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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)**

### **SUPPLEMENTAL ANNOUNCEMENT CONNECTED TRANSACTIONS IN RELATION TO AI RESEARCH AND DEVELOPMENT PROJECTS**

Reference is made to the announcement (the “**Announcement**”) of Capital Environment Holdings Limited (the “**Company**”) dated 12 February 2026 in relation to Agreement 1 entered into among Capital Eco Group, the Group Companies and Non-Group Companies and Agreement 2 entered into among Capital Eco Group, Collaborative Innovation Technology Company and Capital Environmental Sanitation Company. Unless the context requires otherwise, capitalised terms used in this supplemental announcement shall have the same meaning as defined under the Announcement.

In addition to the information provided in the Announcement, the Company would like to provide supplemental information about the basis of consideration of Agreement 1 and Agreement 2.

#### **Basis of consideration of Agreement 1**

As disclosed in the Announcement, the total contract price for Agreement 1 (being RMB9,650,000) was determined by the members of Consortium 1 on a cost-plus basis. This involved each member estimating its direct costs (including labour costs, equipment and material costs, expert consultation fees, travel and other project-specific expenses) and indirect costs (such as other unforeseen overheads), plus a reasonable profit margin.

The Group Companies' portion of the contract price is RMB3,606,000, with an estimated profit margin of approximately 13.08%. The management of the Group considers this profit margin is reasonable as (i) it complies with the internal profit control requirements of the Group for providing external technical services; and (ii) it has taken into account the scope of work the Group Companies within the consortium, such experience, capability and business interests in this project, including the enhanced technical know-how and practical experience gained from this project which may be applied to improve operational efficiency, reduce costs and enhance the Group's competitiveness in future projects, and that the terms of Agreement 1 were determined through arm's length negotiation.

### **Basis of consideration of Agreement 2**

As disclosed in the Announcement, the total contract price for Agreement 2 (being RMB5,690,000) was determined by the members of Consortium 2 on a cost-plus basis. This involved each member estimating its direct costs (including labour costs, travel expenses, fuel and power costs) and indirect costs (such as project deployment and platform integration costs), plus a reasonable profit margin.

Capital Environmental Sanitation Company's portion of the contract price is RMB560,000, with an estimated profit margin of approximately 11.11%. The management of the Group considers this profit margin is reasonable as (i) it complies with the internal profit control requirements of the Group for providing external technical services; and (ii) it has taken into account the scope of work of Capital Environmental Sanitation Company within the consortium, such experience, capability and business interests in this project, including the enhanced technical know-how and practical experience gained from this project which may be applied to improve operational efficiency, reduce costs and enhance the Group's competitiveness in future projects, and that the terms of Agreement 2 were determined through arm's length negotiation.

This announcement is supplemental to and should be read in conjunction with the Announcement. Save as specified herein, the above supplemental information does not affect other information and contents set out in the Announcement.

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

Hong Kong, 2 March 2026

*As of the date of this announcement, the Board comprises two executive Directors, namely Mr. Li Qingsong and Mr. Guo Chaoyang; 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, Eva and Dr. Cao Fuguo.*