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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)

VOLUNTARY ANNOUNCEMENT NEW PROJECT

Capital Environment Holdings Limited (the “**Company**”) is pleased to announce that Beijing Capital Environment Investment Co., Ltd. (北京首創環境投資有限公司) (“**Capital Investment**”) and Beijing Capital Environment Technology Co., Ltd. (北京首創環境科技有限公司) (“**Capital Technology**”), the wholly owned subsidiaries of the Company and Yunnan Geological Engineering Survey and Design Research Institute Co., Ltd. (雲南地質工程勘察設計研究院有限公司), an independent third party (has the meaning ascribed to that term in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”)) (collectively “**Bidding Consortium**”) have submitted a tender for the Ecological Restoration Project of Historical Mines in Binchuan County, Yunnan Province (Phase II) (“**Binchuan County Restoration Project**”). Recently, the Bidding Consortium has received a notification from the tenderer, Dali Trading Ecological Construction Co., Ltd. (大理交投生態建設有限公司) (“**Dali Ecological**”) that the Bidding Consortium has been confirmed as successful bidder of Binchuan County Restoration Project and will enter into an agreement with Dali Ecological as soon as possible.

Capital Investment, Capital Technology and Dali Ecological will jointly form a project company (“**Project Company**”), which will be responsible for the operation of Binchuan County Restoration Project. The registered capital of the Project Company shall be RMB 50 million, of which the paid-up capital shall be RMB 10 million, and the capital shall be injected based on the shareholding ratio. Capital Investment holds 89%, Capital Technology holds 1% and Dali Ecological holds 10% of the shares of the Project Company. As all the applicable percentage ratios (as defined in the Listing Rules) in respect of the formation of Project Company and the transactions contemplated thereunder do not exceed 5%, therefore, the formation of the Project Company does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The Binchuan County Restoration Project will be operated in the mode of "equity cooperation + EPC". The cooperation period is 5 years, of which the construction period is 2 years, and the greening maintenance period and land management period are 3 years. During the cooperation period, the Project Company is responsible for the management and protection of the restored forest, grassland and cultivated land. The service area of the Binchuan County Restoration Project is the historical mines in Binchuan County, Yunnan Province. The construction content includes 12 historical mines, and the total area to be restored is 85.07 hectares. The total investment of the Binchuan County Restoration Project is tentatively estimated at approximately RMB 280 million, which will be raised by the Project Company itself.

Shareholders and/or investors should note that this announcement is published as a voluntary disclosure aimed to allow the public to acknowledge the latest development of the Company.

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

Hong Kong, 16 January 2023

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.