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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Capital Environment Holdings Limited, you should at once hand this circular, the 2023 annual report and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSAL FOR
GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of Capital Environment Holdings Limited to be held at 6/F, Building 1, Xindadu Hotel, 21 Chegongzhuang Street, Xicheng District, Beijing, China on 25 June 2024, Tuesday at 3:00 p.m. is set out on pages 13 to 17 of this circular. A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof, should you so wish.

23 May 2024

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“Annual General Meeting”	the annual general meeting of the Company to be held at 6/F, Building 1, Xindadu Hotel, 21 Chegongzhuang Street, Xicheng District, Beijing, China on 25 June 2024, Tuesday at 3:00 p.m., notice of which is set out on pages 13 to 17 of this circular;
“Articles of Association”	the articles of association of the Company;
“Board”	the board of Directors of the Company;
“Code”	the Hong Kong Code on Takeovers and Mergers;
“Companies Act”	the Companies Act, Cap. 22 (Revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time;
“Company”	Capital Environment Holdings Limited, a company incorporated with limited liability in the Cayman Islands on 27 May 2004 under the Companies Law, the Shares of which are listed on the Stock Exchange;
“Directors”	the directors of the Company for the time being, including executive directors, non-executive directors and independent non-executive directors;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to allot, issue and deal with Shares, during the period as set out in the relevant resolution, up to a maximum of 20% of the number of issued Shares as at the date of passing of the relevant resolution;
“Latest Practicable Date”	17 May 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

DEFINITIONS

“PRC”	the People’s Republic of China;
“Registrar”	the branch registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong;
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase Shares, during the period as set out in the relevant resolution, up to a maximum of 10% of the number of issued Shares as at the date of passing of the relevant resolution;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	registered holders of Shares;
“Shares”	ordinary shares of HK\$0.10 each (or of such other nominal amount as shall result from a sub-division or a consolidation of such shares from time to time) in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Li Fujing (*Chairman*)

Mr. Li Qingsong (*Chief Executive Officer*)

Non-executive Director:

Ms. Hao Chunmei

Independent Non-executive Directors:

Mr. Pao Ping Wing

Mr. Cheng Kai Tai, Allen

Dr. Chan Yee Wah

Dr. Cao Fuguo

Registered Office:

Cricket Square,

Hutchins Drive,

P.O. Box 2681,

Grand Cayman, KY1-1111,

Cayman Islands

Principal Place of Business in

Hong Kong:

40th Floor, Dah Sing Financial Centre,

No. 248 Queen's Road East,

Wanchai,

Hong Kong

23 May 2024

To the Shareholders

Dear Sir or Madam,

**PROPOSAL FOR
GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information reasonably necessary to enable you to make a decision on whether to vote for or against the ordinary resolutions to be proposed at the Annual General Meeting for the purpose of considering and if thought fit, passing resolutions to approve (i) the granting of the general mandates to the Directors to repurchase and issue Shares; and (ii) the re-election of retiring Directors who shall retire by rotation and to give you the notice of the Annual General Meeting. The Board has confirmed that having made all reasonable enquiries, no Shareholder is required to abstain from voting on any of the above-mentioned proposed resolutions at the forthcoming Annual General Meeting.

LETTER FROM THE BOARD

I. GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES

At the last annual general meeting of the Company held on 28 June 2023, the Directors were granted a general mandate to exercise the powers of the Company to repurchase issued Shares and a general mandate to issue new Shares in the capital of the Company. These general mandates will lapse at the conclusion of the Annual General Meeting. The Directors therefore propose to seek your approval of the ordinary resolutions to be proposed at the Annual General Meeting to grant general mandates to the Directors to exercise the powers of the Company to repurchase issued Shares and to issue new Shares in the capital of the Company.

Resolution No. 5 as set out in the notice of the Annual General Meeting will be proposed at the Annual General Meeting as an ordinary resolution to grant to the Directors the Repurchase Mandate. An explanatory statement, as required to be disclosed by the Listing Rules, is set out in Appendix I to this circular. The explanatory statement contains all the information necessary to enable you as Shareholders to make an informed decision on whether or not to vote for or against the ordinary resolution to grant the Repurchase Mandate to the Directors at the Annual General Meeting.

Resolutions Nos. 4 and 6 as set out in notice of the Annual General Meeting will be proposed at the Annual General Meeting as ordinary resolutions to grant to the Directors the Issue Mandate and to extend the Issue Mandate by adding the amount of any Shares repurchased by the Company under the Repurchase Mandate.

II. RE-ELECTION OF RETIRING DIRECTORS

Resolution No. 2 as set out in the notice of the Annual General Meeting will be proposed at the Annual General Meeting as an ordinary resolution to re-elect retiring Directors.

In accordance with article 87 of the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Any Director appointed to fill in a casual vacancy on the Board or as an addition to the existing Board shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation and any Director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Besides, pursuant to the Code provision B.2.3 set out in part 2 of Appendix C1 Corporate Governance Code to the Listing Rules, if an independent non-executive Director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by Shareholders.

LETTER FROM THE BOARD

The tenure in office of Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen and Dr. Chan Yee Wah, the independent non-executive Directors, have been more than 9 years, and their further appointments will be subject to a separate resolution to be approved by Shareholders.

Mr. Li Qingsong, Mr. Cheng Kai Tai, Allen and Dr. Chan Yee Wah will retire from office and, being eligible, offer themselves for re-election at the Annual General Meeting. The biography of these Directors, as required to be disclosed pursuant to the Listing Rules, are set out in Appendix II to this circular.

III. ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting to be held at 6/F, Building 1, Xindadu Hotel, 21 Chegongzhuang Street, Xicheng District, Beijing, China on 25 June 2024, Tuesday at 3:00 p.m. is set out on pages 13 to 17 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting of the Company must be taken by poll. Accordingly, the chairman of the Annual General Meeting will demand a poll for every resolution put to the vote at the Annual General Meeting pursuant to article 66 of the Articles of Association. Additionally, the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

IV. CLOSURE OF THE REGISTER OF MEMBERS

To determine the eligibility of the Shareholders to attend the Annual General Meeting, the Company's register of members will be closed from Thursday, 20 June 2024 to Tuesday, 25 June 2024 (both days inclusive), during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the Annual General Meeting, all transfers of shares of the Company, duly accompanied by the completed transfer forms and all relevant share certificates, must be lodged with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on Wednesday, 19 June 2024. The shareholders whose names appear on the register of members of the Company on Tuesday, 25 June 2024, the record date of the Annual General Meeting, will be entitled to attend and vote at the Annual General Meeting.

RECOMMENDATION

The Board considers that the granting of the Issue Mandate and Repurchase Mandate and the re-election of retiring Directors are in the interests of the Company and the Shareholders as a whole and recommends Shareholders to vote in favour of the ordinary resolutions to approve the same at the Annual General Meeting.

Your attention is also drawn to the additional information set out in the appendices to this circular.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully,
By order of the Board of
Capital Environment Holdings Limited
Li Fujing
Chairman

APPENDIX I EXPLANATORY STATEMENT FOR REPURCHASE MANDATE

The following serves as an explanatory statement in compliance with the Listing Rules to give all the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the grant to the Directors the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued ordinary share capital of the Company was HK\$1,429,473,316 comprising 14,294,733,167 Shares.

Subject to the passing of the relevant ordinary resolution to approve the Repurchase Mandate (as set out in Resolution No. 5 of the notice of the Annual General Meeting) and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, exercise in full of the Repurchase Mandate would result in the repurchase by the Company of a maximum of 1,429,473,316 Shares during the period as set out in Resolution No. 5 of the notice of the Annual General Meeting, representing not more than 10% of the number of issued Shares as at the Latest Practicable Date.

2. REASONS FOR REPURCHASES

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value and/or earnings per share of the Company and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association, the Listing Rules, the Companies Law, all other applicable laws of the Cayman Islands and any other applicable laws. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any repurchases may be made out of profits or share premium of the Company or out of the proceeds of a fresh issue of Shares made for the purpose, or subject to the Companies Act, out of capital. Any premium on a repurchase may be made out of profits or share premium of the Company, or subject to the Companies Act, out of capital.

APPENDIX I EXPLANATORY STATEMENT FOR REPURCHASE MANDATE

There might be material adverse impact on the working capital and/or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the 2023 Annual Report), in the event that the Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such extent as would in the circumstances have a material adverse impact on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICE

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the twelve months preceding the Latest Practicable Date and up to the Latest Practicable Date were as follows:

	Highest <i>HK\$</i> <i>(Per Share)</i>	Lowest <i>HK\$</i> <i>(Per Share)</i>
Year 2023		
May	0.142	0.119
June	0.140	0.121
July	0.143	0.120
August	0.141	0.113
September	0.139	0.115
October	0.131	0.111
November	0.118	0.086
December	0.115	0.090
Year 2024		
January	0.119	0.101
February	0.115	0.099
March	0.110	0.083
April	0.100	0.077
May (up to the Latest Practicable Date)	0.099	0.082

5. DIRECTORS, THEIR CLOSE ASSOCIATES AND CONNECTED PERSON

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company under the Repurchase Mandate in the event that such mandate is approved by Shareholders.

APPENDIX I EXPLANATORY STATEMENT FOR REPURCHASE MANDATE

No core connected person (as defined in the Listing Rules), has notified the Company that he/she has a present intention to sell any Shares to the Company, nor has he/she undertaken not to do so in the event that the Repurchase Mandate is approved by Shareholders.

6. EFFECT OF THE CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Rule 32 of the Code. As a result, a Shareholder or a group of Shareholders acting in concert (within the meanings of the Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code for all Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, to the best of the knowledge and belief of Directors, Beijing Capital (Hong Kong) Limited, together with party presumed to be acting in concert with it which include namely, BCG Chinastar International Investment Limited (hereinafter altogether "**Beijing Capital Concert Group**"), beneficially held 9,565,793,808 Shares, representing approximately 66.92% of the total issued Shares.

Assuming that there will be no change to the number of issued Shares of the Company since the Latest Practicable Date and up to the date of the repurchase, in the event that the Directors exercise in full the power to repurchase Shares of the Company under the Repurchase Mandate, if so approved, in accordance with the terms of Resolution No. 5 as set out in the notice of the Annual General Meeting, the attributable aggregate shareholding of Beijing Capital Concert Group in the Company would be increased to approximately 74.35% of the total issued Shares. In the opinion of the Directors, such increase would not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Code. The Directors are not aware of any consequence which will arise under the Code as a result of any repurchases to be made under the Repurchase Mandate. Moreover, in the event that the Repurchase Mandate is implemented in full, the number of Shares held by the public would not fall below 25% of the total issued Shares.

7. SHARES REPURCHASES MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

8. GENERAL

The Company confirms that neither this explanatory statement nor the Repurchase Mandate has any unusual features.

The Directors will exercise the power of the Company under the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands and the regulations set out in the Articles of Association.

The biography of the Directors, who will retire from office by rotation at the Annual General Meeting and being eligible, offer themselves for re-election at the Annual General Meeting, are set out below:

EXECUTIVE DIRECTOR

Mr. Li Qingsong (“Mr. Li”), aged 52, is a senior engineer and economist. He was appointed as an executive Director and executive general manager of the Company in August 2021, and was re-designated from executive general manager to chief executive officer on 20 December 2023. Mr. Li holds a bachelor’s degree in port and waterway engineering from the Department of Geography of Zhejiang University, a master’s degree in hydraulics and river dynamics from the Department of Water Conservancy of Tsinghua University and a master’s degree in business administration from the School of Business Administration of the Chinese University of Hong Kong. Mr. Li had successively acted as an engineer at the Institute of Environmental and Sanitary Engineering Technology (環衛工程技術研究所) of the Urban Construction Design and Research Institute (城市建設研究院) of the Ministry of Construction, the investment manager of the investment and development department, the deputy general manager of Nanjing branch, the general manager of Nanjing branch, the general manager of the investment and development department of southern region of Beijing Capital Eco-Environment Protection Group Co., Ltd., the general manager of Hunan Capital Investment Co., Ltd. (湖南首創投資有限責任公司) and assistant to general manager of Beijing Capital Eco-Environment Protection Group Co., Ltd.. He has extensive experience in investment and financing management.

Save as disclosed above and as at the Latest Practicable Date, Mr. Li has no directorship held in other listed public companies in the last three years and he does not have any relationship with any other Directors, senior management, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr. Li does not have any other interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Li has entered into a service contract with the Company, for a term of three years commencing from 26 August 2021, and will continue thereafter until terminated by both parties mutually agreed or by either party thereto giving to the other not less than three months’ prior notice in writing. Mr. Li is entitled to a fixed monthly salary of HK\$30,000 for 13 months per year and a year-end bonus at the discretion of the Board with reference to his duties and responsibilities and performance of the Company. Mr. Li has taken the initiative to waive his remuneration for services rendered by him as executive Director.

Save as disclosed, there is nothing which needs to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(w) of the Listing Rules in respect of Mr. Li’s re-election.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheng Kai Tai, Allen (“Mr. Cheng”), aged 60, was appointed as an independent non-executive Director of the Company in January 2010. Mr. Cheng is a qualified accountant, a fellow member of Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. He has practiced as a Certified Public Accountant in Hong Kong for over 20 years and has extensive professional experience in auditing, taxation, financial management, corporate recovery and restructuring. Mr. Cheng holds a master degree of accountancy from Jinan University in China and is a professional advisor to several international companies of investment management, trading and service industry.

Mr. Cheng has served the Board for more than nine years since 6 January 2010. Despite this length of service, the independence of Mr. Cheng, especially in terms of exercising independent judgment and objective challenges to the management, has not been or will not be in any way compromised or affected. The Board is confident that Mr. Cheng will continue to make valuable contribution to the Company by providing his balanced and objective views to the Board; and Mr. Cheng’s extensive and unique working and life experience could contribute to the diversity of the Board. Mr. Cheng has also provided an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The nomination committee of the Company (with Mr. Cheng abstaining from opining on the same) is fully satisfied that Mr. Cheng meets the independence guidelines set out in Rule 3.13 of the Listing Rules and continues to be independent. The Board therefore comes to the view that Mr. Cheng should be re-elected for a further term at the Annual General Meeting.

Save as disclosed above and as at the Latest Practicable Date, Mr. Cheng has no directorship held in other listed public companies in the last three years and he does not have any relationship with any other Directors, senior management, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr. Cheng does not have any other interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Cheng has entered into a letter of appointment with the Company for a term of three years commencing from 6 January 2022 and he is entitled to a fixed monthly Director’s fee of HK\$26,250 which is determined by the Board from time to time with reference to the market conditions.

Save as disclosed, there is nothing which needs to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(w) of the Listing Rules in respect of Mr. Cheng’s re-election.

Dr. Chan Yee Wah (“Dr. Chan”), age 58, was appointed as an independent non-executive Director of the Company in July 2012. Dr. Chan has more than 25 years of financial and management experience and has been senior executives of various listed companies in Hong Kong. Dr. Chan is the founding chairlady of Hong Kong Investor Relations Association; Dr. Chan is also a fellow member of Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a fellow member of The Hong Kong Chartered Governance Institute. Dr. Chan graduated from City University of Hong Kong with a bachelor of arts in accounting. She then earned her MBA degree from the University of Nottingham. She also obtained a DBA degree from the Polytechnic University of Hong Kong. She is currently the Head of Investor Relations of C C Land Holdings Limited and an independent non-executive director of Xtep International Holdings Limited (a company listed on The Stock Exchange of Hong Kong Limited, stock code: 1368). Dr. Chan has been an independent non-executive director of ST International Holdings Company Limited (a company listed on The Stock Exchange of Hong Kong Limited, stock code: 8521) since 5 December 2023.

Dr. Chan has served the Board for more than nine years since 1 July 2012. Despite this length of service, the independence of Dr. Chan, especially in terms of exercising independent judgment and objective challenges to the management, has not been or will not be in any way compromised or affected. The Board is confident that Dr. Chan will continue to make valuable contribution to the Company by providing her balanced and objective views to the Board; and Dr. Chan’s extensive and unique working and life experience could contribute to the diversity of the Board. Dr. Chan has also provided an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The nomination committee of the Company (with Dr. Chan abstaining from opining on the same) is fully satisfied that Dr. Chan meets the independence guidelines set out in Rule 3.13 of the Listing Rules and continues to be independent. The Board therefore comes to the view that Dr. Chan should be re-elected for a further term at the Annual General Meeting.

Save as disclosed above and as at the Latest Practicable Date, Dr. Chan has no directorship held in other listed public companies in the last three years and she does not have any relationship with any other Directors, senior management, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Dr. Chan does not have any other interests in the Shares of the Company within the meaning of Part XV of the SFO.

Dr. Chan has entered into a letter of appointment with the Company for a term of three years commencing from 29 June 2021 and she is entitled to a fixed monthly Director’s fee of HK\$26,250 which is determined by the Board from time to time with reference to the market conditions.

Save as disclosed, there is nothing which needs to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(w) of the Listing Rules in respect of Dr. Chan’s re-election.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “**Meeting**”) of Capital Environment Holdings Limited (the “**Company**”) will be held at 6/F, Building 1, Xindadu Hotel, 21 Chegongzhuang Street, Xicheng District, Beijing, China on 25 June 2024, Tuesday at 3:00 p.m. for the following purposes:

Capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 23 May 2024 to the Shareholders unless otherwise specified.

1. To receive and consider the audited financial statements and the reports of the Directors and auditors of the Company for the year ended 31 December 2023.
2.
 - (i) To re-elect Mr. Li Qingsong as executive Director;
 - (ii) To re-elect Mr. Cheng Kai Tai, Allen as independent non-executive Director;
 - (iii) To re-elect Dr. Chan Yee Wah as independent non-executive Director; and
 - (iv) To authorise the board of directors of the Company to fix the remuneration of the Directors.
3. To re-appoint Messrs. Ernst & Young Certified Public Accountants as the Company’s auditor and authorise the Board to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

4. To consider and, if thought fit, pass with or without amendment(s) the following resolution as ordinary resolution:

“THAT:

- (a) subject to paragraph (c) of this Resolution, and pursuant to the Listing Rules, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the Shares and to make or grant offers, agreements and options (including warrants, bonds, notes, debentures and other securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including warrants, bonds, notes, debentures and other securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period (as hereinafter defined);
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of any rights of subscription or conversion under any share option scheme(s) of the Company or any other option, scheme or similar arrangement for the time being adopted for the grant or issue to grantees as specified in such scheme or similar arrangement of Shares or rights to acquire the Shares; or (iii) an issue of Shares pursuant to any scrip dividends or similar arrangement providing for the allotment of Shares in lieu of the whole or part of the dividend on Shares in accordance with the Articles of Association in force from time to time, shall not exceed 20% of the aggregate number of issued Shares as at the date of passing of this Resolution, and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the date of passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, or any other applicable laws to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

“Rights Issue” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares, open for a period fixed by the Directors to holders of Shares, whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer), on a fixed record date in proportion to their holdings of such Shares (or, where appropriate, such other securities) as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory or otherwise howsoever applicable to the Company).”

5. To consider and, if thought fit, pass with or without amendment(s) the following resolution as ordinary resolution:

“THAT:

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase Shares on the Stock Exchange or any other stock exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

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- (b) the approval in paragraph (a) of this Resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company, during the Relevant Period (as hereinafter defined), to procure the Company to repurchase the Shares at a price determined by the Directors;
 - (c) the aggregate number of Shares which may be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution, during the Relevant Period (as hereinafter defined), shall not exceed 10% of the aggregate number of issued Shares as at the date of passing of this Resolution and the authority granted pursuant to paragraph (a) of this Resolution shall be limited accordingly; and
 - (d) for the purpose of this Resolution, “Relevant Period” means the period from the date of passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, or any other applicable laws to be held; and
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.”
6. To consider and, if thought fit, pass with or without amendment(s) the following resolution as ordinary resolution:

“**THAT** conditional upon Resolutions Nos. 4 and 5 set out in the notice convening this Meeting being duly passed, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with Shares pursuant to Resolution No. 4 set out in the notice convening this Meeting be and is hereby extended by the addition thereto of a number representing the aggregate number of issued Shares repurchased by the Company under the authority granted pursuant to Resolution No. 5 set out in the notice convening this Meeting, provided that such an extended amount shall not exceed 10% of the aggregate number of issued Shares as at the date of the passing of Resolution No. 5 set out in the notice convening this Meeting.”

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

Hong Kong, 23 May 2024

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Notes:

1. The register of members of the Company will be closed during the following period:

In order to determine the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Thursday, 20 June 2024 to Tuesday, 25 June 2024, both days inclusive, during which period the registration of transfers of Shares will be suspended. In order to qualify to attend and vote at the Meeting, completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 19 June 2024.

2. Shareholder entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him at this Meeting. A proxy need not be a Shareholder but must be present in person to represent the member.
3. The form of proxy must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for the Meeting.
4. Where there are joint registered holders of any Share, any one of such joint holders may vote at any meeting, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting personally or by proxy, the one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
5. Completion and return of a proxy form will not preclude a Shareholder from attending and voting in person if he/she is subsequently able to be present and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.