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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 of the Company (the “**Board**”) would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on preliminary review of the unaudited management accounts of the Group for the year ended 31 December 2019, it is expected that the Group will record an increase in the profit attributable to equity holders for the year ended 31 December 2019 of not less than 50% as compared with the profit attributable to equity holders for the year of 2018, which is mainly came from (1) the Company has strengthened the management of operating projects, the improvement of the operational efficiency and the increase in projects under operation leads to a substantial increase in the operating income of the Company; (2) the smooth progress and the continuous improvement of the efficiency of the projects under construction, which leads to a substantial increase in the revenue from construction services; and (3) the recovery of the impairment loss in relation to Nanchang project made in previous years and the receipt of relevant interest.

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 year ended 31 December 2019 and is 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 2019 is expected to be published in the first-half year of 2020.

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
Cao Guoxian
Chairman

Hong Kong, 3 February 2020

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Cao Guoxian, Mr. Li Fujing, Mr. Cheng Jialin and Ms. Hao Chunmei; and three independent non-executive directors, namely, Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen and Dr. Chan Yee Wah, Eva.