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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)

VOLUNTARY ANNOUNCEMENT PROPOSED ISSUE OF CORPORATE BONDS

The board of directors (the “**Board**”) of Capital Environment Holdings Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”) hereby announces that the Company proposes to issue guaranteed corporate bonds with an aggregate principal amount not exceeding RMB2 billion in the People’s Republic of China (the “**Panda Corporate Bonds**”) for a term of no more than 10 years. The final terms of the Panda Corporate Bonds will be determined based on the actual circumstances of the Company and prevailing market conditions, subject to applicable national laws and regulations and other relevant normative and regulatory requirements.

All amounts payable under the Panda Corporate Bonds shall be guaranteed (“**Guarantee**”) by Beijing Capital Eco-Environment Protection Group Co., Ltd.* (北京首創生態環保集團股份有限公司) (“**Capital Eco Group**”), a controlling shareholder and connected person of the Company (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). In connection with this, BCG Chinastar International Investment Limited* (首創華星國際投資有限公司) (“**BCG Chinastar**”), a substantial shareholder and connected person of the Company (as defined under the Listing Rules) shall provide a counter-guarantee to Capital Eco Group (“**Counter-Guarantee**”) for 21.8% of the proceeds to be raised from the proposed issue of the Panda Corporate Bonds, in proportion to its shareholding in the Company. The actual amounts of the Guarantee and Counter-Guarantee shall depend on the proceeds to be raised from the proposed issue of the Panda Corporate Bonds. Capital Eco Group and BCG Chinastar shall charge a maximum annualized fee of 1.0%, calculated based on the actual amount guaranteed and counter-guaranteed respectively. As Capital Eco Group and BCG Chinastar are connected persons of the Company, the transactions contemplated under the Guarantee and Counter-Guarantee are expected to constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Nevertheless, based on the expected terms of the Guarantee and Counter-Guarantee, the transactions contemplated thereunder are anticipated to be conducted on normal commercial terms or better for the Company, and the Panda Corporate Bonds is not secured by the assets of the Group. Accordingly, the directors of the Company are of the view that such transactions shall be exempt from all requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.90 of the Listing Rules. The Company intends to apply

the proceeds to be raised from the proposed issue of the Panda Corporate Bonds for purposes that comply with the national laws and regulatory requirements, including but not limited to repaying interest-bearing loans of the Company and/or replenishing working capital.

The Company will make further announcements in relation to the proposed issue of the Panda Corporate Bonds as and when appropriate.

The Company may or may not proceed with the issue of the Panda Corporate Bonds and its implementation is subject to various factors, including but not limited to prevailing market conditions. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

* *For identification purpose only.*

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

Beijing, 30 December 2024

As of the date of this announcement, the Board comprises two executive directors, namely Mr. Li Fujing and Mr. Li Qingsong; one non-executive director, namely Ms. Hao Chunmei; and four independent non-executive directors, namely Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen, Dr. Chan Yee Wah and Dr. Cao Fuguo.