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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)**

## **CONTINUING CONNECTED TRANSACTION COOPERATION FRAMEWORK AGREEMENT AND CONNECTED TRANSACTION CAPITAL INCREASE AGREEMENT**

### **THE COOPERATION FRAMEWORK AGREEMENT**

On 11 March 2024, the Company entered into the Cooperation Framework Agreement with Capital Eco Group, pursuant to which the subsidiaries of Capital Eco Group, which fall under the Cooperative Area, shall provide entrusted management services to the Project Companies of Capital Environmental Sanitation, an indirect wholly-owned subsidiary of the Company, in the Cooperative Area.

### **CAPITAL INCREASE AGREEMENT**

On 11 March 2024, Shenzhen Qianhai entered into the Capital Increase Agreement with Capital Eco Group and Capital Environmental Sanitation, pursuant to which Capital Eco Group shall subscribe for the corresponding equity interest of RMB33,640,700 (representing approximately 49% of its enlarged registered capital) in the newly increased registered capital of Capital Environmental Sanitation. Upon completion of the Capital Increase, the equity interest of Shenzhen Qianhai in Capital Environmental Sanitation will be diluted to 51%.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Capital Eco Group is deemed to have interest in approximately 45.11% of the issued Shares and is accordingly a controlling shareholder and a connected person of the Company. Therefore, the transactions contemplated under the Cooperation Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Since one or more of the applicable percentage ratios in respect of transactions contemplated under the Cooperation Framework Agreement exceeds 0.1% but all are below 5%, the transactions contemplated under the Cooperation Framework Agreement are subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

As at the date of this announcement, Capital Environmental Sanitation is an indirect wholly-owned subsidiary of the Company holding through Shenzhen Qianhai, a direct wholly-owned subsidiary of the Company. The Capital Increase constitutes a connected transaction of the Company and a deemed disposal under Chapter 14A of the Listing Rules. Since one or more of the applicable percentage ratios in respect of transaction(s) contemplated under the Capital Increase Agreement exceeds 0.1% but all are below 5%, the transaction(s) contemplated under the Capital Increase Agreement are subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules. The Capital Increase does not constitute a discloseable transaction under Chapter 14 of the Listing Rules as one or more of applicable percentage ratios in respect of the Capital Increase exceed 0.1% but all are less than 5%.

As Mr. Li Fujing, the Chairman and an executive Director of the Company, is a director of Capital Eco Group, and Ms. Hao Chunmei, the non-executive Director of the Company, holds a senior position in Capital Eco Group, they are therefore deemed to have material interest in the Cooperation Framework Agreement and the Capital Increase Agreement and the transactions contemplated thereunder. Thus, Mr. Li Fujing and Ms. Hao Chunmei have abstained from voting on the relevant resolutions at the Board meeting. Save as disclosed above, none of the other Directors of the Company have any material interest in the Cooperation Framework Agreement and the Capital Increase Agreement and the transactions contemplated thereunder.

## (I) THE COOPERATION FRAMEWORK AGREEMENT

On 11 March 2024, the Company entered into the Cooperation Framework Agreement with Capital Eco Group, pursuant to which the subsidiaries of Capital Eco Group, which fall under the Cooperative Area, shall provide entrusted management services to the Project Companies of Capital Environmental Sanitation, an indirect wholly-owned subsidiary of the Company, in the Cooperative Area.

The major terms of the Cooperation Framework Agreement are set out below:

Date: 11 March 2024

Parties: (1) The Company (as the principal) and  
(2) Capital Eco Group (as the trustee)

Scope of the entrusted management services: Subject to the applicable law and regulations, any of the subsidiaries of Capital Eco Group, which fall under the Cooperative Area, shall provide entrusted management services to the Project Companies, including but not limited to, the following:

- recommending suitable candidates to serve as senior management personnel/responsible persons (e.g. general manager, chief financial officer, and finance personnel) of the Project Companies;
- subject to the decision-making powers delegated to i) the meetings of shareholders and board of directors; and ii) the executive directors of the Project Companies of Capital Environmental Sanitation and the compliance with the articles of associations of the Project Companies, such senior management personnel/responsible persons shall be entrusted to exercise the statutory management rights and provide management services on the day-to-day business operations of the Project Companies (including but not limited to production arrangements, sales arrangements, development planning arrangements, asset management, financial management, personnel management and budget arrangements).

In accordance with the principles of fairness and reasonableness and pursuant to the Cooperation Framework Agreement, the parties shall enter into specific entrusted management agreements on normal commercial terms in respect of the provision of the entrusted management services. The terms and conditions of the specific entrusted management agreements, including but not limited to the pricing policy, shall in all material aspects in compliance with the principles, directions, terms and conditions of the Cooperation Framework Agreement.

Term of entrusted management:

From 11 March 2024 to 31 December 2026.

Consideration:

It is expected that the annual entrusted management service fee payable under the Cooperation Framework Agreement would not exceed the Caps of RMB equivalent of HK\$10,000,000, which shall be satisfied by the general working capital.

Governing Law:

The laws of the PRC.

### **Pricing Policy**

The pricing policy of the entrusted management service fee shall be determined with reference to 1) labour cost; 2) service fee; and 3) performance fee.

#### ***Labour cost***

The labour cost shall be calculated based on the agreed annual salary of the senior management personnel/responsible persons of the Project Companies nominated by the subsidiaries of Capital Eco Group.

#### ***Service fee and performance fee***

The amount of service fee and performance fee payable shall be subject to the annual performance of such senior management personnel/responsible persons, which shall be assessed based on a set of performance appraisal criteria to be agreed by the parties to the specific entrusted management agreement.

The amount of service fee shall be calculated based on the following progressive rates:

Level	Audited annual revenue of the relevant Project Companies	Accumulated service fee
1	0 to RMB10 million (excluding)	$3\% \times$ annual revenue of the Project Companies
2	RMB10 million to RMB50 million (excluding)	$2\% \times$ annual revenue of the Project Companies
3	RMB50 million to RMB100 million (excluding)	$1\% \times$ annual revenue of the Project Companies
4	RMB100 million or over	$0.5\% \times$ annual revenue of the Project Companies

If the assessment score of the annual performance is greater than or equal to 90 marks, the amount of service fee as calculated above shall be payable in full. If the assessment score of the annual performance is greater than or equal to 80 marks but less than 90 marks, the service fee payable shall be adjusted proportionally, i.e. (assessment score/100 x amount of service fee). If the assessment score of the annual performance is below 80 marks, no service fee shall be payable.

The amount of performance fee shall also be subject to the assessment score of the annual performance. If the assessment score of the annual performance is greater than or equal to 90 marks, 30% of the excess of the actual profit over the target profit of the Project Companies shall be payable as performance fee. In any other cases, no performance fee shall be payable.

### Proposed Caps and Basis of Determination of the Caps

In accordance with Rule 14A.53 of the Listing Rules, the Company is required to set the Caps on the entrusted management service fee payable under the Cooperation Framework Agreement.

The entrusted management service fee payable under the Cooperation Framework Agreement during its term shall not exceed the following Caps:

	Caps for the year ending 31 December		
	2024	2025	2026
Entrusted management service fee payable under the Cooperation Framework Agreement	HK\$10 million	HK\$10 million	HK\$10 million

**(RMB equivalent of)**

The proposed Caps on the entrusted management service fee of the Cooperation Framework Agreement is determined based on: (i) the estimated annual operation and management labour costs for the senior management personnel/responsible persons of the Project Companies nominated by the subsidiaries of Capital Eco Group to be agreed by the Project Companies; (ii) entrusted management service fees charged by members of Capital Eco Group and other industry peer in relation to the operation and management of other environmental sanitation projects; and (iii) the estimated revenue that may be derived from the operation of the Project Companies.

The Group and Capital Eco Group did not have any transactions in respect of provision of entrusted management service before.

### **Internal Control Measures**

In addition to compliance with the requirements on annual review by external auditors and independent non-executive Directors under the Listing Rules in respect of the Group's continuing connected transactions, the Company has set up relevant departments in charge of internal control and risk management to perform internal review and control over the continuing connected transactions of the Company, including reviewing agreements signed between the Company and connected persons, reviewing the performance of procedures prior to signing of agreements as well as the fulfilment of transactions thereunder, regularly inspecting the specific terms of the Company's transactions with connected persons and comparing it with the terms of the same type of transactions of the Company entered into with third parties who are not connected persons, to ensure that the pricing and other contractual terms for the Group's continuing connected transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders and that the continuing connected transactions are conducted in accordance with the agreements and in compliance with the laws and regulations.

To ensure the continuing connected transactions do not exceed the annual caps, the relevant business departments of the Group shall fill in and submit statistical charts for the continuing connected transactions at least quarterly. In the event that the amount of the continuing connected transactions incurred and to be incurred for a financial year is expected to reach the annual caps, the relevant departments will follow up forthwith by reporting and proposing a response to the management of the Company, and in case that an amendment to the annual caps is required, report particulars to the Board and hold a Board meeting for considering the matters thereabout to ensure compliance of the requirements under the Listing Rules.

The Company also arranges compliance training for the Directors, supervisors, senior management and staff from the relevant departments of the Company and its subsidiaries from time to time, primarily focusing on the rules relating to connected transactions under Chapter 14A of the Listing Rules.

## **(II) THE CAPITAL INCREASE AGREEMENT**

On 11 March 2024, Shenzhen Qianhai entered into the Capital Increase Agreement with Capital Eco Group and Capital Environmental Sanitation, pursuant to which Capital Eco Group shall subscribe for the corresponding equity interest of RMB33,640,700 (representing approximately 49% of its enlarged registered capital) in the newly increased registered capital of Capital Environmental Sanitation. Upon completion of the Capital Increase, the equity interest of Shenzhen Qianhai in Capital Environmental Sanitation will be diluted to 51%.

The major terms of the Capital Increase Agreement are set out below:

Date:	11 March 2024
Parties:	(1) Shenzhen Qianhai; (2) Capital Eco Group; and (3) Capital Environmental Sanitation
Subject matter of the Capital Increase Agreement:	Pursuant to the terms and conditions of the Capital Increase Agreement, Capital Environmental Sanitation has agreed to increase its registered capital by RMB33,640,700, which Capital Eco Group has agreed to subscribe.
Consideration and its basis:	The consideration for the Capital Increase is RMB33,640,700, which has been determined after arm's length negotiations between Shenzhen Qianhai and Capital Eco Group with reference to the valuation on Capital Environmental Sanitation as at 31 March 2023 by the Independent Valuer adopting the income approach. The appraised value of the total shareholders' equity of Capital Environmental Sanitation as at 31 March 2023 was RMB35,013,800. On this basis, the Directors are of the view that the amount of the Capital Increase is fair and reasonable. The consideration for the Capital Increase shall be settled by Capital Eco Group in cash and shall be paid into the account of Capital Environmental Sanitation on or before 30 June 2024.
Others:	Upon payment of the consideration for the Capital Increase, Capital Environmental Sanitation shall attend to the filing of the Capital Increase within 20 working days. After the Capital Increase, each of the parties to the Capital Increase Agreement agrees that the corporate governance of Capital Environmental Sanitation shall be governed by the laws of the PRC.

## **Selection of valuation method**

The Independent Valuer adopted the income approach for the valuation of Capital Environmental Sanitation as at 31 March 2023.

The income approach is a valuation method that capitalises or discounts expected earnings to determine the value of the valuation target. The valuation under the income approach adopts the discounted cash flow approach. Free cash flow of the enterprise is adopted. The entire shareholders' equity is indirectly valued through the valuation of the entire enterprise value. The value of the entire shareholders' equity was calculated by applying the appropriate discount rate to calculate the value of the overall operating assets of the enterprise based on the net free cash flow of the enterprise in the incoming years, adding the values of the surplus assets and the non-operating assets, then deducting interest bearing debts.

### ***(A) General assumptions***

1. Transaction assumption: Transaction assumption is to assume that all assets to be evaluated are already in the process of transaction, and the Independent Valuer carries out the valuation based on the trading conditions of the assets to be evaluated in a simulated market.
2. Open market assumption: Open market assumption is an assumption made on the conditions of the market where the assets are proposed to enter and how the assets will be affected under such market conditions. An open market refers to fully developed and comprehensive market conditions, which means a competitive market with willing buyers and sellers, where buyers and sellers are on equal footing and have opportunity and time to access adequate market information, and where transactions between buyers and sellers are conducted under voluntary, rational, non-compulsory or unrestricted conditions.
3. Continuous use assumption: Continuous use assumption is an assumption made on the conditions of the market where the assets are proposed to enter and the status of the assets under such market conditions. Firstly, the assets to be evaluated are in use; and secondly, it is assumed that the assets in use will be used continuously. Under the conditions of continuous use assumption, no consideration is given to the change of use or the best utilisation conditions of the assets. The scope of applicability of the valuation results is subject to limitations.

### ***(B) Specific assumptions***

1. There are no significant changes in the macro-economic conditions of the PRC and no material adverse impact in the economic and social environment in the PRC.
2. There are no material adverse impact in the social economic environment, the tax laws and tax rates applicable to Capital Environmental Sanitation.
3. The future operation and management team of Capital Environmental Sanitation remains unchanged and continues to maintain its operation and management model.



4. The valuation is solely based on the operational ability as at the valuation date without considering situations such as operation and management mode, operation strategies, additional investment which will expand and strengthen the operational ability, or the likely changes which may happen to the production operation.
5. It is assumed in the valuation that the fixed assets included in the scope of valuation will be recovered on a reimbursable basis at the end of the forecast period. In other words, the recovery amount will be recognized at the end of the forecast period based on its book amortized value.
6. It is assumed that the necessary documents and financial information provided by the appointer and the enterprise being valued are true, correct and complete.
7. The scope of valuation only takes into account the valuation form provided by the appointer and the enterprise being valued, and does not take into account any other assets or liabilities which exist or may exist other than as provided in the checklist.
8. It is assumed that all indexes taken for the valuation do not consider the impact of inflation.
9. It is assumed that the rental payment for the office rented by Capital Environmental Sanitation is not due and unpaid, and the rent to be paid by Capital Environmental Sanitation is charged on market rate.
10. It is assumed that the estimated number of staff, management team and outsourced workers for the projects remain unchanged and does not have any increase or reduction.
11. It is assumed that all project contracts of Capital Environmental Sanitation which are due to expire will be renewed on the same terms, or projects of the same size will be obtained by Capital Environmental Sanitation.

As the valuation of assets of Capital Environmental Sanitation is based on discounted cash flow method of income approach, it constitutes a profit forecast under Rule 14.61 of the Listing Rules and hence the requirements of Rule 14.60A of the Listing Rules apply. The Company will publish a further announcement pursuant to Rule 14.60A to disclose the required information within 15 business days after publication of this announcement.

## **FINANCIAL EFFECT OF THE CAPITAL INCREASE**

Immediately before the Capital Increase, Capital Environmental Sanitation is an indirect wholly-owned subsidiary of the Company. Immediately upon completion of the Capital Increase, the equity interest of Shenzhen Qianhai in Capital Environmental Sanitation will be diluted to 51%. Since Capital Environmental Sanitation will remain as a subsidiary of the Company upon completion of the Capital Increase, the financial results of Capital Environmental Sanitation will continue to be consolidated into the financial statements of the Group. It is expected that the Group will not record any gain or loss from the Capital Increase.

## FINANCIAL INFORMATION OF CAPITAL ENVIRONMENTAL SANITATION

Set out below is certain unaudited financial information in relation to Capital Environmental Sanitation for the two years ended 31 December 2022:

	<b>For the financial year ended 31 December 2021 (RMB)</b>	<b>For the financial year ended 31 December 2022 (RMB)</b>
Net income (loss)	11,032,573.08	(364,371.21)
Total comprehensive income (loss)	11,032,573.08	(364,371.21)

As at 31 December 2023, the unaudited total assets of Capital Environmental Sanitation were approximately RMB106,689,541.28.

### REASONS FOR AND BENEFITS OF THE COOPERATION FRAMEWORK AGREEMENT AND THE CAPITAL INCREASE AGREEMENT

By entering into the Cooperation Framework Agreement and the transactions contemplated thereunder, the Company could develop the market of environmental sanitation and working on environmental sanitation projects by leveraging on the marketing network, experience and expertise of members of Capital Eco Group. The Group would be able to collaborate with members of Capital Eco Group in environmental sanitation to generate income through the provision of environmental sanitation services, which would expand the revenue stream of the Group and enhance the financial position of the Group. In addition, by utilising the local knowledge and resources of the Group, the comprehensive operating costs of providing environmental sanitation service could be effectively reduced and the efficiency and performance of provision of environmental sanitation service could be enhanced.

By entering into the Capital Increase Agreement, Capital Environmental Sanitation will be benefited by the marketing network, experience and expertise of members of Capital Eco Group on the future operation and development of the businesses of Capital Environmental Sanitation.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Cooperation Framework Agreement and the Capital Increase Agreement are and will be entered into in the ordinary and usual course of business of the Group and are and will be on normal commercial terms, and the terms thereof, and the Caps and the Capital Increase are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

The Company is an exempted company with limited liability incorporated in the Cayman Islands and, together with its subsidiaries, principally engaged in investment, construction, operation and management of solid waste disposal projects, covering such areas of solid wastes as household waste, kitchen waste, various types of industrial hazardous waste, construction waste, electronic waste, and dismantling of end-of-life automobiles. The Group invests, builds, operates and manages waste treatment projects that cover the whole process from collection and transportation of waste to the very end of waste treatment, and is committed to becoming an integrated environmental operator that provides a package of environmental solutions for local governments.

Capital Eco Group is a company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600008.SH). Capital Eco Group and its subsidiaries are principally engaged in the investment and management of environmental infrastructure in the PRC with a focus on water projects, solid waste disposal and environment management. Capital Eco Group is a controlling shareholder of the Company.

Shenzhen Qianhai is a direct wholly-owned subsidiary of the Group and is principally engaged in the provision of professional environmental protection services in the PRC.

As at the date of this announcement, Capital Environmental Sanitation is an indirect wholly-owned subsidiary of the Group and is principally engaged in the provision of environmental sanitation services for China rural areas.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Capital Eco Group is deemed to have interest in approximately 45.11% of the issued Shares and is accordingly a controlling shareholder and a connected person of the Company. Therefore, the transactions contemplated under the Cooperation Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Since one or more of the applicable percentage ratios in respect of transactions contemplated under the Cooperation Framework Agreement exceeds 0.1% but all are below 5%, the transactions contemplated under the Cooperation Framework Agreement are subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

As at the date of this announcement, Capital Environmental Sanitation is an indirect wholly-owned subsidiary of the Company holding through Shenzhen Qianhai, a direct wholly-owned subsidiary of the Company. The transaction(s) contemplated under the Capital Increase constitutes connected transaction of the Company and a deemed disposal under Chapter 14A of the Listing Rules. Since one or more of the applicable percentage ratios in respect of transaction(s) contemplated under the Capital Increase Agreement exceeds 0.1% but all are below 5%, the transaction(s) contemplated under the Capital Increase Agreement are subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules. The Capital Increase does not constitute a discloseable transaction under Chapter 14 of the Listing Rules as one or more of applicable percentage ratios in respect of the Capital Increase exceed 0.1% but all are less than 5%.

As Mr. Li Fujing, the Chairman and an executive Director of the Company, is a director of Capital Eco Group, and Ms. Hao Chunmei, the non-executive Director of the Company, holds a senior position in Capital Eco Group, they are therefore deemed to have material interest in the Cooperation Framework Agreement and the Capital Increase Agreement and the transactions contemplated thereunder. Thus, Mr. Li Fujing and Ms. Hao Chunmei have abstained from voting on the relevant resolutions at the Board meeting. Save as disclosed above, none of the other Directors of the Company have any material interest in the Cooperation Framework Agreement and the Capital Increase Agreement and the transactions contemplated thereunder.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“Articles”	the articles of association of the Company as may be amended from time to time;
“Board”	the board of Directors;
“Capital Eco Group”	Beijing Capital Eco-Environment Protection Group Co., Ltd.* (北京首創生態環保集團股份有限公司), a company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600008.SH), and a controlling shareholder and a connected person of the Company as at the date of this announcement;
“Capital Environmental Sanitation”	Beijing Capital Environmental Sanitation Company Limited* (北京首創環衛有限公司), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company;
“Capital Increase”	the capital increase pursuant to the Capital Increase Agreement;
“Capital Increase Agreement”	the capital increase agreement dated 11 March 2024 entered into between the Shenzhen Qianhai, Capital Eco Group and Capital Environmental Sanitation with regard to the capital increase by Capital Eco Group in Capital Environmental Sanitation;
“Caps”	for the purpose of Chapter 14A of the Listing Rules, means the proposed annual caps of the transactions contemplated under the Cooperation Framework Agreement for each of the three years ending 31 December 2026;

“Company”	Capital Environment Holdings Limited (首創環境控股有限公司), a company incorporated with limited liability in the Cayman Islands, the shares of which are listed on the Stock Exchange (Stock Code: 03989);
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Cooperation Framework Agreement”	the cooperation framework agreement dated 11 March 2024 entered into between the Company (as the principal) and Capital Eco Group (as the trustee) with regard to the provision of entrusted management service;
“Cooperative Area”	the geographical area(s) for cooperation as agreed by the Company and Capital Eco Group where the business scale of Capital Eco Group has reached an audited annual revenue of RMB100 million or over (excluding environmental sanitation service), or where the Group has not commenced business in, or the business scale of the Group concerning the provision of, environmental sanitation services has reached an audited annual revenue of less than RMB5 million;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Valuer”	中聯資產評估集團有限公司 (Zhonglian Asset Valuation Group Company Limited*), an independent professional valuer;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
“Project Companies”	any subsidiaries and/or branches of Capital Environmental Sanitation;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	the share(s) of the Company;
“Shareholder(s)”	the holder(s) of the Shares;

“Shenzhen Qianhai”	Shenzhen Qianhai Capital Environmental Investment Company Limited* (深圳前海首創環境投資有限公司), a company established in the PRC with limited liability, and a direct wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

\* Denotes English translation of the Chinese name of a company or entity established in the PRC, or vice versa, and is provided for the sole purpose of identification.

By order of the Board of  
**Capital Environment Holdings Limited**  
**Li Fujing**  
*Chairman*

Beijing, 11 March 2024

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Li Fujing and Mr. Li Qingsong; one non-executive Director, namely Ms. Hao Chunmei; and four independent non-executive Directors, namely Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen, Dr. Chan Yee Wah and Dr. Cao Fuguo.*