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CHINA ENVIRONMENTAL TECHNOLOGY AND BIOENERGY HOLDINGS LIMITED

中科生物控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1237)

PROFIT WARNING

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

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available to the Board, the Group is expected to record an increased net loss for the year ended 31 December 2017 as compared to the net loss of approximately RMB22.3 million recorded for the year ended 31 December 2016. The Board considers that such loss was mainly attributable to the following reasons:

1. a decrease in gross profit margin caused by stiff competition worldwide (the gross profit margin for the financial year ended 31 December 2016 was approximately 11%);
2. a loss in the fair value of derivative financial instruments for the year ended 31 December 2017 (a gain of approximately RMB1.8 million in the fair value of derivative financial instruments has been recorded for the financial year ended 31 December 2016); and
3. a decrease in policy subsidies received for the year ended 31 December 2017 (the amount of policy subsidies received for the financial year ended 31 December 2016 was approximately RMB23 million).

As the Company is still in the process of finalising the consolidated financial results of the Company for the year ended 31 December 2017, the information contained in this announcement is only based on the preliminary assessment by the management of the Company with reference to the unaudited management accounts of the Company and the information currently available and is not based on any financial figures or information which have been audited, verified or reviewed by the Company's auditors or audit committee. It is anticipated that the annual results announcement of the Company for the year ended 31 December 2017 will be published by the Company in March 2018.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By order of the board of
China Environmental Technology and Bioenergy Holdings Limited
Xie Qingmei
Chairman

Hong Kong, 21 February 2018

As at the date of this announcement, the executive directors of the Company are Ms. Xie Qingmei and Mr. Wu Zheyang, the non-executive director of the Company is Mr. Wu Dongping, and the independent non-executive directors of the Company are Mr. Lam Hin Chi, Prof. Jin Zhongwei and Prof. Su Wenqiang.