



# CHINA ENVIRONMENT LTD.

(Registration No.: 200301902W)

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## INCORPORATION OF A NEW SUBSIDIARY IN PRC

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The Board of Directors of China Environment Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has incorporated a new subsidiary in the People’s Republic of China (“**PRC**”), namely Xiamen Gongyuan Environmental Protection Technology Co., Ltd. (厦门工源环保科技有限公司) (“**Xiamen Subsidiary**”).

The Company holds 80% of the entire equity interest in the Xiamen Subsidiary, and the remaining equity interest in the Xiamen Subsidiary is held by Beijing Gongdao Environmental Protection Technology Co., Ltd. (北京工道环保科技有限公司) (the “**BJGD**”), Mr Lin Jinsheng and Ms Zhang Shenghua in the proportions of 1%, 7% and 12%, respectively .

BJGD is 49% owned by the Company’s wholly-owned subsidiary, Fujian Dongyuan Environmental Protection Co., Ltd. (福建东源环保有限公司) (“**Fujian Dongyuan**”) and 51% owned by the College of Engineering of Peking University (“**COE-PKU**”). Mr Lin Jinsheng and Ms Zhang Shenghua are unrelated parties who do not have any relationship with the Company or with any of the Directors or controlling shareholders of the Company.

Details of the new subsidiary are as follows:-

Company’s name:	Xiamen Gongyuan Environmental Protection Technology Co., Ltd. (厦门工源环保科技有限公司)
Country of incorporation:	PRC
Registered capital:	RMB50,000,000
Principal activities:	Commercialisation of the technologies brought in by COE-PKU into BJGD and execution of commercial contracts

The transaction is not expected to have any material impact on the net tangible assets or earnings per share of the Group for the current financial year ending 31 December 2014.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the aforesaid incorporation of the Xiamen Subsidiary other than through their shareholdings in the Company, if any.

**BY ORDER OF THE BOARD**

Huang Min  
Executive Chairman  
27 January 2014