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浙江天潔環境科技股份有限公司
Zhejiang Tengy Environmental Technology Co., Ltd

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1527)

PROFIT WARNING

This announcement is made by Zhejiang Tengy Environmental Technology Co., Ltd. (the "**Company**", 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Based on the preliminary review of the Group's unaudited management accounts for the six-month period ended 30 June 2017 (the "**Relevant Period**") by the board (the "**Board**") of directors (the "**Directors**") of the Company, the Board wishes to inform the shareholders of the Company and potential investors that as compared with the Group's unaudited profit attributable to equity holders of the Company of approximately RMB58.0 million for the six-month period ended 30 June 2016, the Group is expected to record a significant decrease in profit attributable to equity holders of the Company for the Relevant Period. The reasons accounting for aforesaid decrease were twofold. First, with the convention of Group-of-Twenty (G20) Summit in the city of Hangzhou in September 2016, governmental authorities requested for temporary cessation of operations of various plants and factories in the vicinity. To avoid delay in the delivery of products in light of the foregoing circumstances and as agreed by the customers in advance, the Company kicked off certain projects earlier than scheduled which resulted in an increase in the recognisable revenue of the Group for the six-month period ended 30 June 2016. Second, the overall steel price in the PRC market recorded a significant increase in 2017 when compared to the preceding year. In order to retain a relatively promising level of gross profit margin and having taken into account the product delivery commitments as per the Company's standing contractual arrangements with various customers, the Company delayed the commencement of certain projects which then resulted in a drop of the recognisable revenue of the Group for the six-month period ended 30 June 2017.

In addition, the Group's audited profit attributable to equity holders of the Company for 2016 was approximately RMB113 million whereas the Group's profit attributable to equity holders of the Company throughout the year ended 31 December 2017 (the "**Relevant Year**") will still be subject to its business operation and cost management as well as the overall economic environment during the remaining period of the Relevant Year.

This announcement is a preliminary assessment made by the management of the Company based on the internal unaudited management accounts of the Group for the Relevant Period, which have not been audited or reviewed by the Company's independent auditor, nor have been confirmed by the audit committee of the Board (the "**Audit Committee**"). The Company is in the process of finalising the results for the Relevant Period for the review by the Audit Committee. The results announcement for the Relevant Period will be released not later than 29 August 2017.

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

By order of the Board
Zhejiang Tengy Environmental Technology Co., Ltd
BIAN Yu
Chairman

Zhuji City, Zhejiang Province, the PRC
2 August 2017

As at the date of this announcement, the executive Directors are Mr. BIAN Yu, Ms. BIAN Shu and Mr. BIAN Weican; the non-executive Directors are Mr. BIAN Jianguang, Mr. ZHANG Yuanyuan and Ms. ZHU Hong; and the independent non-executive Directors are Ms. TAM Hon Shan Celia, Mr. ZHANG Bing and Mr. JIANG Yan.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.