specific material businesses within six months following the Completion as a result of the Disposal or certain specific breach by the Vendor of the Agreement, relevant agreed-upon value of such businesses shall be deducted from the Initial Purchase Price ("**Escrow Amount**") and placed in an escrow account, which will be released to (i) the Vendor if the relevant businesses are retained by the Company within such six-month period and (ii) the Purchaser if the relevant businesses are actually lost within such six-month period. The aggregate amount of the value of the losses of such businesses described above is subject to a cap of NZ\$150,000,000.

## **INFORMATION OF THE VENDOR AND THE GROUP**

The Vendor is a company incorporated in Hong Kong with limited liability and a direct non-wholly owned subsidiary of the Company. As of the date of this announcement, the Vendor is owned as to 51% by the Company and 49% by BCHK. The Vendor is principally engaged in investment holding.

The Company is an exempted company incorporated in the Cayman Islands with limited liability and an investment holding company. The Group is principally engaged in the provision of waste treatment technologies and services, with a focus on technology development, design, system integration, project investment, consultancy, operation and maintenance of waste treatment facilities, especially waste-to-energy projects.

## **INFORMATION OF THE PURCHASER**

The Purchaser, Tui Bidco Limited, is a company incorporated in New Zealand with limited liability.

The ultimate holding company of the Purchaser is First Sentier Investors (Australia) RE Ltd (“**FSI ARE**”), an Australian Public Company (ACN: 006 464 428). FSI ARE forms part of the First Sentier Investors Group, a global asset management business and that is ultimately owned by Mitsubishi UFJ Financial Group, Inc. (“**MUFG**”), a global financial group listed on Tokyo Stock exchange and NYSE.

First Sentier Investors is one of the largest investment managers in Australia with US\$183.8 billion funds under management as at 31 December 2021 and 246 investment focused employees located in offices in Sydney, New York, London, Edinburgh, Dublin, Paris, Singapore, Frankfurt, Tokyo and Hong Kong.

In March 2022, the unlisted infrastructure business of First Sentier Investors, which is the team managing Tui Bidco Limited, was rebranded as Igneo Infrastructure Partners. The change did not impact legal names and structures, investment philosophy and processes of the relevant Registered Investment Advisers providing services with respect to unlisted infrastructure assets.

As one of the global pioneers of infrastructure investment, Igneo Infrastructure Partners has over 25 years’ experience in making infrastructure investments across sectors and through different economic cycles on behalf of over 100 institutional investors.

Igneo Infrastructure Partners comprises more than 75 infrastructure professionals located across offices in Sydney, London and New York. These professionals have significant investment management, transactional and operational asset management experience, including specialist sector and industry expertise across waste, utility and transport sectors.

FSI ARE is considered to be the ultimate holding company of the Purchaser in its capacity as (i) the trustee of Global Diversified Infrastructure Fund (Australia) (“**GDIF Australia**”) which forms part of the Global Diversified Infrastructure Fund (“**GDIF**”), and (ii) the trustee of First Sentier Investors Infrastructure Income Fund and First Sentier Investors Active Infrastructure Income Fund (“**IIF/AIIF**”). These investment funds (the “**Funds**”) invest in unlisted, economic infrastructure businesses in OECD countries, and have a wide base of institutional, wholesale, qualified investors.

### **GDIF**

GDIF is a quadruple linked structure comprising of two unlisted and unregistered Australian unit trusts (GDIF Australia and GDIF Active), an unlisted Cayman Islands domiciled unit trust (GDIF International) and a Delaware limited partnership (GDIF North America).

The trustee or general partner of GDIF Australia and GDIF Active is FSI ARE, a licensed Australian financial services provider and an SEC-registered investment adviser under the Advisers Act. The managers (both being SEC-registered investment advisers under the Advisers Act, and part of First Sentier Investors Group) for GDIF Australia and GDIF Active is First Sentier Investors (Australia) Infrastructure Managers Pty Ltd.

The trustee or general partner of GDIF International is Butterfield Trust (Cayman) Limited, which is incorporated in the Cayman Islands, and is an external, independent Cayman service provider. The managers (both being SEC-registered investment advisers under the Advisers Act, and part of First Sentier Investors Group) for GDIF International is First Sentier Infrastructure Managers (International) Limited.

The trustee or general partner of GDIF North America is First Sentier Investors (US) Infrastructure GP LLC, a Delaware limited liability company which is wholly owned by First Sentier Investments (US) LLC (which itself is held in accordance with US banking laws through an intermediate holding company that is part of the group of MUFG, a global financial group, listed at Tokyo Stock Exchange and New York Stock Exchange. The managers (both being SEC-registered investment advisers under the Advisers Act, and part of First Sentier Investors Group) for GDIF North America is First Sentier Infrastructure Managers (International) Limited.

## **IIF/AIIF**

IIF/AIIF is a stapled investment fund structure. The trustee of IIF/AIIF is FSI ARE as described above. The manager of IIF/AIIF is First Sentier Investors (Australia) Infrastructure Holdings Ltd, an Australian entity providing specialist investment advisory services to the companies within First Sentier Investors Group.

## **INFORMATION OF THE TARGET COMPANY AND THE TARGET GROUP**

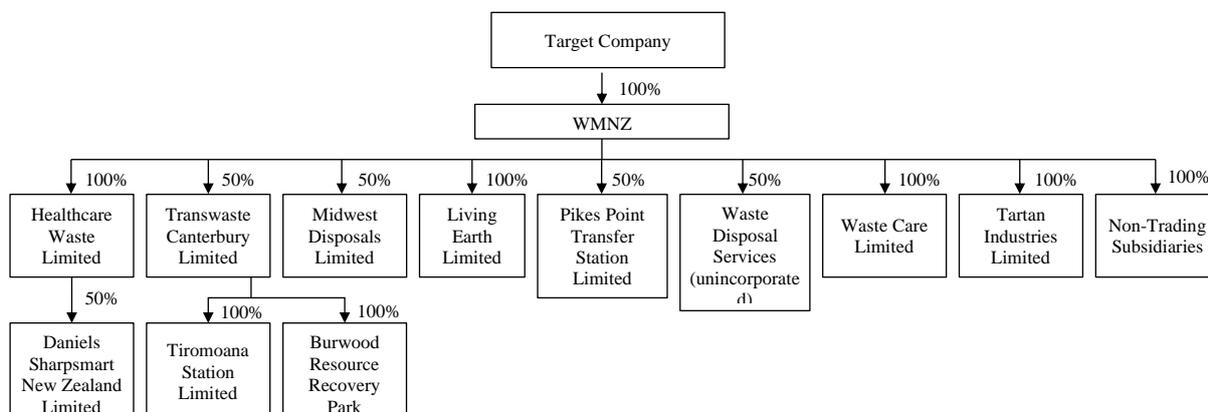
### **The Target Company**

The Target Company is a company incorporated in New Zealand with limited liability. The business scope of the Target Company is resource recovery, recycling, storage and waste disposal services provided through its operating entities. It is a direct wholly-owned subsidiary of the Vendor, which is owned as to 51% by the Company and 49% by BCHK.

### **The Target Group**

The Target Group comprises the Target Company, its subsidiaries (including the Non-Trading Subsidiaries) and 50% controlled joint venture entities. WMNZ is the main operating subsidiary of the Target Group and a limited liability company incorporated in New Zealand. WMNZ is engaged in the business of collection, recovery, recycling and landfilling of solid waste and liquids for residential, commercial and municipal customers, as well as hazardous waste collection and treatment services.

Set out below is the simplified shareholding structure of the Target Group as of the date of this announcement:



## Financial Information

Set out below is certain financial information of the Target Group for the two years ended 31 December 2021:

	<b>For the years ended</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2021</b>
	<i>RMB '000</i>	<i>RMB '000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	2,259,252	2,506,661
Net Profit/(Loss) before taxation	(18,957)	(40,302)
Net Profit/(Loss) after taxation	(1,162)	(12,721)

The unaudited total assets of the Target Group as at 31 December 2021 was approximately RMB6,993.34 million.

## FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, all Vendor Debt (if any) shall be discharged and settled, and the Target Company will cease to be a subsidiary of the Company and the Group will cease to have any interest in the Target Group. The financial results of the Target Group will no longer be consolidated with the financial statements of the Group following Completion.

For illustrative purpose, the Disposal is expected to give rise to a gain of approximately RMB3,061 million, calculated with reference to (x) the sum of unadjusted Initial Purchase Price and the estimated Vendor Debt Balance, being NZ\$1,880 million (equivalent to approximately HK\$9,953 million), less (y)(i) the estimated Vendor Debt Balance, being NZ\$788 million (equivalent to approximately HK\$4,169 million), (ii) the unaudited net book value of the Target Company attributable to the Group as at 31 December 2021, being approximately RMB1,311 million, (iii) the estimated transaction costs, tax and expenses for the Disposal, being approximately RMB61 million; and (iv) other comprehensive income adjustment of approximately RMB297 million. The actual gain from the Disposal will be determined based on the actual amount of the Consideration to be received by the Group, the financial position of the Target Group at Completion and subject to the review and final audit by the auditors of the Company. There will be no material impact on the overall operations of the Group as a consequence of the Disposal.

## **USE OF PROCEEDS**

The Group expects to record gross proceeds of approximately NZ\$1,880 million (equivalent to approximately HK\$9,953 million), based on the unadjusted Initial Purchase Price and estimated Vendor Debt Balance and the net proceeds of approximately NZ\$1,866 million (equivalent to approximately HK\$9,878 million), after deducting the related transaction costs and expenses and tax, from the Disposal.

The amount of net proceeds from the Disposal, after repayment of the outstanding liabilities of the Vendor, including but without limitation, the existing shareholders' loans due from the Vendor to BCHK and the Company and the loan due from the Vendor to BCG Chinastar in the outstanding principal amount of NZ\$319 million as of the date of this announcement (if it then becomes due or not yet repaid upon Completion), will be shared between the Company and BCHK pro rata to their shareholding in the Vendor as to 51% and 49% respectively.

The 51% attributable to the Group in the amount of approximately HK\$4,174 million, taking into account the existing shareholders' loan due from the Vendor to the Company, will be used by the Group in the following manner: (i) approximately 35-40% of the net proceeds will be used for repayment of the Group's existing loans and liabilities as they fall due; (ii) approximately 40% of the net proceeds will be used for redemption of the cumulative perpetual non-voting and non-convertible preference shares issued by the Company to BCHK and BCG Chinastar on 22 December 2020, 31 December 2020 and 14 May 2021, respectively; and (iii) approximately 20-25% will be used for potential new investments and construction costs of the Group's existing projects.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

In 2016, the Group acquired the Target Group, which was then the largest waste management service provider in New Zealand, to promote its brand in overseas market and consolidate its leadership in the environmental industry. In the past few years, the Group has explored synergistic demands, industry integrations and collaborations between its domestic and overseas business and has repeatedly been awarded as the Top Ten Influential Enterprises in the solid waste industry by virtue of outstanding market influence and clear strategic positioning. However, in light of the latest market sentiment and uncertainties in international relations, the Company intends to focus on its waste treatment and waste-to-energy business development in the PRC in the long run. The Disposal, namely the disposal of the Group's entire business segment in New Zealand, represents a good opportunity of the Group to realise its overseas investment for cash and reposition its strategic focus in the PRC. The Disposal is a key step of the Group's business strategy which will enable the Group to reallocate and consolidate the capital and human resources originally used in the Target Group to its business development in the PRC. In addition, as set out in the "Use of Proceeds" section above, a considerable amount of the net proceeds will be used to repay the existing loans and liabilities of the Group which will reduce the indebtedness of the Group and strengthen the financial position of the Group.

In light of the above, the Directors are of the view that the terms of the Agreement are on normal commercial terms, fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

## **VOTING UNDERTAKING**

On 31 March 2022, BCHK signed an irrevocable undertaking to the Company that it will, after the Disposal is approved by the shareholders at the general meeting of BCPRC, vote in favour of the relevant resolution(s) to be proposed at the EGM for approving the Disposal. On 31 March 2022, BCG Chinastar signed an irrevocable undertaking to the Company that it will vote in favour of the relevant resolution(s) to be proposed at the EGM for approving the Disposal. As at the date of this announcement, the number of Shares held by BCHK and BCG Chinastar amounted to 6,449,026,736 Shares and 3,116,767,072 Shares, respectively, representing approximately 45.11% and 21.80% of the total issued Shares, respectively.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors has material interest in the Disposal and hence no Director was required to abstain from voting on the relevant resolution(s) of the Board approving the Agreement and the transactions contemplated thereunder.

## GENERAL

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder.

To the best knowledge, information and belief of the Directors and having made reasonable enquiries, no Shareholder has a material interest in the Disposal as at the Latest Practicable Date and as such, none of the Shareholders are required to abstain from voting on the relevant resolution at the EGM to approve the Disposal and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information in respect of the Disposal and the Target Group; (ii) other information as required under the Listing Rules; and (iii) a notice of the EGM, is expected to be despatched to the Shareholders on or before 23 May 2022, as additional time is required for the preparation of the relevant information to be included in the circular.

**Completion is conditional upon the fulfilment and/or waiver of the Conditions and therefore the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 1 April 2022 at the request of the Company. An application has been made to the Stock Exchange for the resumption of the trading in the Shares with effect from 9:00 a.m. on 4 April 2022.

## DEFINITIONS

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

“Actual ND”	the Net Debt as at the Completion Date stated in the Completion Statement
“Actual NWC”	the NWC as at the Completion Date stated in the Completion Statement
“Adjustment Date”	the fifth (5 <sup>th</sup> ) Business Day following the day on which either: (i) the auditors appointed have delivered an unqualified report to the Vendor and the Purchaser verifying the Completion Statement and no difference or dispute arises; or (ii) an expert to be appointed in accordance with the Agreement has settled or determined the Completion Statement

“Agreement”	the sale and purchase agreement dated 31 March 2022 and entered into between the Vendor and the Purchaser in relation to the Disposal
“BCG Chinastar”	BCG Chinastar International Investment Limited (首創華星國際投資有限公司), a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company, holding approximately 21.80% of the total issued share capital of the Company as of the date of this announcement
“BCHK”	Beijing Capital (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder (as defined in the Listing Rules) of the Company, holding approximately 45.11% of the total issued share capital of the Company as at the date of this announcement
“BCPRC”	Beijing Capital Eco-Environment Protection Group Co., Ltd., a company established in the PRC, the shares of which are listed on Shanghai Stock Exchange (stock code: 600008.SH) and which directly holds the entire issued share capital of BCHK as at the date of this announcement
“Bidding”	the multi-party, strictly confidential, competitive auction process that was utilised to select the purchaser for the disposal of the Sale Shares based on the final bid of the investor that offered the best terms as the purchaser
“Board”	the board of Directors
“Business Day”	any day other than a Saturday, Sunday or statutory public holiday in the PRC, Hong Kong, Auckland, New Zealand and Sydney, Australia
“Cash Advance Facility Balance”	the principal, interest, fees, costs and all other amounts owed by the Target Group to ANZ Bank New Zealand Limited pursuant to the cash advance facility agreement dated 21 August 2021 in respect of the cash advance facility lent by ANZ Bank New Zealand Limited
“Claim”	any claim, demand, legal proceeding or cause of action, whether present, unascertained, immediate, future or contingent, which in any way relates to the Agreement (or any part of it) or the Disposal
“Company”	Capital Environment Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of Stock Exchange (stock code: 03989.HK)

“Completion”	completion of the Disposal pursuant to the terms and conditions of the Agreement
“Completion Date”	the date of Completion
“Completion Statement”	the statement of the Target Group to be prepared in the agreed form and agreed or determined for the purpose of calculating the Actual NWC and Actual ND at Completion
“Conditions”	the conditions precedent to Completion as set out in the Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the total consideration for the Disposal
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held for considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder
“Enterprise Value”	an amount of NZ\$1,900 million (equivalent to approximately HK\$10,059 million)
“Escrow Amount”	the amount to be held in escrow and put into the escrow account on Completion as more particularly set out in the section headed “ <i>Vendor Liability</i> ” above
“Estimated ND”	the Vendor’s good faith estimate of the Actual ND on the Completion Date
“Estimated NWC”	the Vendor’s good faith estimate of the Actual NWC on the Completion Date

“First Adjustment”	the first adjustment to the Consideration as more particularly set out in the section headed “ <i>First Adjustment</i> ” in this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third parties independent of and not connected with the Company and its connected persons in accordance with the Listing Rules
“Initial Purchase Price”	Enterprise Value less the sum of the Vendor Debt Balance Cash Advance Facility Balance, Escrow Amount and the Completion Deductible, and subject to the First Adjustment
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 December 2022
“Non-Trading Subsidiaries”	subsidiaries held directly or indirectly by WMNZ as to 100% that are not carrying out any activities as at the date of this announcement, being Le Quality Group Limited, Waste Management Limited, The Wheelibin Company Limited, Get-A-Bin Limited, Eastern Bins Limited, Waste Management Collections Limited, BCG Waste Management Limited, Waste Disposal Services Limited, General Rubbish Collection Limited, Flexi-Bin Limited, Sunshine Garden Bag & Bin Company Limited, Budget Bins Ltd, Waste Management All Brite Limited, Gordies Bags Limited, Gordies Bins Limited, Canterbury Waste Services Limited, Otago Waste Services Limited, Canterbury Material Recovery Facilities Limited, Waste Management Recycling Limited, Gordies Skip Bins Limited, Waste Management Technical Services Limited, Recycle New Zealand Limited, ERS New Zealand Limited, Waste Management Solutions (NZ) Limited, Waste Services Marlborough Limited

“Net Debt”	all debts including but not limited to all loans, debts, financial liabilities or obligations relating to borrowed money, financial instruments, negotiable instruments of the Target Group subject to the terms of the Agreement (excluding, trading debt or trading liabilities arising in the ordinary course of business, any unamortised debt issuance costs, Vendor Debt Balance and Cash Advance Facility Balance), less all cash (other than insurance proceeds received by the Target Group for damage or destruction of certain properties of the Target Group and any residual or recovered value received by the Target Group from loss of business relating to Completion Deductibles) held by the Target Group
“NWC”	the net working capital of the Target Group, as indicated by the net total of the general ledger account balances of the Target Group stated in the Agreement
“NZ\$”	New Zealand dollar, the lawful currency of New Zealand
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Tui Bidco Limited, a New Zealand limited company
“Reference NWC”	an amount of NZ\$4.8 million, being the estimated total NWC amount at the time of Completion
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	an aggregate of 209,987,540 ordinary shares of the Target Company, representing the entire issued share capital of the Target Company
“Second Adjustment”	the adjustment payment to be made (if any) shall be on the Adjustment Date and more particularly set out in the section headed “ <i>Second Adjustment</i> ” in this announcement
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of the Company with a nominal value of HK\$0.1 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Beijing Capital Group NZ Investment Holding Limited, a company incorporated in New Zealand with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries (as defined in section 5 of the Companies Act 1993 of New Zealand)
“Vendor”	BCG NZ Investment Holding Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 51% by the Company and 49% by BCHK
“Vendor Debt”	all amounts owing by any member of the Target Group to the Vendor, the principal amount of which being NZ\$775,038,490.37 as at the date of the Agreement, plus all accrued but unpaid interest thereon
“Vendor Debt Balance”	the principal, interest, fees, costs and all other moneys payable by any member of the Target Group in respect of any Vendor Debt which is outstanding at Completion as notified to the Purchaser by the Vendor no earlier than 14 Business Days and no later than 12 Business Days prior to the Completion Date
“WMNZ”	Waste Management NZ Limited, a company incorporated in New Zealand with limited liability and an indirect wholly-owned subsidiary of the Target Company as at the date of this announcement
“%”	per cent

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

Hong Kong, 3 April 2022

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Cao Guoxian, Mr. Li Fujing and Mr. Li Qingsong; one non-executive Director, namely 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.*

*Conversion of NZ\$ to HK\$ in this announcement is based on the exchange rate of NZ\$1.00 = HK\$5.2940. Such conversion is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at such or any other rates or at all.*