



CHINA ENVIRONMENT LTD.

(Registration No.: 200301902W)

PROFIT GUIDANCE ON THE UNAUDITED FINANCIAL RESULTS FOR THE 1Q2016

The Board of Directors (“Board”) of China Environment Ltd (the “Company”, and together with its subsidiaries, collectively the “Group”) wishes to inform shareholders that following a preliminary review of the Group’s unaudited 1Q2016 financial results, the Group expects to report a loss in 1Q2016.

The loss in 1Q2016 was mainly due to nil revenue in 1Q2016. This nil revenue is temporary and the Group should not be considered as a cash company for the purpose of Listing Rule 1018(1), in which a cash company has to find a new business which is able to satisfy the Exchange’s requirements for a new listing within 12 months from the time it becomes a cash company.

As mentioned in our full year unaudited financial results for the financial year ended 31 December 2015, the Group expects slowing economic growth, generally tight credit environment and intense competition in this industry which may affect the near term of this industry.

Currently the Group is formulating new strategy and the main focus of the new senior management team is on cash collection for our existing trade receivables and securing projects from customers with good payment terms only. The management will also be seeking for new source of funding, looking for new investors and collaborate with other renowned state-owned enterprises to carry out concessions, Build-Operate-Transfer (BOT) Projects as opposed to the current Engineering, Procurement and Construction (EPC) model. This will help to ensure the Group have continuing stream of revenue and cash inflow and reduce our credit risks.

In the meantime, shareholders and investors are advised to exercise caution when dealing in the shares of the Company.

BY ORDER OF THE BOARD

Norman Winata
Executive Chairman
16 April 2016