



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

RESULT OF PRC COURT HEARINGS

The Board of Directors (the “Board”) of China Environment Ltd. (the “Company”) refers to the Company’s announcement dated 6 February 2017 informing the shareholders of civil suits against the Company’s wholly owned subsidiary Fujian Dongyuan Environmental Protection Co., Ltd (“FJDY”) and Anhui Dongyuan Environmental Protection Co., Ltd (“AHDY”). The Company has updates on the following civil suits announced on 6 February 2017:

- (i) Civil Suit by Wuyi Jiufeng Anzhuang Engineering Co. Ltd against the Company’s wholly-owned subsidiary, Anhui Dongyuan Environmental Protection Co., Ltd (“AHDY”) for a payment dispute announced on 1 November 2016

The Court has separated the civil suit into 4 separate suits. 4 separate settlements have been entered between the plaintiff and defendant.

AHDY shall pay for the contract sum of RMB817,630 and RMB637,380 in 5 and 4 monthly instalments respectively. The first instalment shall commence from 1 June 2017 and 20 May 2017 respectively. The Court costs for this case of RMB5,987 and RMB5,087 shall be paid by AHDY.

FJDY shall pay for the contract sum of RMB24,432 and RMB166,576 in 1 and 3 monthly instalments respectively. The first instalment shall commence from 30 June 2017 and 30 June 2017 respectively. The Court costs for this case of RMB220 and RMB1,899 shall be paid by FJDY.

- (ii) Civil Suit by Bank of China Longyan against FJDY announced on 19 October 2016

Judgement has been awarded to plaintiff, FJDY is liable for the RMB55 million loan and interest owing of RMB805,898 and shall pay within 10 days of the effective date of judgement together with interest at the rate of 9% per annum from 25 September 2016. In the event, FJDY does not fulfil the above court decisions, the Bank of China has the right to sell off the land use rights and property assets of AHDY pledged for this loan. The carrying net book value of pledged asset that could be foreclosed is RMB295million, the remaining balance after deducting the bank loan, interest in arrears and other expenses from the sale of asset could not be determined in view that this is a foreclosure situation. The plaintiff legal costs of RMB80,000 shall be paid by FJDY, the Court costs of RMB322,697 shall be paid by FJDY, AHDY and the personal guarantors for this loan.

The Company will update the shareholders as and when there are further material developments

BY ORDER OF THE BOARD
China Environment Ltd.

Norman Winata
Executive Chairman
31 May 2017