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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)

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

This announcement is made pursuant to Rule 13.51(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board (the “**Board**”) of directors (the “**Directors**”, each a “**Director**”) of Capital Environment Holdings Limited (the “**Company**”) proposes to (i) make certain amendments (the “**Proposed Amendments**”) to the memorandum of association and articles of association of the Company, for the purpose of, among others, reflecting the core shareholder protection standards as set out in the revised Appendix 3 to the Listing Rules which took effect on 1 January 2022; and (ii) adopt the amended and restated memorandum of association and articles of association of the Company incorporating and consolidating all the Proposed Amendments (the “**Amended and Restated Memorandum and Articles of Association**”).

The major areas of the Proposed Amendments are set out below:

1. to update the authorised share capital of the Company to reflect the increase and re-classification of the authorised share capital of the Company from HK\$3,000,000,000 to HK\$5,000,000,000 comprised of 33,683,800,000 ordinary shares of the Company of HK\$0.10 each and 16,316,200 preference shares of the Company of HK\$100 each as approved by an ordinary resolution passed at an extraordinary general meeting of the Company on 7 May 2021;
2. to update the definition of “**Law**” to bring it in line with the Companies Act, Cap. 22 (Revised) of the Cayman Islands (the “**Law**”);
3. to add the definition of “close associate”, and making corresponding changes to the relevant provisions, including the provision providing that a Director shall not vote (nor be counted in the quorum) on any Board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested;

4. to clarify that the Company may provide financial assistance subject to compliance with the Listing Rules;
5. to delete the provision in relation to the Company's purchases of redeemable shares not made through the market or by tender;
6. to clarify that share certificates may be issued with the seal of the Company printed thereon and that the seal of the Company may only be affixed or imprinted to a share certificate with the authority of the Directors, or be executed under the signature of appropriate officials with statutory authority, unless otherwise determined by the Directors;
7. to provide that the register(s) of members may be closed in accordance with the terms equivalent to the relevant section of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong as amended from time to time) (the "**Companies Ordinance**") at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares and that the period of thirty (30) days may be extended in respect of any year if approved by the shareholders of the Company (the "**Shareholders**") by ordinary resolution in that year provided that such period shall not be extended for a further period or periods exceeding thirty (30) days in the whole in any year;
8. to provide that the registration of transfers of shares in any year may be suspended at such times and for such periods not exceeding in the whole thirty (30) days in any year as the Board may determine and that the period of thirty (30) days may be extended in respect of any year if approved by the Shareholders by ordinary resolution in that year provided that such period shall not be extended for a further period or periods exceeding thirty (30) days in the whole in any year;
9. to provide that the Company must hold an annual general meeting in each financial year and such annual general meeting must be held within 6 months after the end of the Company's financial year;
10. to provide that a meeting of the Shareholders or any class thereof may be held by means of such telephone, electronic or other communication facilities as to permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participating in such a meeting shall constitute presence at such meeting;
11. to provide that an annual general meeting of the Company and any extraordinary general meeting of the Company at which the passing of a special resolution is to be considered shall be called by notice of not less than 21 clear days, while all other general meetings (including extraordinary general meetings) must be called by notice of not less than 14 clear days but if permitted by the Listing Rules, a general meeting may be called by shorter notice, subject to the Law, if it is so agreed under the circumstances set out in the Amended and Restated Memorandum and Articles of Association;

12. to provide that all Shareholders (including a Shareholder which is a clearing house (or its nominee(s))) shall have the right to (i) speak at a general meeting of the Company; and (ii) vote at a general meeting of the Company, except where a Shareholder is required, by the Listing Rules or the rules, codes or regulations of any competent regulatory authority, to abstain from voting to approve the matter under consideration;
13. to provide that where any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted;
14. to update the provision providing the circumstances under which a Director is not prohibited from voting (or being counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested, in accordance with the requirements under Rule 13.44 of the Listing Rules, following the repeal of the relevant requirements in Appendix 3 to the Listing Rules;
15. to update the provision governing any loan, guarantee or security to be provided by the Company to a Director or his close associate(s) in accordance with the Companies Ordinance, following the modification of the definition of “associate” to “close associate”;
16. to clarify that the appointment of the auditor of the Company and the fixing of the remuneration of the auditor of the Company shall be by way of an ordinary resolution;
17. to provide that the Shareholders may approve the removal of the auditor of the Company at any time before the expiration of his term of office by way of an ordinary resolution;
18. to provide that, subject to paragraph 17 above, an auditor appointed by the Directors to fill the vacancy shall hold office until the next following annual general meeting and shall then be subject to appointment by the Shareholders at such remuneration to be determined by the Shareholders under paragraph 16 above;
19. to clarify that the Board’s power to present a petition to the court for the Company to be wound up is subject to the approval of the Shareholders by way of a special resolution;
20. to add the definition of “financial year” and provide that the financial year end of the Company shall be 31 of December in each year, unless otherwise determined by the Directors; and
21. to update and tidy up definitions and other references, and to make consequential amendments in line with the above amendments and other house-keeping amendments.

The Proposed Amendments as well as the adoption of the Amended and Restated Memorandum and Articles of Association are subject to approval by the Shareholders by way of a special resolution at the forthcoming annual general meeting (the “**Annual General Meeting**”) of the Company to be held on 28 June 2022 or any adjourned meeting and will become effective upon approval by the Shareholders. A circular of the Company containing, among others, details of the Annual General Meeting and particulars relating to the Proposed Amendments and the Amended and Restated Memorandum and Articles of Association, together with a notice of the Annual General Meeting, will be dispatched to the Shareholders in due course.

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

Hong Kong, 25 May 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.