



**CHINA ENVIRONMENT LTD.**  
(Registration No.: 200301902W)

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## **RESULT OF PRC COURT HEARINGS**

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The Board of Directors (the "Board") of China Environment Ltd. (the "Company") refers to the Company's announcement dated 6 February 2017 informing the shareholders of civil suits against the Company's wholly owned subsidiary Fujian Dongyuan Environmental Protection Co., Ltd ("FJDY"). The Company wishes to update on the following Civil Suit by Zhongxin Bank ("ZXB") against FJDY as announced on 9 November 2016.

Judgement has been awarded to plaintiff ZXB. FJDY is liable for the RMB36.67 million loan and loan interest of RMB563,870. FJDY shall pay within 10 days of the effective date of judgement, together with punitive interest at the rate of 9.46125% per annum from 19 Dec 2016 up to the full settlement date. In the event, that FJDY does not make payment of the judgement sum (and interest), ZXB has the right to sell off the land use rights and property assets of FJDY which had been pledged as security for this loan. ZXB will be entitled to priority claim on the first RMB21.4 million sales proceeds received and also priority claim on the RMB19.65 million of trade receivables FJDY has pledged to ZXB for this loan.

The guarantors Huang Min, his wife (Chen Fen Hua), shall be liable for the balance amount in the event that the value of the FJDY pledged assets is insufficient to satisfy the amount due to ZXB. The guarantors have right to claim compensation against FJDY.

FJDY shall pay ZXB legal fees of RMB99500 and property preservation fee of RMB5000 within 10 days of effective date of judgement. The court costs of RMB229234 should be borne by FJDY, Huang Min and his wife.

The Company will update the shareholders as and when there are further material developments.

**BY ORDER OF THE BOARD**  
China Environment Ltd.

Norman Winata  
Executive Chairman  
10 October 2017