



CHINA ENVIRONMENT LTD.

(Registration No.: 200301902W)

PROPOSED LISTING OF XIAMEN GONGYUAN ENVIRONMENTAL PROTECTION TECHNOLOGY CO., LTD, A SUBSIDIARY OF CHINA ENVIRONMENT LTD., ON ONE OF THE STOCK EXCHANGES IN THE PEOPLE'S REPUBLIC OF CHINA

1. INTRODUCTION

The Board of Directors (the "Board") of China Environment Ltd (the "Company", and together with its subsidiaries, the "Group") wishes to announce that it is currently evaluating the proposed listing (the "Proposed Listing") of Xiamen Gongyuan Environmental Protection Technology Co., Ltd. ("XMGY"), a 80% owned subsidiary of the Company, on one of the stock exchanges in the People's Republic of China ("PRC").

2. DETAILS OF XMGY

XMGY is a company registered in the PRC in early 2014 and is currently engaged in providing environmental protection products and services. XMGY specializes in the production of the transcritical carbon dioxide heat pump system, which is essentially different from the Company's specialization in the industrial waste gas treatment system.

On 28 April 2015, the Group announced that XMGY had successfully launched the first megawatt class transcritical carbon dioxide heat pump system ("MW CO² Heat Pump") in China. This project is spear-headed by Beijing Gongdao Environmental Protection Technology Co., Ltd, a joint-venture company held by XMGY and Peking University (the "Joint Venture").

This MW CO² Heat Pump can meet the heating and cooling requirements for industrial and commercial uses. The Joint-Venture is currently holding 4 patents (effective for 10 years each) in relation to the MW CO² Heat Pump technology, which was transferred from the Beijing University Bao Tou Research School (北京大学工学院包头研究院), with another 4 patents (effective for 20 years each) in the process of being transferred from the same research school to the Joint-Venture.

3. RATIONALE

As at the date of this announcement, XMGY is yet to have any significant operations. The Board is considering the Proposed Listing as a means to unlock value for the Company's shareholders (the "Shareholders") and to raise funds for the Group's further expansion in PRC's growing environmental protection sector.

4. FUTURE DEVELOPMENTS

The Proposed Listing may be subject to approvals from SGX, the relevant authorities in the PRC, and the Shareholders (if required). The Company is in the midst of appointing a reputable bank in the PRC to explore the possibility of the Proposed Listing.

The Company will make further announcements when there are material developments in relation to the Proposed Listing.

Shareholders should note that as the Proposed Listing is subject to the relevant approvals being obtained, there is no certainty that the Proposed Listing will take place. In the meantime Shareholders and potential investors in the Company are reminded to exercise caution when dealing in the shares of the Company. Any persons in doubt about any action to be taken are recommended to consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Huang Min
Executive Chairman
15 December 2015