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PRESS RELEASE

**CHINA ENVIRONMENT SECURES TWO CONTRACTS WORTH
RMB 393.6 MILLION IN TOTAL, INCLUDING A PIONEERING
TECHNOLOGY FOR THE REMOVAL OF PM2.5**

SINGAPORE, 20 January 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 that its wholly-owned subsidiary, Fujian Dongyuan Environmental Protection Co., Ltd. (“**Fujian Dongyuan**”) (福建东源环保有限公司), has secured two contracts amounting to **RMB393.6 million** in total, comprising the following:

- (1) A **RMB11.0 million** contract from Nanjing Iron and Steel United Co. Ltd., (“**Nanjing Steel**”) (南京钢铁联合有限公司) for the upgrading of two units of existing electrostatic precipitators (“**ESP**”) to meet new emission standards of 30mg/m³ and to reduce the level of PM2.5 using newly developed PM2.5 removal technology; and
- (2) A **RMB 382.6 million** contract from China Energy Engineering Group Shanxi Province Electric Company Electric Environmental Equipment Main Factory (“**Shanxi Electric**”) (中国能源建设集团山西电力公司电力环保设备总厂) for the supply of industrial dust collectors for five (5) projects in 2014.

On the significance of **Nanjing Steel** contract, the Chairman of China Environment Ltd., Mr Huang Min commented: “We are very pleased to see that our research collaboration with Peking University, which was announced recently in September 2013, has yielded tangible results. The Nanjing Steel contract, to the best of our knowledge, is a *pioneer* ESP project in China that incorporates PM2.5 removal technology (which we have just successfully developed with Peking University). Given the acute air quality problem in China, relating particularly to PM2.5, we are hopeful that our technological breakthrough will be rewarded with increasing demand in the near future.”

Aside from a significant size, the RMB382.6 million **Shanxi Electric** contract is also important to the management of the Group’s resources and growth, as its Chairman, Mr Huang Min explained: “The supply and implementation of a cluster of projects from a single customer, in this case, Shanxi Electric, is a model that enables us to better plan and allocate our working capital and production capacity. With well-managed resources, we will be in an even stronger position to meet the strong demand for our products and to achieve continuous growth.”

Both the Nanjing Steel and the Shanxi Electric projects are expected to complete by 2014. Hence, the Group expects these contracts to contribute positively to the earnings of the Group for the financial year ending 31 December 2014.

#End of Release#

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 Group'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 Group 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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