



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

1) RECEIPT OF LETTER OF DEMAND

2) RECEIPT OF GUARANTOR NOTIFICATION

- 1) The Board of Directors of China Environment Ltd (the "Company" and, together with its subsidiaries, the "Group") wishes to announce that the Company's wholly-owned subsidiary, Fujian Dongyuan Environmental Protection Co., Pte Ltd (" FJDY") has received a letter of demand dated 12 October 2016 ("Letter of Demand") from Bank of China ("Lender") claiming the repayment of RMB56,055,583 in overdue interest and loan principal for a working capital loan.

Notice is given in the Letter of Demand that, the Bank expects the Company to repay the overdue interest and loan principal upon receipt of the Letter of Demand.

- 2) Pursuant to the above Letter of Demand, the Lender has also delivered to the Company's wholly-owned subsidiary, Anhui Dongyuan Environmental Protection Co., Ltd ("AHDY") a notification letter reminding it on its legal obligations with regard to the corporate guarantee it has entered into with the Bank for the above working capital loan.

AHDY is obliged to repay the full sum on behalf of FJDY in the event of default.

The Company is currently considering various options in relation to the demands from banks and will update shareholders accordingly.

BY ORDER OF THE BOARD

China Environment Ltd.

Norman Winata
Executive Chairman
19 October 2016