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YUESHOU ENVIRONMENTAL HOLDINGS LIMITED
粵首環保控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 1191)

PROFIT WARNING ANNOUNCEMENT

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules and Inside Information Provisions under XIVA of the SFO.

The Board wishes to inform potential investors and shareholders of the Company that it is expected that the Group will record substantial increase in losses for the financial year ended 31 July 2013, as compared with that for the financial year ended 31 July 2012.

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

This announcement is made by Yueshou Environmental Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (“**SFO**”).

The board of directors of the Company (the “**Board**”) wishes to inform potential investors and shareholders of the Company that the Group is expected to record substantial increase in losses for the financial year ended 31 July 2013 (“**FY2013**”) as compared with that for the financial year ended 31 July 2012 (“**FY2012**”). The losses are primarily attributable to the increase in impairment loss in goodwill of the forestry business in the Philippines and intangible assets.

The Group’s auditors, BDO Limited (“**BDO**”), and valuers, BMI Appraisals Limited (“**BMI**”), came into close encounter with the New People’s Army (anti-government) during their trip to Caraga, Butuan, the Philippines for valuation of the forest under Group’s associate. In view of the previous casualties arising from battles in the region, they were

forced to terminate their trip for safety reasons. Both BDO and BMI returned to Hong Kong safely on 16 September 2013. As a result of the political instability in the forest region, the Group's associate was not able to operate, giving rise to increase in impairment loss in goodwill of the forestry business in the Philippines and intangible assets. In this regard, as BDO were only able to visit few selected spots of the forest, only very limited data were collected. Based on the existing information BDO have on hand, they have indicated to the Board that it is highly likely that they would issue a modified opinion on this area.

Besides, BDO do not have access to the financial information for the environmental protection operations sold in early 2013 as a very substantial disposal ("VSD"). They have indicated to the Board that they would issue a modified opinion on this area. For details of the VSD, please see the Company's announcement dated 15 January 2013.

Further announcements on the above shall be made as and when required according to the Listing Rules and SFO.

Investors and shareholders of the Company are advised to note that the information contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available, unaudited consolidated management accounts of the Group and that the actual results for the Group is subject to audit and therefore may be different from what is disclosed in this announcement. The annual results of the Company for FY2013 have not been finalized as at the date of this announcement. The results announcement of the Company for FY2013 is expected to be released on or before 31 October 2013. Shareholders and investors are advised to refer to the results announcement carefully when it is issued.

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By order of the Board
Yueshou Environmental Holdings Limited
TANG Lo Nar KO Mei Ying
Joint Company Secretaries

Hong Kong, 19 September 2013

As at the date of this announcement, the Board comprises Mr. Tan Cheow Teck, Mr. Shannon Tan Siang-tau (alias Shannon Chen Xiangdao), Ms. Juanita Dimla De Guzman, Mr. Shen Xia, Mr. Lau Kwan and Mr. Leung Wai Shun Wilson as executive Directors; and Mr. Sai Chun Yu, Mr. Wen Jian Sheng and Dr. Chiao Li as independent non-executive Directors.