

PRESS RELEASE

**CHINA ENVIRONMENT CONTINUES STRONG MOMENTUM,
REPORTS RECORD REVENUE OF RMB526.8 MILLION IN
9M2014 WITH A NET PROFIT OF RMB61.0 MILLION**

Highlights:

- The Group posted a record-breaking revenue for the nine months period as it completed 35 projects as compared to 12 projects a year ago. Revenue jumped 52.9% to RMB526.8 million in 9M2014.
- Net profit improved 15.2% to RMB61.0 million in 9M2014. In 9M2013, the Group received an income tax refund of RMB10.1 million. Not taking the income tax refund into consideration, the increase in net profit would have been 42.4%.
- The Group expects demand for its core de-dusting solutions to remain robust as the Chinese authorities continue to step up efforts to tighten anti-air pollution laws and policies in China. Additionally, the Group believes that there will be increased opportunities to expand its presence beyond its current market.

Financial Highlights

RMB '000	3 months ended 30 Sep		Change %	9 months ended 30 Sep		Change %
	2014	2013		2014	2013	
Revenue	182,975	193,647	(5.5)	526,778	344,580	52.9
Gross Profit	41,257	49,042	(15.9)	127,162	90,007	41.3
Profit Before Tax	25,769	30,981	(16.8)	74,613	52,485	42.2
Net Profit	20,855	35,446	(41.2)	61,019	52,975	15.2

SINGAPORE, 11 November 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 nine months ended 30 September 2014 (“9M2014”).

The Group posted a record revenue of RMB526.8 million in 9M2014, representing a jump of 52.9% from RMB344.6 million a year ago (“9M2013”). The record revenue was mainly due to the significant increase in the number of dust collectors projects completed during the period as compared to a year ago. In 9M2014, a total of 35 dust collectors projects were completed (9M2013: 12 dust collectors projects were completed) and as at 30 September 2014, there were 10 on-going projects.

For the three months ended 30 September 2014 (“3Q2014”), the Group’s total revenue declined marginally by 5.5% from RMB193.6 million in the previous corresponding period (“3Q2013”) to RMB183.0 million. For the three months under review, the Group completed 11 dust collectors projects as compared to four projects a year ago. Despite the higher number of projects completed, the Group experienced a decline in revenue, which was mainly due to smaller contract sum per project in 3Q2014 as compared to that in 3Q2013.

In terms of net profit, the Group posted an improvement of 15.2% from RMB53.0 million in 9M2013 to RMB61.0 million in 9M2014. In 9M2013, the Group received an income tax refund of RMB10.1 million. Not taking the income tax refund into consideration, the increase in net profit would have been 42.4%. Additionally, there remains a potential income tax refund for FY2012 income tax filings, which is estimated at RMB5.3 million, that has yet to be refunded by the PRC tax authority.

Commenting on the Group’s performance, Executive Chairman, Mr Huang Min remarked, **“We are pleased with this current set of financial performance. However, we believe there are still more room for improvement. The Chinese authorities have continued to show relentless effort in curbing the air pollution situation in China and this should bode well for the Group. With the continual tightening of policies and regulations, we foresee more business opportunities as we continue to seek new areas of growth.”**

Outlook

China Environment's outlook remained robust due to a slew of policies and legislation designed to continue tightening environmental regulation on air polluting enterprises.

For instance, In October 2014, Hebei Provincial Environmental Protection Department announced that more than 2,000 factories will halt or reduce production in north China's Hebei Province, a contributor of pollution in Beijing, to ensure better air quality during the APEC meeting in November 2014. The province will impose production suspension or reduction measures on an estimated 2,386 enterprises as well as the suspension of work at 2,445 construction sites (Source: Xinhua, October 2014).

Additionally, environmental authorities also rolled out new regulations raising the fees charged on companies that exceed their allowable emissions. The new policy also encourages local authorities to formulate stricter control standards to curb pollution. The fees charged to heavy polluters have not been raised in more than a decade. The regulations also encourage economically developed areas to formulate stricter emission standards. 16 provinces have since increased their own standard. In cities like Beijing and Tianjin excessive pollution charges have increased 10 folds (Source: Xinhua, June 2014).

Going forward, the Group expects the demand for its products to remain robust, with increased opportunities to expand its market presence. Additionally, the Group will also be focusing on the development of new environmental technologies and products to expand its range of products and services.

#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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