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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)

POSITIVE PROFIT ALERT

This announcement is made by Capital Environment Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 (2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group is expected to record a profit attributable to owners of the Company of not less than HK\$20 million for the year ended 31st December 2015 as compared to a significant loss for the year ended 31st December 2014. The Board believes that such expected profit was primarily attributable to (i) the absence of the one-off impairment loss on deposits paid for construction of infrastructure in service concession arrangements of approximately HK\$105 million for the year ended 31st December 2014; and (ii) an improvement in our gross margin.

The information contained in this announcement is only based on the preliminary assessment by the Board according to the unaudited management accounts of the Group for the year ended 31 December 2015 subject to finalization and necessary adjustments, which have not been confirmed, audited nor reviewed by the Company’s auditor. The annual results announcement of the Group for the year ended 31 December 2015 is expected to be published in mid- March 2016.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Capital Environment Holdings Limited
Wang Hao
Chairman

Hong Kong, 8 March 2016

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Wang Hao, Mr. Cao Guoxian, Mr. Shen Jianping and Mr. Liu Yongzheng; and three independent non-executive directors, namely, Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen and Dr. Chan Yee Wah, Eva.