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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03989)

CONNECTED TRANSACTIONS IN RELATION TO QIXIAN MANAGEMENT PROJECT

THE TRANSACTIONS

The Board is pleased to announce that Capital Environment Technology, an indirect wholly-owned subsidiary of the Company, has won the bid for a public tender of Sichuan Qingshi concerning the waste screening and leachate treatment under the Qixian Management Project. On 6 August 2026 (after trading hours), Capital Environment Technology entered into the Waste Screening Project Contract and the Leachate Treatment Contract respectively with Sichuan Qingshi, pursuant to which Capital Environment Technology will provide Sichuan Qingshi with waste screening and leachate treatment services for the Qixian Management Project at considerations of RMB39,552,814.20 and RMB3,600,000 (estimated) respectively.

LISTING RULES IMPLICATIONS

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Sichuan Qingshi is wholly owned by Capital Eco Group. Capital Eco Group is deemed to be interested in approximately 45.11% of the issued Shares of the Company and is therefore a controlling shareholder and a connected person of the Company. Accordingly, Sichuan Qingshi is an associate of Capital Eco Group and thus a connected person of the Company, and the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they are conducted within a 12-month period or are otherwise related (e.g., with the same party). As the Waste Screening Project Contract and the Leachate Treatment Contract are entered into with the same connected person, namely Sichuan Qingshi, and both relate to services under the Qixian Management Project, the transactions under the Waste Screening Project Contract and the Leachate Treatment Contract should be aggregated for calculation.

Since one or more of the applicable percentage ratios in respect of the Waste Screening Project Contract and the Leachate Treatment Contract, on a stand-alone basis and on an aggregated basis, exceed 0.1% but are below 5%, the Transactions are subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that Capital Environment Technology, an indirect wholly-owned subsidiary of the Company, has won the bid for a public tender of Sichuan Qingshi concerning the waste screening and leachate treatment under the Qixian Management Project. On 6 August 2026 (after trading hours), Capital Environment Technology entered into the Waste Screening Project Contract and the Leachate Treatment Contract respectively with Sichuan Qingshi, pursuant to which Capital Environment Technology will provide Sichuan Qingshi with waste screening and leachate treatment services for the Qixian Management Project at considerations of RMB39,552,814.20 and RMB3,600,000 (estimated) respectively.

WASTE SCREENING PROJECT CONTRACT AND LEACHATE TREATMENT CONTRACT

The principal terms of the Waste Screening Project Contract are set out below:

Date	:	6 August 2026
Parties	:	(i) Sichuan Qingshi; and (ii) Capital Environment Technology.
Consideration	:	RMB39,552,814.20 (inclusive of value-added tax of 9%)

Scope	:	The services related to the screening and disposal of waste landfill, including the establishment of 1 screening line with a daily processing capacity of 800 tonnes; excavation of landfill, sun-drying and screening of domestic waste of approximately 435,300 tonnes, comprising 62,300 tonnes of humus soil, 33,200 tonnes of inorganic aggregates and 319,800 tonnes of lightweight materials; and the transport of ash residues of 16,000 m^3.
Payment terms	:	Progress payments shall be made based on 80% of the actual work completed by Capital Environment Technology each month. Upon completion and acceptance of the project, Sichuan Qingshi shall make a payment to Capital Environment Technology such that the cumulative payment corresponds to 80% of the actual work completed. After settlement by the parties in accordance with the contract, Sichuan Qingshi shall make a payment such that the cumulative payment represents 97% of the total consideration. The remaining 3% will be held as a warranty for quality assurance for a warranty period of one year.
Construction period	:	660 calendar days
Performance deposit	:	Capital Environment Technology shall provide a performance deposit equivalent to 10% of the contract price

The principal terms of the Leachate Treatment Contract are set out below:

Date	:	6 August 2026
Parties	:	(i) Sichuan Qingshi; and (ii) Capital Environment Technology.
Consideration	:	Estimated at RMB3,600,000 (inclusive of value-added tax of 6%).

		The contracted unit price for treatment shall be RMB90/m^3 (tax inclusive), and the actual total consideration shall be calculated based on the actual influent volume during the service period of Capital Environment Technology and the successful bid unit price.
Scope	:	Provision of operation and maintenance services for the leachate treatment station under the Qixian Management Project, and responsible for the treatment of 40,000 m^3 of leachate; the quality of water discharged from the leachate treatment station is required to consistently meet the emission concentration limit stipulated in the Table 2 of the Standard for Pollution Control on the Landfill Site of Municipal Solid Waste (GB16889-2008).
Payment terms	:	Progress payment shall be made based on 90% of the actual influent volume each quarter. Upon completion of acceptance by the parties in accordance with the contract, Sichuan Qingshi shall make a payment to Capital Environment Technology such that the cumulative payment represents 97% of the total contract consideration, and the remaining 3% will be held as a warranty for quality assurance for a warranty period of one year.
Service period	:	22 months
Performance deposit	:	Capital Environment Technology shall provide a performance deposit equivalent to 10% of the contract price

PRICING BASIS

The considerations under the Waste Screening Project Contract and the Leachate Treatment Contract are the successful bid prices submitted by Capital Environment Technology during the course of the public tender. Sichuan Qingshi published a tender notice on 18 May 2026. In determining the bid prices for the Transactions, the management of the Group had conducted cost accounting in relation to the whole process of waste landfill screening as well as leachate treatment and operation, including the costs of RMB37.18 million and a reasonable profit margin of approximately 14.28% calculated on a cost-plus basis. The management of the Group is of the view that the prices of the Transactions are fair and reasonable, mainly because (i) reference is made to a service procurement contract for screening and resource recycling project of waste stored at landfills entered into between Capital Environment Technology and another independent third party in 2023, which involved the screening of 600,000 tonnes of waste stored and the treatment of 70,000 m^3 of leachate at a total contract price of RMB52.10 million, with a unit price of RMB74.6/tonne for waste screening and RMB104.80/m^3 for leachate treatment, respectively. The abovementioned contract was entered into through a market-oriented procurement process, and the treatment processes and quality standards are consistent with those of the Transactions; and (ii) the average profit margin of site restoration business undertaken by Capital Environment Technology in the past three years is approximately 15%.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

1. During the Company's transition from a capital-driven model to a technology-driven one, the implementation of the Transactions delivers core value to the client by enhancing Sichuan Qingshi's capabilities in landfill waste screening project, process control, and its experience in safety and environmental protection. Capital Environment Technology possesses extensive experience and proven track records in aged refuse screening, supported by a comprehensive management system and a dedicated engineering execution team. This provides a solid guarantee for Sichuan Qingshi's successful completion of the Qixian Management Project commissioned by the Qixian Urban Management Bureau (杞縣城市管理局).

2. From the perspective of a regional systematic solution, the participation in the implementation of Qixian Management Project will play a positive role in deepening the Company's presence in the Kaifeng environmental protection market, and will enable the Company to better provide Kaifeng City with services including, among others, waste incineration, biomass power generation, and sanitation cleaning.

Based on the above, the Directors (including the independent non-executive Directors) consider that the Transactions are in line with the Group's overall business strategy, and that the terms of the Waste Screening Project Contract and the Leachate Treatment Contract are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole.

Ms. Hao Chunmei, who was then a non-executive Director of the Company, was deemed to have a material interest in the Transactions and had thus abstained from voting on the relevant resolutions at the Board meeting at which the Transactions were considered and approved. Save as disclosed above, none of the other Directors had any material interest in the Transactions, nor was any other Director required to abstain from voting on the relevant resolutions.

INFORMATION ON THE PARTIES

The Group

The Company is an exempted company with limited liability incorporated in the Cayman Islands and, together with its subsidiaries, principally engaged in investment, construction, operation and management of solid waste disposal projects, covering such areas of solid wastes as household waste, kitchen waste, various types of industrial hazardous waste, construction waste, electronic waste, and dismantling of end-of-life automobiles. The Group invests, builds, operates and manages waste treatment projects that cover the whole process from collection and transportation of waste to the very end of waste treatment, and is committed to becoming an integrated environmental operator that provides a package of environmental solutions for local governments.

Capital Environment Technology

Capital Environment Technology is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company (indirectly wholly-owned by the Company through Biomax Green Energy Investment Company Limited* (百瑪士綠色能源投資有限公司)). Capital Environment Technology is principally engaged in four core business areas, namely the remediation of aged landfill sites, ecological restoration of mining areas, farmland remediation, and soil remediation, as well as providing solutions for full-scale leachate treatment and anaerobic treatment of organic waste.

Capital Eco Group

Capital Eco Group is a company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600008.SH). Capital Eco Group and its subsidiaries are principally engaged in the investment and management of environmental infrastructure in the PRC with a focus on water projects, solid waste disposal and environment management. Capital Eco Group is a controlling shareholder of the Company.

Sichuan Qingshi

Sichuan Qingshi is a company established in the PRC with limited liability and is a direct wholly-owned subsidiary of Capital Eco Group. Sichuan Qingshi is principally engaged in construction, engineering, landscaping, environmental projects, and wholesale and retail of goods.

LISTING RULES IMPLICATIONS

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Sichuan Qingshi is wholly owned by Capital Eco Group. Capital Eco Group is deemed to be interested in approximately 45.11% of the issued Shares of the Company and is therefore a controlling shareholder and a connected person of the Company. Accordingly, Sichuan Qingshi is an associate of Capital Eco Group and thus a connected person of the Company, and the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they are conducted within a 12-month period or are otherwise related (e.g., with the same party). As the Waste Screening Project Contract and the Leachate Treatment Contract are entered into with the same connected person, namely Sichuan Qingshi, and both relate to services under the Qixian Management Project, the transactions under the Waste Screening Project Contract and the Leachate Treatment Contract should be aggregated for calculation.

Since one or more of the applicable percentage ratios in respect of the Waste Screening Project Contract and the Leachate Treatment Contract, on a stand-alone basis and on an aggregated basis, exceed 0.1% but are below 5%, the Transactions are subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

DEFINITIONS

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

"associate"	has the meaning ascribed to it under the Listing Rules;
"Board"	the board of Directors;
"Capital Eco Group"	Beijing Capital Eco-Environment Protection Group Co., Ltd.* (北京首創生態環保集團股份有限公司), a company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600008.SH), and a controlling shareholder and a connected person of the Company as at the date of this announcement;

"Capital Environment Technology"	Beijing Capital Environment Technology Co., Ltd.* (北京首創環境科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
"Company"	Capital Environment Holdings Limited (首創環境控股有限公司), a company incorporated with limited liability in the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 03989);
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules;
"Director(s)"	the director(s) of the Company;
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Leachate Treatment Contract"	leachate treatment and operation contract under the screening and management project for Qixian domestic waste sanitary landfill dated 6 August 2026 entered into between Capital Environment Technology and Sichuan Qingshi in relation to the provision of leachate treatment and operation services by Capital Environment Technology to Sichuan Qingshi;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"PRC"	the People's Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"Qixian Management Project"	screening and management project for Qixian domestic waste sanitary landfill;
"RMB"	Renminbi, the lawful currency of the PRC;

"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company;
"Shareholder(s)"	holder(s) of the Share(s);
"Sichuan Qingshi"	Sichuan Qingshi Construction Company Limited* (四川青石建設有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Capital Eco Group;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Transactions"	Waste Screening Project Contract and Leachate Treatment Contract and the transactions thereunder;
"Waste Screening Project Contract"	professional construction subcontract for screening project of waste landfills under the screening and management project for Qixian domestic waste sanitary landfill dated 6 August 2026 entered into between Capital Environment Technology and Sichuan Qingshi in relation to the provision of screening project services for waste landfills by Capital Environment Technology to Sichuan Qingshi; and
"%"	per cent.

* *Denotes English translation of the Chinese name of a company or entity established in the PRC, or vice versa, and is provided for the sole purpose of identification.*

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

Hong Kong, 6 August 2026

As of the date of this announcement, the Board comprises three executive Directors, namely Mr. Li Qingsong, Mr. Guo Chaoyang and Ms. Yu Hong; one non-executive Director, namely Mr. Wei Xianda; and four independent non-executive Directors, namely Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen, Dr. Chan Yee Wah, Eva and Dr. Cao Fuguo.