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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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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)**

**(1) INCREASE OF THE AUTHORISED SHARE CAPITAL;  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening the EGM to be held at Unit 1613–1618, 16/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on 7 May 2021, Friday at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

21 April 2021

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## DEFINITIONS

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

“Announcement”	announcement of the Company dated 15 April 2021 relating to the Increase of the Authorised Share Capital
“Articles of Association”	the memorandum and articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Companies Act”	the Companies Act (As Revised) of Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Company”	Capital Environment Holdings Limited (首創環境控股有限公司), a company incorporated in Cayman Islands with limited liability under the Companies Act, the ordinary shares of which are listed on the Stock Exchange (Stock Code: 03989)
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held at Unit 1613–1618, 16/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on 7 May 2021, Friday at 11:00 a.m. for the Ordinary Shareholders to consider and, if thought fit, approve the Increase of the Authorised Share Capital
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Increase of the Authorised Share Capital”	the proposed increase of the authorised share capital of the Company from HK\$3,000,000,000 divided into 30,000,000,000 shares of the Company to HK\$5,000,000,000 comprised of 33,683,800,000 Ordinary Shares and 16,316,200 Preference Shares and confirmation of the re-classification of the authorised share capital of the Company by the creation of 16,316,200 Preference Shares
“Latest Practicable Date”	16 April 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Ordinary Share(s)”	the ordinary share(s) of the Company of par value of HK\$0.10 each in the share capital of the Company, which are listed on the Stock Exchange under the stock code 3989 and trade in Hong Kong dollars and any other ordinary shares of the Company in issue from time to time
“Ordinary Shareholder(s)”	the holder(s) of Ordinary Shares
“PRC”	the People’s Republic of China, excluding, for purposes of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Preference Shares”	cumulative perpetual non-voting and non-convertible offshore preference shares of HK\$100 each which will not be listed on the Stock Exchange or any other securities exchange, having the rights and privileges as approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 4 November 2020
“Shareholder(s)” or “shareholder(s)”	the Ordinary Shareholders from time to time, unless the context also requires a reference to the holders of Preference Shares, and if so, shall also include holder(s) of any Preference Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

*In this circular, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “subsidiary(ies)”, “substantial shareholder(s)” and “controlling shareholder(s)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.*

*Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.*



**CAPITAL ENVIRONMENT HOLDINGS LIMITED**

**首創環境控股有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 03989)**

*Executive Directors:*

Mr. Cao Guoxian (*Chairman*)  
Mr. Li Fujing (*Chief Executive Officer*)  
Ms. Hao Chunmei  
Mr. Xiao Yukun

*Registered Office:*

Cricket Square,  
Hutchins Drive,  
P.O. Box 2681,  
Grand Cayman KY1-1111,  
Cayman Islands

*Independent Non-Executive Directors:*

Mr. Pao Ping Wing  
Mr. Cheng Kai Tai, Allen  
Dr. Chan Yee Wah, Eva

*Head Office and Principal Place of Business:*

Unit 1613–1618, 16/F  
Bank of America Tower,  
12 Harcourt Road,  
Central,  
Hong Kong

21 April 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) INCREASE OF THE AUTHORISED SHARE CAPITAL;  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1 INTRODUCTION**

Reference is made to the Announcement relating to the Increase of the Authorised Share Capital.

The purpose of this circular is to provide you with, among other things, (i) details of the Increase of the Authorised Share Capital and (ii) a notice of the EGM.

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## LETTER FROM THE BOARD

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### 2 INCREASE OF THE AUTHORISED SHARE CAPITAL

The Company has an authorised share capital of HK\$3,000,000,000. As at the Latest Practicable Date, there were 14,294,733,167 Ordinary Shares and 15,705,200 Preference Shares in issue. As stated in the Announcement, the Board proposed to increase the authorised share capital of the Company from HK\$3,000,000,000 to HK\$5,000,000,000 comprised of 33,683,800,000 Ordinary Shares and 16,316,200 Preference Shares and to confirm the re-classification of the authorised share capital of the Company by the creation of 16,316,200 Preference Shares having the rights and privileges as approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 4 November 2020.

#### **Reasons for the Increase of the Authorised Share Capital**

In order to accommodate future expansion and growth of the Group and to provide the Company with greater flexibility to raise funds in the future as and when necessary, the Board proposed the Increase of the Authorised Share Capital. To the best knowledge and belief of the Directors after making due inquiry as at the Latest Practicable Date, other than the completion of the issuance of Preference Shares as approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 4 November 2020, the Company currently has no plan or intention for equity fund raising by the Company. The Increase of the Authorised Share Capital is intended to replenish the Company's authorised capital headroom following the issuance of the Preference Shares.

#### **Condition of the Increase of the Authorised Share Capital**

The Increase of the Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Ordinary Shareholders at the EGM.

### 3 EGM

The EGM will be convened at Unit 1613–1618, 16/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on 7 May 2021, Friday at 11:00 a.m. for the purpose of the Ordinary Shareholders to consider and, if thought fit, approve the Increase of the Authorised Share Capital. A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

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## LETTER FROM THE BOARD

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To the best knowledge, information and belief of the Directors and having made reasonable enquiries, no Ordinary Shareholder has a material interest in the Increase of the Authorised Share Capital as at the Latest Practicable Date and as such, none of the Ordinary Shareholders is required to abstain from voting on the relevant resolutions at the EGM to approve the Increase of the Authorised Share Capital. The relevant resolution at the EGM only requires the approval of the Ordinary Shareholders.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Ordinary Shareholders at a general meeting of the Company must be taken by poll. Accordingly, the chairman of the EGM will demand a poll for every resolution put to the vote at the EGM 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.

#### **4 RECOMMENDATION**

The Directors consider that the Increase of the Authorised Share Capital is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Ordinary Shareholders vote in favour of the relevant resolution set out in the notice of the EGM at the EGM.

#### **5 RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiry, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,  
For and on behalf of the Board of  
**Capital Environment Holdings Limited**  
**Cao Guoxian**  
*Chairman*



**CAPITAL ENVIRONMENT HOLDINGS LIMITED**  
**首創環境控股有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 03989)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Capital Environment Holdings Limited (the “Company”) will be held at Unit 1613–1618, 16/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on 7 May 2021, Friday at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution of the Company.

Capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 21 April 2021 to the Shareholders unless otherwise specified.

**ORDINARY RESOLUTION**

**“THAT**

- (a) the increase of the authorised share capital of the Company from HK\$3,000,000,000 to HK\$5,000,000,000 comprised of 33,683,800,000 Ordinary Shares and 16,316,200 Preference Shares be and is hereby approved and confirmed;
- (b) the re-classification of the authorised share capital of the Company by the creation of 16,316,200 Preference Shares having the rights and privileges as approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 4 November 2020 be and is hereby approved and confirmed; and

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## NOTICE OF THE EGM

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- (c) any one Director or the company secretary of the Company be and is hereby authorised to do all such acts and things and execute all such documents for and on behalf of the Company (and to affix the common seal of the Company (where required)) as they may consider necessary, desirable or appropriate in connection with the above resolutions.”

By Order of the Board  
**Capital Environment Holdings Limited**  
**Cao Guoxian**  
*Chairman*

Hong Kong, 21 April 2021

*As at the date of this notice, the board of directors of the Company 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.*

*Notes:*

1. A form of proxy for use at the EGM is enclosed with the circular of the Company dated 21 April 2021 to the Shareholders.
2. Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company shall, in respect of such share, be entitled alone to vote in respect thereof.
3. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
4. The register of members of the Company will be closed from 5 May 2021, Wednesday, to 7 May 2021, Friday, both days inclusive, during which period no transfer of shares of the Company will be effected. As such, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 4 May 2021, Tuesday for the purpose of determining shareholders' eligibility to attend and vote at the EGM.
5. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's share registrar in Hong Kong, Tricor Investor Services Limited Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.
6. 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.

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## NOTICE OF THE EGM

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7. If Typhoon Signal no. 8 or above, or a “black” rainstorm warning is expected to be hoisted any time after 12 noon on the EGM date, the EGM will be postponed. The Company will publish an announcement on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cehl.com.hk](http://www.cehl.com.hk)) to notify members of the date, time and place of the rescheduled meeting.
8. In light of the outbreak of novel coronavirus (COVID-19), the Company will implement the following precautionary measures at the EGM in order to protect the health and safety of the attendees at the EGM, including:
  - a. all attendees will subject to compulsory body temperature checks at the entrance of the EGM venue. Any person with a body temperature of 37 degrees Celsius or higher may be denied entry into the EGM venue or be required to leave the EGM venue;
  - b. all attendees will be required to wear surgical face masks throughout the EGM;
  - c. any person who does not comply with the above measures may be denied entry to the meeting venue; and
  - d. no beverage or refreshments will be served at the EGM.

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue. Members are reminded that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolution at the EGM as an alternative to attending the EGM in person.
9. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.