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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)

COMPLETION OF CONNECTED TRANSACTION IN RELATION TO THE ISSUANCE OF CUMULATIVE PERPETUAL NON-VOTING AND NON-CONVERTIBLE OFFSHORE PREFERENCE SHARES

At the extraordinary general meeting of the Company held on 4 November 2020, a resolution was passed by the Independent Shareholders to grant a specific mandate to the Directors to allot and issue 16,316,200 cumulative perpetual non-voting and non-convertible Offshore Preference Shares of par value of HK\$100 each at the aggregate subscription price of HK\$1,631,620,000.

The Board is pleased to announce that all the conditions as set out in the Subscription Agreement have been fulfilled, and the Company has issued and Beijing Capital (HK) and BCG have in aggregate subscribed for 16,316,200 cumulative perpetual non-voting and non-convertible Offshore Preference Shares, comprising 11,000,000 Offshore Preference Shares of par value of HK\$100 each issued to Beijing Capital (HK) on 22 December 2020, 4,705,200 Offshore Preference Shares of par value of HK\$100 each issued to BCG on 31 December 2020 and 611,000 Offshore Preference Shares of par value of HK\$100 each issued to BCG on 14 May 2021.

COMPLETION OF THE PROPOSED ISSUANCE

Reference is made to the announcement dated 29 September 2020 (the “**Announcement**”) and the circular dated 19 October 2020 (the “**Circular**”) of Capital Environment Holdings Limited (the “**Company**”) in relation to the connected transaction regarding the issuance of 16,316,200 cumulative perpetual non-voting and non-convertible Offshore Preference Shares of par value of HK\$100 each at the subscription price of HK\$1,631,620,000 in aggregate to Beijing Capital (HK) and BCG. Unless the context otherwise required, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

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SHAREHOLDING STRUCTURE OF THE COMPANY

The Offshore Preference Shares do not bear any voting rights and are not convertible into Ordinary Shares, hence the Issuance will not affect the holdings of the Ordinary Shareholders. The shareholding structure of the Company upon completion of the Proposed Issuance is set out as follows:

Ordinary Shares	Shareholding immediately before and immediately after the completion of the Issuance	
	Number of Shares	Percentage of the Ordinary Shares
Beijing Capital (HK) ⁽¹⁾	6,449,026,736 Ordinary Shares	45.11%
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BCG ⁽²⁾	3,116,767,072 Ordinary Shares	21.80%
Beijing Capital Group ^{(1) (2)}	9,565,793,808 Ordinary Shares	66.92%
Public Shareholders	4,728,939,359 Ordinary Shares	33.08%
Total	14,294,733,167 Ordinary Shares	100.00%

Note:

1. Beijing Capital (HK) is a wholly-owned subsidiary of Beijing Capital. Beijing Capital is in turn controlled by Beijing Capital Group. As such, Beijing Capital Group and Beijing Capital are deemed to have interest in the Shares held by Beijing Capital (HK) for the purposes of the SFO.
2. BCG is the wholly-owned subsidiary of Beijing Capital Group. Therefore, Beijing Capital Group is deemed to be interested in the Shares held by BCG in accordance with the SFO.

Offshore Preference Shares	Shareholding immediately after the completion of the Issuance	
	Number of Offshore Preference Shares	Percentage of the Offshore Preference Shares
Beijing Capital (HK)	11,000,000 Offshore Preference Shares	67.42%
BCG	5,316,200 Offshore Preference Shares	32.58%
Total	<u>16,316,200 Offshore Preference Shares</u>	<u>100.00%</u>

PROCEEDS RAISED FROM THE ISSUANCE

The net proceeds from the Issuance after deducting related costs and expenses to be borne by the Company is approximately HK\$1,625.6 million, which will be used in accordance with the disclosure in the Circular.

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

Hong Kong, 14 May 2021

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Cao Guoxian, Mr. Li Fujing, Ms. Hao Chunmei and Mr. Xiao Yukun; and three independent non-executive directors, namely, Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen and Dr. Chan Yee Wah, Eva.