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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)

### **SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 AND UPDATE ON USE OF PROCEEDS FROM THE ISSUANCE OF OFFSHORE PREFERENCE SHARES**

Reference is made to the circular dated 19 October 2020 (the “**Circular**”) and the announcement dated 14 May 2021 of Capital Environment Holdings Limited (the “**Company**”) in relation to, among others, the issuance of cumulative perpetual non-voting and non-convertible offshore preference shares pursuant to the Specific Mandate (the “**Offshore Preference Shares**”) and the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

#### **USE OF PROCEEDS**

As disclosed in the Circular, the net proceeds from the issuance of the Offshore Preference Shares was approximately HK\$1,625.6 million (the “**Net Proceeds**”), of which approximately 50% (approximately HK\$816 million, equivalent to approximately RMB718 million) will be used for investment on potential solid waste projects, approximately 32% (approximately HK\$528 million, equivalent to approximately RMB464 million) for repaying debts and approximately 18% (approximately HK\$282 million, equivalent to approximately RMB248 million) for general working capital.

The Company would like to provide the supplemental information to the 2021 Annual Report and an update on the use of Net Proceeds pursuant to paragraph 11(8) and paragraph 11A of Appendix 16 to the Listing Rules as follows:

<b>Use of Net Proceeds</b>	<b>Planned use of the Net Proceeds</b>	<b>Actual utilized amount during the year ended 31 December 2021</b>	<b>Unutilised Net Proceeds as at 31 December 2021</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Investment on potential solid waste projects	816	261	-
Repaying debts	528	1,253	-
General working capital	282	112	-
	<hr/>	<hr/>	<hr/>
	1,626	1,626	-
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The actual utilization ratio of the Net Proceeds has been adjusted from the original plan, it's mainly due to that the progress of the Company's project investment has been slower than expected, so the need for funds injection has been delayed. In order to maximize the utilization of the funds and save financial costs, the Company decided to transfer part of the funds originally planned for investment on potential solid waste projects and for general working capital to repaying debts first, subsequently the funds required for investment on potential solid waste projects have been financed by the Company's own funds during the period from the second half of 2021 to the first half of 2022.

The above supplemental information does not affect any other information contained in the 2021 Annual Report.

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

Hong Kong, 3 August 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.*