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

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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 2016 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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**  
**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**  
**PROPOSED CHANGE OF AUDITOR**  
**AND**  
**NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the Annual General Meeting of Capital Environment Holdings Limited to be held at Falcon Room, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 29 June 2017 at 11:00 a.m. is set out on pages 14 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 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 Level 22, 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 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 meeting or any adjournment thereof, should you so wish.

31 May 2017



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## DEFINITIONS

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*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 Falcon Room, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 29 June 2017 at 11:00 a.m. notice of which is set out on pages 14 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 Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and 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;
“Increase in Authorised Share Capital”	the proposed increase in authorised share capital of the Company from HK\$1,500,000,000 divided into 15,000,000,000 Shares to HK\$3,000,000,000 divided into 30,000,000,000 Shares by the creation of 15,000,000,000 new Shares;
“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 issued share capital of the Company as at the date of passing of the relevant resolution;

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## DEFINITIONS

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“Latest Practicable Date”	25 May 2017 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Registrar”	the branch registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, 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 issued share capital of the Company as at the date of passing of the relevant resolution;
“RMB”	Renminbi, the lawful currency of the PRC;
“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
“Substantial Shareholder”	has the meaning ascribed thereto in the Listing Rules.

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Wu Lishun (*Chairman*)  
Mr. Cao Guoxian (*Chief Executive Officer*)  
Mr. Liu Yongzheng  
Ms. Zhang Meng

*Independent Non-Executive Directors:*

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

*Registered Office:*

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

*Head Office and*

*Principal Place of Business:*

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

31 May 2017

*To the Shareholders*

Dear Sir or Madam,

**PROPOSAL FOR  
GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES  
RE-ELECTION OF RETIRING DIRECTORS  
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL  
PROPOSED CHANGE OF AUDITOR  
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 of the Company 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; (ii) the re-election of retiring Directors who shall retire by rotation; (iii) the Increase in Authorised Share Capital; (iv) the change of auditor of the Company and to give you the notice of the Annual General Meeting. The Board has confirmed that having made all reasonable enquiries, no shareholder of the Company is required to abstain from voting on any of the above mentioned proposed resolutions at the forthcoming Annual General Meeting.

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## LETTER FROM THE BOARD

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### **I. GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES**

At the last annual general meeting of the Company held on 30th June 2016, 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 extended 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 86 and 87 of the Articles of Association, at each annual general meeting, 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 A.4.3 set out in Appendix 14 Corporate Governance Code and Corporate Governance Report of 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.

The tenure in office of Mr. Pao Ping Wing, the independent non-executive director of the Company has reached 9 years.

As such Mr. Wu Lishun, Mr. Liu Yongzheng, Ms. Zhang Meng, Mr. Pao Ping Wing and Dr. Chan Yee Wah, Eva will retire from office and, being eligible, offer themselves for re-election at the Annual General Meeting. The particulars of these Directors, as are required to be disclosed by the Listing Rules, are set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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### III. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$1,500,000,000 divided into 15,000,000,000 Shares, of which 14,294,733,167 Shares have been issued and allotted as fully paid. In order to accommodate future expansion and growth of the Company and to ensure that a sufficient number of unissued Shares are available for future issuance, the Board intends to propose to the Shareholders the increase in the authorised share capital from HK\$1,500,000,000 divided into 15,000,000,000 Shares to HK\$3,000,000,000 divided into 30,000,000,000 Shares by the creation of an additional 15,000,000,000 new Shares. Such new Shares, upon issue, shall rank pari passu in all respects with the existing Shares. The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the Annual General Meeting.

As at the Latest Practicable Date, the Company has no intention of issuing any part of the authorised share capital proposed to be increased.

### IV. PROPOSED CHANGE OF AUDITOR

As disclosed in the announcement of the Company dated 25 May 2017, Deloitte Touche Tohmatsu will retire as the auditor of the Company with effect from the conclusion of the Annual General Meeting. As Deloitte Touche Tohmatsu has been the auditor of the Company for a long period of time, the Board proposed, with the selection and recommendation of the audit committee of the Company, to appoint Ernst & Young Certified Public Accountants as the new auditor of the Company, and such proposed appointment is subject to the approval of Shareholders at the Annual General Meeting.

Deloitte Touche Tohmatsu has confirmed that there are no circumstance in connection with their retirement which should be brought to the attention of the Shareholders. The Board and the audit committee of the Company confirm that there is no disagreement between Deloitte Touche Tohmatsu and the Company, and there is no other matter in respect of the proposed change of auditor that need to be brought to the attention of the Shareholders.

### V. ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting to be held at Falcon Room, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 29 June 2017 at 11:00 a.m. is set out on pages 14 to 17 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting 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.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Board considers that the granting of the general mandates to repurchase and issue Shares, the re-election of retiring Directors, the increase in authorised share capital and the change of auditor 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.

### 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**  
**Wu Lishun**  
*Chairman*

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## **APPENDIX I      EXPLANATORY STATEMENT FOR REPURCHASE MANDATE**

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*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 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 issued share capital of the Company 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 and all applicable laws of the Cayman Islands and any other applicable laws. A 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 Law, 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 Law, out of capital.

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 2016 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:

	<b>Highest</b> <i>HK\$ (Per Share)</i>	<b>Lowest</b> <i>HK\$ (Per Share)</i>
<b>Year 2016</b>		
April	0.305	0.280
May	0.340	0.280
June	0.345	0.300
July	0.335	0.290
August	0.330	0.290
September	0.320	0.285
October	0.300	0.265
November	0.320	0.260
December	0.305	0.255
<b>Year 2017</b>		
January	0.275	0.240
February	0.270	0.243
March	0.255	0.220
April	0.249	0.224
May (up to the Latest Practicable Date)	0.231	0.204

**5. DIRECTORS, THEIR 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 associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate in the event that such mandate is approved by Shareholders.

No 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. UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, all applicable laws of the Cayman Islands and the Articles of Association of the Company.

**7. 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 which include namely, BCG Chinastar International Investment Limited (hereinafter altogether "Beijing Capital Concert Group"), beneficially held 9,565,793,808 Shares, representing 66.92% of the issued share capital of the Company. To the best of the knowledge of the Company, no other person, together with any of its associates, was beneficially interested in Shares representing 10% or more of the entire share capital of the Company as at the Latest Practicable Date.

Assuming that there will be no change to the issued share capital 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 issued share capital of the Company. 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 issued share capital of the Company.

**8. 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.

*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 DIRECTORS

**Mr. Wu Lishun**, aged 42, was appointed as an executive director and chairman of the Company in December 2016. Mr. Wu is a Certified Public Accountant. He obtained a master degree in business administration from Robert H. Smith School of Business at the University of Maryland of the United State and a bachelor degree in International Business Management from International Business School at the University of International Business and Economics. Mr. Wu is currently the deputy general manager of Beijing Capital Group Company Limited, a director of Beijing Capital Co., Ltd. (stock code on Shanghai Stock Exchange: 600008), the vice chairman of Beijing MTR Corporation Limited, the chairman of Beijing Capital Waste Management NZ Ltd. (首創紐西蘭環境治理有限公司), the chairman of Qinhuangdao Star Light Technology Co. Ltd. (秦皇島思泰意達科技發展有限公司), a director of Tianjin Jingjin Expressway Co. Ltd. (天津京津高速公路有限公司) and a director of ECO Industrial Environmental Engineering Co. Ltd. (ECO工業環境工程有限公司). Prior to joining the Beijing Capital Group, Mr. Wu served as a manager in KPMG Huazhen, a director of Beijing Dayue Consulting Co., Ltd., deputy manager of planning and finance department and manager of planning and funding department in Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司).

Save as disclosed, Mr. Wu 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. Wu does not have any interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Wu has entered into a service contract with the Company for a term of three years commencing from 20 December 2016. He is entitled to a fixed monthly salary of HK\$180,000 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. With effect from 20 December 2016 (date of appointment), Mr. Wu has taken the initiative to waive his remuneration for services rendered by him as executive director and chairman of the Company.

**Mr. Liu Yongzheng**, aged 48, was appointed as an executive director of the Company in September 2015. He obtained a bachelor degree in Economic Law from the School of Law of the Renmin University of China and a master degree from the School of Law of the Temple University of the United States. Mr. Liu is the chairman of Beijing Capital Co., Ltd. and deputy general manager of Beijing Capital Group Co., Ltd. He served as the general manager of Beijing Capital Co., Ltd., the deputy general manager and general manager of legal department and the General Counsel of Beijing Capital Group Co., Ltd. Prior to joining Beijing Capital Group, Mr. Liu served as a teacher at the Social Science Faculty of Beijing Institute of Meteorology and a lawyer at Zhong Lun Law Firm, Li Wen Law Firm and J&J Law Firm in Beijing.

Save as disclosed, Mr. Liu 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. Liu does not have any interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Liu has entered into any service contract with the Company, for a term of three years commencing from 1 October 2016, he 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. With effect from 1 October 2015, Mr. Liu has taken the initiative to waive his remuneration for services rendered by him as executive director of the Company.

**Ms. Zhang Meng**, aged 41, was appointed as an executive director of the Company in December 2016. She obtained a Master of Science in Environmental Resource Assessment from the Newcastle University of the United Kingdom and a bachelor degree in Environmental Monitoring of the Department of Environmental Engineering of the Beijing University of Technology. Ms. Zhang is currently the director of Beijing Capital Co., Ltd. and the general manager of department of environmental industry of Beijing Capital Group Company Limited. From September 2013 to June 2016, she worked in Beijing Capital Group Company Limited as the deputy general manager of infrastructure department. Prior to this, Ms. Zhang served as the deputy director of development department of the Management Committee of Olympic Green in Beijing, the deputy secretary and Secretary General of the Administration Committee of Common Area in Olympic Green of the Organizing Committee of the 29th Olympic Games, the executive officer of the Operation Center in Olympic Green and leader of Concierge and project manager of the department of environmental engineering of the Engineering and Environmental Bureau of the Organizing Committee of the 29th Olympic Games.

Save as disclosed, Ms. Zhang 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, Ms. Zhang does not have any interests in the Shares of the Company within the meaning of Part XV of the SFO.

Ms. Zhang has entered into a service contract with the Company, for a term of three years commencing from 20 December 2016. She 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 her duties and responsibilities and performance of the Company. With effect from 20 December 2016 (date of appointment), Ms. Zhang has taken the initiative to waive her remuneration for services rendered by her as executive director of the Company.

## INDEPENDENT NON-EXECUTIVE DIRECTOR

**Mr. Pao Ping Wing, JP**, aged 69, was appointed as an independent non-executive director of the Company in June 2006. In the past years, he had been actively serving on the consulting and formulating of government policy, including those relating to town planning, urban renewal, public housing and environment matters. He has been appointed as a Justice of the Peace of Hong Kong since 1987. He was an ex-urban councilor. He obtained a Master of Science Degree in Human Settlements Planning and Development from the Asian Institute of Technology in Thailand in 1980. He was elected as one of the Ten Outstanding Young Persons of Hong Kong in 1982 and one of the Ten Outstanding Young Persons of the World in 1983. Since 1987, Mr. Pao has been appointed as an independent non-executive director of a company which was listed on the Stock Exchange, so he has rich experience in corporate governance. Currently, he is an independent non-executive director of Oriental Press Group Limited, Sing Lee Software (Group) Limited, Zhuzhou CRRC Times Electric Co. Ltd., Soundwill Holdings Limited and Maoye International Holdings Limited, all of which are listed on the Stock Exchange.

Mr. Pao has served the Board for more than nine years since 15 June 2006. Despite this length of service, there is no evidence that the independence of Mr. Pao, especially in terms of exercising independent judgment and objective challenges to the management, has been or will be in any way compromised or affected. The Board is confident that Mr. Pao will continue to make valuable contribution to the Company by providing his balanced and objective views to the Board. Mr. Pao has also provided an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee (with Mr. Pao abstaining from opining on the same) is fully satisfied that Mr. Pao 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. Pao should be re-elected for a further term at the Annual General Meeting.

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

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

Mr. Pao has entered into a letter of appointment with the Company for a term of three years commencing from 15 June 2015 and he is entitled a fixed monthly director's fee of HK\$25,000 which is determined by the Board from time to time with reference to the market conditions.

**Dr. Chan Yee Wah, Eva**, aged 52, was appointed as an independent non-executive director of the Company in July 2012. She 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 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 Institute of Chartered Secretaries. 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.

Save as disclosed, Dr. Chan 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, Dr. Chan does not have any interests in the Shares of the Company within the meaning of Part XV of the SFO.

Dr. Chan has entered into a service contract with the Company for a term of three years commencing from 1 July 2015 and she is entitled to a monthly fixed director's remuneration of HK\$25,000 and which is determined by the Board from time to time with reference to the market conditions.



**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 Falcon Room, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 29 June 2017 at 11:00 a.m. for the following purposes:

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 2016;
2.
  - (i) To re-elect Mr. Wu Lishun as executive Director and Chairman;
  - (ii) To re-elect Mr. Liu Yongzheng as executive Director;
  - (iii) To re-elect Ms. Zhang Meng as executive Director;
  - (iv) To re-elect Mr. Pao Ping Wing as independent non-executive Director;
  - (v) To re-elect Dr. Chan Yee Wah, Eva as independent non-executive Director; and
  - (vi) To authorise the Board of Directors to fix the directors’ remuneration;
3. To appoint Messrs. Ernst & Young Certified Public Accountants as the Company’s auditor and authorise the Directors to fix their remuneration;
4. As special business, 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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”), the exercise by the Directors of the Company 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 capital of the Company (“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;

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- (b) the approval in paragraph (a) of this Resolution shall authorize the Directors of the Company 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 nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company 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 of the Company in force from time to time, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the 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 of the Company, 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 of the Company 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 of the Company 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).”

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5. As special business, 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 of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited (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 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;
- (b) the approval in paragraph (a) of this Resolution shall be in addition to any other authorization given to the Directors of the Company and shall authorize the Directors of the Company 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 of the Company;
- (c) the aggregate nominal amount 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 nominal amount of the issued share capital of the Company 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 of the Company, 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 of the Company in general meeting.”

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6. As special business, 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 of the Company 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 an amount representing the aggregate nominal amount of the Shares in the capital of the Company 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 nominal amount of the issued share capital of the Company as at the date of the passing of Resolution No. 5 set out in the notice convening this meeting.”

7. “**THAT** the authorised share capital of the Company be and is hereby increased from HK\$1,500,000,000 divided into 15,000,000,000 Shares of a par value of HK\$0.10 each to HK\$3,000,000,000 divided into 30,000,000,000 Shares, by the creation of an additional 15,000,000,000 unissued Shares (“Increase in Authorised Share Capital”) any one or more of the Directors be and is/are hereby authorised for and on behalf of the Company to sign, execute, perfect and deliver all such documents, instruments and agreements and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in and for the completion of the Increase in Authorised Share Capital.”

By order of the Board  
**Capital Environment Holdings Limited**  
**Wu Lishun**  
*Chairman*

Hong Kong, 31 May 2017

*Notes:*

1. A 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 of the Company but must be present in person to represent the member.
2. 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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for the Meeting. Completion and return of the proxy will not preclude any shareholder from attending and voting in person.
3. Where there are joint registered holders of any Share in the Company, 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.