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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, based on preliminary review of the management accounts of the Group for the six months ended 30 June 2017, it is expected that the Group will record an increase in the unaudited profit attributable to equity holders for the six months ended 30 June 2017 of not less than 120% as compared with the unaudited profit attributable to equity holders for the corresponding period in 2016. Since the Group has completed the acquisition of 51% of the New Zealand business from the substantial shareholders on 2 September 2016, the Group's results for the six months ended 30 June 2016 has been restated so as to consolidate the results of the New Zealand business for the same period. The Board believes that the expected increase in the profit attributable to equity holders mainly came from (1) the Group has comprehensively promoted the budget management by increasing revenue, reducing cost and improving efficiency; and (2) the Group has accelerated the progress of projects and improved the efficiency of projects construction, which boosted a substantial increase in the revenue from construction services.

The information contained in this announcement is only based on the preliminary assessment by the management of the Group according to the unaudited management accounts of the Group for the six months ended 30 June 2017 and is subject to finalization and necessary adjustments, which have not been confirmed, audited nor reviewed by the Company's auditor. The interim results announcement of the Group for the six months ended 30 June 2017 is expected to be published in late August 2017.

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
Wu Lishun
Chairman

Hong Kong, 28 July 2017

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Wu Lishun, Mr. Cao Guoxian, Mr. Liu Yongzheng, Ms. Zhang Meng and Mr. Cheng Jialin; and three independent non-executive directors, namely, Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen and Dr. Chan Yee Wah, Eva.