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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)**

### **CONNECTED TRANSACTION IN RELATION TO THE NEW EQUIPMENT PROCUREMENT AGREEMENT**

#### **BACKGROUND**

Reference is made to the Previous Announcement. As disclosed in the Previous Announcement, Xinjiang Tianfu Company, an indirect wholly-owned subsidiary of the Company, won the bid for a public tender concerning the procurement for the monitoring room for inspection of water inlet and outlet of the Wastewater Treatment Plant Upgrading and Renovation Project. On 27 May 2025, Xinjiang Tianfu Company (as the vendor) entered into the Previous Equipment Procurement Agreement with Sichuan Qingshi Company (as the purchaser), pursuant to which Xinjiang Tianfu Company agreed to sell and Sichuan Qingshi Company agreed to purchase the Target Equipment at a consideration of RMB4,189,120.

The original delivery date of the Target Equipment under the Previous Equipment Procurement Agreement was within 45 days from the signing of the Previous Equipment Procurement Agreement. Due to project delay, the delivery date was extended to 31 May 2026 as agreed between Sichuan Qingshi Company and Xinjiang Tianfu Company. In order to fulfil Xinjiang Tianfu Company's obligation to deliver the Target Equipment under the Previous Equipment Procurement Agreement, Xinjiang Tianfu Company conducted its own procurement tender for the Target Equipment.

The Board is pleased to announce that, following the completion of the tender process for the procurement of the Target Equipment, on 15 January 2026 (after trading hours), Xinjiang Tianfu Company (as the purchaser) entered into the New Equipment Procurement Agreement with Capital Aihua Company (as the vendor), pursuant to which Xinjiang Tianfu Company agreed to buy and Capital Aihua Company agreed to supply the Target Equipment at a consideration of RMB3,803,100.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Capital Aihua Company was owned as to approximately 96.69% by Capital Eco Group. Capital Eco Group is deemed to have interest in approximately 45.11% of the issued Shares and is a controlling shareholder and a connected person of the Company. Accordingly, Capital Aihua Company is an associate of Capital Eco Group and thus a connected person of the Company and the entering into of the New Equipment Procurement Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all conducted within a 12-month period or were otherwise related. The counterparties to the Transaction and the Previous Transaction are the subsidiaries of Capital Eco Group and such transactions are similar in nature. Accordingly, such transactions shall be aggregated. Since one or more of the applicable percentage ratios of the Transaction and the Previous Transaction exceeds 0.1% but is less than 5%, therefore the Transaction is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **THE NEW EQUIPMENT PROCUREMENT AGREEMENT**

Reference is made to the Previous Announcement. As disclosed in the Previous Announcement, Xinjiang Tianfu Company, an indirect wholly-owned subsidiary of the Company, won the bid for a public tender concerning the procurement for the monitoring room for inspection of water inlet and outlet of the Wastewater Treatment Plant Upgrading and Renovation Project. On 27 May 2025, Xinjiang Tianfu Company (as the vendor) entered into the Previous Equipment Procurement Agreement with Sichuan Qingshi Company (as the purchaser), pursuant to which Xinjiang Tianfu Company agreed to sell and Sichuan Qingshi Company agreed to purchase the Target Equipment at a consideration of RMB4,189,120.

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The principal terms of the New Equipment Procurement Agreement are set out below:

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| Date  | : | 15 January 2026   |
| Parties                                     | : | (i) Xinjiang Tianfu Company, as the purchaser;<br>and<br>(ii) Capital Aihua Company, as the vendor.   |
| Transaction subject<br>("Target Equipment") | : | Capital Aihua Company agreed to sell and<br>Xinjiang Tianfu Company agreed to purchase 16<br>sets of each of the following equipment:<br><br>(i) chemical oxygen demand (COD) online<br>monitor;<br><br>(ii) ammonia nitrogen (NH3-N) online monitor;<br><br>(iii) total nitrogen (TN) online monitor;<br><br>(iv) total phosphorus online monitor;<br><br>(v) potential of hydrogen (pH) and temperature<br>meter (two-in-one);<br><br>(vi) automatic water quality sampler; |

- (vii) data acquisition instrument;
- (viii) wall-mounted air conditioner; and
- (ix) uninterruptible power supply device.

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| Consideration<br>(the “ <b>Consideration</b> ”) | : | RMB3,803,100. The Consideration represents the successful bid price submitted by Capital Aihua Company through an open tender process.  |
| Payment terms                                   | : | <ul style="list-style-type: none"> <li>(i) 10% of the Consideration shall be paid by Xinjiang Tianfu Company upon receipt of the invoice;</li> <li>(ii) 60% of the Consideration shall be paid by Xinjiang Tianfu Company upon delivery of all the Target Equipment, presentation of the certificate of delivery to and receipt of the relevant invoice(s) by Xinjiang Tianfu Company;</li> <li>(iii) 25% of the Consideration shall be paid by Xinjiang Tianfu Company upon presentation of certificate of acceptance of equipment testing to and receipt of the relevant invoice(s) by Xinjiang Tianfu Company; and</li> <li>(iv) 5% of the Consideration shall be paid by Xinjiang Tianfu Company upon presentation of quality assurance acceptance certificate (the warranty of the quality expires two years after the date of completion acceptance of the product acceptance report).</li> </ul> |
| Delivery Date                                   | : | The first batch of Target Equipment shall be delivered by 30 April 2026. Xinjiang Tianfu Company shall inform Capital Aihua Company of the delivery date of the remaining batch of Target Equipment, which is expected to be 30 June 2026.  |

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW EQUIPMENT PROCUREMENT AGREEMENT**

Pursuant to the terms of the Previous Equipment Procurement Agreement, Xinjiang Tianfu Company will provide the Target Equipment to Sichuan Qingshi Company for the completion of the Wastewater Treatment Plant Upgrading and Renovation Project.

The Target Equipment is essential for the Company to fulfil its contractual obligations under the Previous Equipment Procurement Agreement to Sichuan Qingshi Company for the completion of the Wastewater Treatment Plant Upgrading and Renovation Project. The procurement of the Target Equipment was conducted through an open and competitive tender process in which multiple qualified suppliers (including independent third parties) were invited to participate. The bids were evaluated based on price, technical specifications, quality standards, delivery time, after-sales service and overall value. Capital Aihua Company was selected as the successful bidder since it offered the most competitive pricing among all other bidders, it also has extensive experience in manufacturing and supplying the type of Target Equipment required for large scale wastewater treatment plant upgrading projects.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the New Equipment Procurement Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interests of the Company and its Shareholders as a whole.

As Ms. Hao Chunmei, the non-executive Director of the Company, holds a senior position in Capital Eco Group, she is therefore deemed to have material interest in the New Equipment Procurement Agreement and the transaction contemplated thereunder. Thus, Ms. Hao Chunmei has abstained from voting on the relevant resolutions at the Board meeting. Save as disclosed above, none of the other Directors has any material interest in the New Equipment Procurement Agreement and the transaction contemplated thereunder.

## **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.

Xinjiang Tianfu Company is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Xinjiang Tianfu Company principally engages in waste treatment and waste-to-energy generation.

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.

Capital Aihua Company is a company established in the PRC with limited liability and is owned as to approximately 96.69% by Capital Eco Group. Capital Aihua Company principally engages in the supply of equipment for municipal water treatment projects and design work.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Capital Aihua Company was owned as to approximately 96.69% by Capital Eco Group. Capital Eco Group is deemed to have interest in approximately 45.11% of the issued Shares and is a controlling shareholder and a connected person of the Company. Accordingly, Capital Aihua Company is an associate of Capital Eco Group and thus a connected person of the Company and the entering into of the New Equipment Procurement Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all conducted within a 12-month period or were otherwise related. The counterparties to the Transaction and the Previous Transaction are the subsidiaries of Capital Eco Group and such transactions are similar in nature. Accordingly, such transactions shall be aggregated. Since one or more of the applicable percentage ratios of the Transaction and the Previous Transaction exceeds 0.1% but is less than 5%, therefore the Transaction is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

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| “Board”                   | the board of Directors;  |
| “Capital Aihua Company”   | Capital Aihua Municipal & Environmental Engineering Co., Ltd (首創愛華(天津)市政環境工程有限公司), a company established in the PRC with limited liability and is owned as to approximately 96.69% by Capital Eco Group;   |
| “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; |
| “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 under the Listing Rules;  |
| “Consideration”           | the consideration of the Target Equipment pursuant to the New Equipment Procurement Agreement, details of which are set out in the section headed “The New Equipment Procurement Agreement” of this announcement;  |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules;  |
| “Director(s)”             | the director(s) of the Company;  |
| “Group”                   | the Company and its subsidiaries;  |
| “Hong Kong”               | The Hong Kong Special Administrative Region of the PRC;  |

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| “Listing Rules”                            | The Rules Governing the Listing of Securities on the Stock Exchange;  |
| “New Equipment Procurement Agreement”      | the agreement dated 15 January 2026 and entered into between Xinjiang Tianfu Company and Capital Aihua Company in relation to the procurement of the Target Equipment;  |
| “PRC”                                      | the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;  |
| “Previous Announcement”                    | the announcement of the Company dated 27 May 2025 in relation to the Previous Equipment Procurement Agreement;  |
| “Previous Equipment Procurement Agreement” | the agreement dated 27 May 2025 and entered into between Xinjiang Tianfu Company and Sichuan Qingshi Company in relation to the supply of the Target Equipment to Sichuan Qingshi Company, details of which are set out in the Previous Announcement; |
| “Previous Transaction”                     | the sale of the Target Equipment by Xinjiang Tianfu Company to Sichuan Qingshi Company, as contemplated under the Previous Equipment Procurement Agreement;   |
| “RMB”                                      | Renminbi, the lawful currency of the PRC;   |
| “Share(s)”                                 | ordinary share(s) of HK\$0.10 each in the capital of the Company;   |
| “Shareholder(s)”                           | holder(s) of the Share(s);  |
| “Sichuan Qingshi Company”                  | Sichuan Qingshi Construction Company Limited* (四川青石建設有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Capital Eco Group;  |
| “Stock Exchange”                           | The Stock Exchange of Hong Kong Limited;  |

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| “Target Equipment”  | the equipment that Xinjiang Tianfu Company agreed to sell and Sichuan Qingshi Company agreed to purchase pursuant to the Previous Equipment Procurement Agreement, which is the equipment that Capital Aihua Company agreed to sell and Xinjiang Tianfu Company agreed to buy pursuant to the New Equipment Procurement Agreement, details of which are set out in the section headed “The New Equipment Procurement Agreement” of this announcement; |
| “Transaction”   | the purchase of the Target Equipment by Xinjiang Tianfu Company from Capital Aihua Company, as contemplated under the New Equipment Procurement Agreement;  |
| “Wastewater Treatment Plant Upgrading and Renovation Project” | upgrading and renovation work managed and overseen by Sichuan Qingshi Company for the eighth division wastewater treatment plant located in Shihezi, Xinjiang, the PRC;   |
| “Xinjiang Tianfu Company”                                     | Xinjiang Tianfu Waste Incineration Power Generation Company Limited* (新疆天富垃圾焚燒發電有限責任公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company; 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 Qingsong**  
*Chairman*

Hong Kong, 15 January 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.*