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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE PROVISION OF FINANCIAL ASSISTANCE

BACKGROUND

The Board announces that on 26 December 2025, Capital Investment, a wholly owned subsidiary of the Company, entered into the Loan Agreement with Xiongan Pioneer, pursuant to which Capital Investment agreed to provide a loan in the amount of RMB61,740,000 to Xiongan Pioneer. On the same day, Capital Eco Group entered into a separate loan agreement with Xiongan Pioneer, pursuant to which Capital Eco Group agreed to provide a loan in the amount of RMB64,260,000 to Xiongan Pioneer. The principal amounts of the loan provided to Xiongan Pioneer by Capital Investment and Capital Eco Group were in proportion to their respective shareholding interests in Xiongan Pioneer.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Xiongan Pioneer was owned as to 49% by Capital Investment and 51% by Capital Eco Group, respectively. Capital Eco Group is deemed to have interest in approximately 45.11% of the issued Shares of the Company and is a controlling shareholder and a connected person of the Company. Accordingly, the transaction contemplated under the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Nevertheless, the provision of the loan by Capital Investment is fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.89 of the Listing Rules since (i) it is conducted on normal commercial terms and (ii) the amount of the loan is in proportion to the Capital Investment's 49% equity interest in Xiongan Pioneer.

Since one or more of the applicable percentage ratios in respect of the transaction contemplated under the Loan Agreement exceed 5% but are all less than 25%, the transaction constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE LOAN AGREEMENT

The Board announces that on 26 December 2025, Capital Investment, a wholly owned subsidiary of the Company, entered into the Loan Agreement with Xiongan Pioneer, pursuant to which Capital Investment agreed to provide a loan in the amount of RMB61,740,000 to Xiongan Pioneer. On the same day, Capital Eco Group entered into a separate loan agreement with Xiongan Pioneer, pursuant to which Capital Eco Group agreed to provide a loan in the amount of RMB64,260,000 to Xiongan Pioneer. The principal amounts of the loan provided to Xiongan Pioneer by Capital Investment and Capital Eco Group were in proportion to their respective shareholding interests in Xiongan Pioneer.

The principal terms of the Loan Agreement are set out below:

Date:	26 December 2025
Parties:	(i) Capital Investment, as lender; and (ii) Xiongan Pioneer, as borrower
Principal amount:	RMB61,740,000
Repayment date:	One year from the date of the Loan Agreement
Interest rate:	4.55% per annum, which is determined after arm's length negotiation and taken into account the Group's overall management and financing costs in such regard
Payment:	Interest to be paid on quarterly basis, with the principal amount being repaid in full in one lump sum on the repayment date. Xiongan Pioneer may repay the loan prior to the repayment date, provided that Xiongan Pioneer shall provide seven days' prior written notice to Capital Investment.
Security:	No security is provided by Xiongan Pioneer
Purpose of the loan:	For repaying interests-bearing liabilities and the general working capital needs of Xiongan Pioneer

FUNDING OF THE LOAN AGREEMENT

The Group will finance the Loan Agreement with the Group's general working capital.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

The loan provided by Capital Investment under the Loan Agreement is intended to strengthen the financial positions and financing capabilities of Xiongan Pioneer, as well as to meet its expected working capital requirements for its ongoing development of its wastewater treatment and recycling business.

On the basis that the loan under the Loan Agreement will be provided by Capital Investment to Xiongan Pioneer in its capacity as a 49% shareholder of Xiongan Pioneer, and Capital Eco Group has committed to provide the loan in the amount of RMB64,260,000 to Xiongan Pioneer, in proportion to its shareholding interest in Xiongan Pioneer, both loans are at 4.55% per annum, which is the prevailing market interest rate and the other terms of the loan under the Loan Agreement are normal commercial terms, the Directors (including the independent non-executive Directors) are of the view that the Loan Agreement has been entered into on normal commercial terms, and that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

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 Investment is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the investment, construction and operational management of comprehensive waste treatment, resources regeneration and new energy development and utilisation.

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.

Xiongan Pioneer is a company established in the PRC with limited liability with primary business including wastewater treatment and recycling, water pollution control, environmental sanitation management, natural ecosystem conservation management, pipeline engineering construction, environmental technology promotion services and other business.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Xiongan Pioneer was owned as to 49% by Capital Investment and 51% by Capital Eco Group, respectively. Capital Eco Group is deemed to have interest in approximately 45.11% of the issued Shares of the Company and is a controlling shareholder and a connected person of the Company. Accordingly, the transaction contemplated under the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Nevertheless, the provision of the loan by Capital Investment is fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.89 of the Listing Rules since (i) it is conducted on normal commercial terms and (ii) the amount of the loan is in proportion to the Capital Investment's 49% equity interest in Xiongan Pioneer.

Since one or more of the applicable percentage ratios in respect of the transaction contemplated under the Loan Agreement exceed 5% but are all less than 25%, the transaction constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Ms. Hao Chunmei, the non-executive Director of the Company, holds a senior position in Capital Eco Group, she is therefore deemed to have material interest in the Loan Agreement and the transaction contemplated thereunder. Thus, Ms. Hao Chunmei has abstained from voting on the relevant resolutions at the Board meeting. Save as disclosed above, none of the other Directors has any material interest in the Loan Agreement and the transaction contemplated thereunder.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

"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 Investment"	Beijing Capital Environment Investment Limited*(北京首創環境投資有限公司), 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 in the Listing Rules;
"controlling shareholder"	has the meaning ascribed to it in 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 People's Republic of China;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;

"Loan Agreement"	the loan agreement dated 26 December 2025 entered into between Capital Investment and Xiongan Pioneer, in relation to the provision of loan in the amount of RMB61,740,000 by Capital Investment to Xiongan Pioneer;
"PRC"	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
"RMB"	Renminbi, the lawful currency of the PRC;
"Share(s)"	the share(s) of the Company;
"Shareholder(s)"	the holder(s) of the Shares;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Xiongan Pioneer"	Hebei Xiongan Pioneer Environmental Governance Limited*(河北雄安首創環境治理有限公司), a company established in the PRC with limited liability, owned as to 49% by Capital Investment and 51% by Capital Eco Group, respectively; 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, 26 December 2025

As of the date of this announcement, the Board comprises two executive Directors, namely Mr. Li Qingsong and Mr. Guo Chaoyang; 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, Eva and Dr. Cao Fuguo.