中国环保
China Environment Ltd.
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26 February 2014

PRESS RELEASE

CHINA ENVIRONMENT'S FY2013 NET PROFIT ROSE 83.5% TO RMB74.7 MILLION, BOOSTED BY 4Q2013 NET PROFIT SURGE OF 275.3% TO RMB21.7 MILLION

Highlights:

- **Rise in FY2013 revenue to RMB524.1 million was mainly due to surge in demand starting in second half of 2013 and increase in contract sum per project in FY2013 as compared to that a year ago.**

- **Reduction in sub-contracting projects to third parties made possible by our new plant in Anhui resulted in a rapid rise in gross profit of 40.8% from RMB91.4 million in FY2012 to RMB128.6 million in FY2013.**

- **As a result of improved gross profit, net profit after tax for FY2013 grew 83.5% to RMB 74.7 million.**

- **The Group's 4Q2013 profit surged 275.3% to RMB21.7 million, in tandem with higher revenue, increased gross profit and lower total operating expenses.**

- **Outlook for the Group in FY2014 remains robust as Chinese Government pushes for more stringent air pollution standards and better monitoring control, including incentives for implementation of stringent emission control standards, heightened monitoring across various provinces and punitive measures against non-compliance.**

Financial Highlights

RMB '000	3 months ended 31 December		Change %	12 months ended 31 December		Change %
	2013	2012		2013	2012	
Revenue	179,500	99,743	80.0	524,080	409,148	28.1
Gross Profit	38,625	26,019	48.4	128,632	91,353	40.8
Profit Before Tax	25,568	8,806	190.3	78,053	42,264	84.7
Net Profit	21,699	5,782	275.3	74,674	40,694	83.5
EPS (Fully diluted in RMB cents)	3.3	0.9	266.7	11.3	6.4	76.6

SINGAPORE, 26 February 2014 – China Environment Ltd. (the "Company" and together with its subsidiaries, the "Group"), a comprehensive provider of industrial waste gas treatment solutions in the People's Republic of China (PRC), is pleased to announce a strong set of financial results for the 3 months and full year ended 31 December 2013 ("4Q2013" and "FY2013").

Financial Performance FY2013

Revenue for the financial year ended 31 December 2013 ("FY2013") increased 28.1% to RMB524.1 million from RMB409.1 million a year ago ("FY2012"). A total of 24 dust collectors project were completed for FY2013, a decrease from 27 projects a year ago. However, the contract sum per project in FY2013 was higher as compared to that of FY2012.

Gross profit increased 40.8% from RMB91.4 million in FY2012 to RMB 128.6 million in FY2013. Gross profit margin increased from 22.3% in FY2012 to 24.5% in FY2013 due to the impact of fewer projects being sub-contracted in FY2013 as compared to FY2012 as well as contribution from higher margin projects secured, as increased demand resulted from the tightening of pollution law by the Chinese government.

The Group's net profit for FY2013 increased by 83.5% or RMB34.0 million from RMB40.7 million in FY2012 to RMB74.7 million in FY2013, in-line with higher gross profit.

Financial Highlights 4Q2013

For the period under review, the Group's revenue surged 80.0% to RMB179.5 million in 4Q2013 from RMB99.7 million in 4Q2012, as a result of the completion of 12 dust collectors projects in 4Q2013 as compared to 9 projects in 4Q2012. In tandem with higher revenue, gross profit rose 48.4% from RMB26 million in 4Q2012 to RMB 38.6 million in 4Q2013.

The Group's net profit for 4Q2013 surged by 275.3% or RMB15.9 million from RMB5.8 million in 4Q2012 to RMB21.7 million in 4Q2013, as a result of higher gross profit and lower operating expenses.

Outlook

Outlook for the Group in FY2014 remains robust as Chinese Government pushes for more stringent air pollution standards and better monitoring control, including incentives for implementation of stringent emission control standards, heightened monitoring across various provinces and punitive measures against non-compliance. Several recent developments illustrate this point.

Commenting on its latest financial performance and outlook, Mr Huang Min, Executive Chairman of China Environment Ltd. remarked: "**We are delighted with the outstanding set of results this year. This is testament to our long-term strategic decision to invest in a much larger manufacturing capacity in Anhui Province, which led to our ability to meet the current urgent demand for our de-dusting and other air pollution control solutions. Our technological innovation, further strengthen last year with our joint venture collaboration with Peking University, will also continue to meet the stringent standards set by the Chinese Government such as in the treatment of PM2.5, and the development of de-Nox (reduction in Nitrogen Oxide emissions) and de-SO_2 (reduction in Sulphur Oxide emissions) solutions.**

"With China's government's emphasis on stringent air pollution control (particularly in the treatment of PM2.5), we are confident that the prospect for the Group will continue to stay very healthy in 2014 and beyond."

China will set up a RMB10 billion (approximately US$1.65 billion) fund to reduce air pollution in the country's largest cities, according to a release from a State Council meeting at which Premier Li Keqiang presided. The Cabinet also announced subsidies, tax changes, energy-efficiency standards and pollution controls aimed at improving environmental quality. Efforts will be focused on haze-prone large cities and particulate matter from 2.5 micrometers, or PM2.5, to 10 micrometers in size to reduce the risk of cardiovascular illnesses. (Source: Bloomberg, February 2014).

China's 31 provinces, municipalities and autonomous regions have been set targets to reduce main air pollutants by 5 to 25 percent, in the country's latest effort to combat pollution. Local governments have been ordered to map out detailed plans to ensure the implementation of various anti-pollution methods and to lay down specific goals for each year. (Source: China Daily, January 2014).

China's Environmental Protection Ministry announced on 24 October 2013 that it has begun a six-month inspection campaign targeting the most heavily polluted regions. The ministry said the campaign, which will begin this month and end in March 2014, will ensure that local governments and enterprises are abiding by the regulations to tackle airborne pollution. (Source: China Daily, October 2013).

Given the above measures and the tightening of anti-air pollution laws and policies in China, the Group expects the strong demand for our products experienced from 2013 to stay robust, with increased opportunities for us to expand our market presence.

#End of Release#

Note: This press release is to be read in conjunction with the related announcement filed by China Environment Ltd. on SGXNet.

About China Environment Ltd. (Bloomberg: CENV.SP; Reuters: CHEN.SI)

China Environment Ltd. (中国环保有限公司) is a comprehensive provider of industrial waste gas treatment solutions in the People's Republic of China (PRC), headquartered in Longyan City, Fujian Province. The Group designs and constructs industrial waste gas treatment systems. Its key products include Electrostatic Precipitators or ESPs, including Electrostatic Lentoid Precipitators or ESLPs, baghouses and hybrid dust collectors.

The Group conforms strictly to international quality standards. China Environment's commitment to excellence has won it many awards and accreditations including the ISO9001:2000 Quality Management System certification, ISO14001:2004 Environment Management System certification and OHSAS18001:1999 Occupational Health and Safety Management System authentication.

The Group is currently certified and included in the manufacturer recommended list for supplying ESPs for 200mw, 300mw and 600mw thermal power projects. The Company's wholly owned subsidiary – Fujian Dongyuan Environmental Protection Co., Ltd. is accredited as "High/New Technology Enterprise", it enjoys preferential income tax rate of 15% instead of standard income tax rate of 25%. The Company was upgraded to a listing on the Singapore Exchange (SGX) Mainboard on 27 August 2009 via a reverse takeover of Gates Electronics Limited.

ISSUED ON BEHALF OF **CHINA ENVIRONMENT LTD**

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