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CHINA ENVIRONMENTAL INVESTMENT HOLDINGS LIMITED

中國環保投資股份有限公司

*(incorporated in Hong Kong with limited liability)
(Stock Code 260)*

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a loss for the six months ended 30 June 2012 as compared to a profit for the corresponding period in year 2011.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Environmental Investment Holdings Limited (the “**Company**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the information currently available, the Company and its subsidiaries (collectively the “**Group**”) is expected to record a loss for the six months ended 30 June 2012 as compared to a profit for the corresponding period in year 2011. The reason for that is mainly due to, inter alia, increase in gross profit is less than increase in expenses.

The information contained in this announcement is only based on the Board's preliminary assessment in accordance with the unaudited consolidated management accounts of the Group and other information currently available to the Company and is not based on any financial data or information that has been audited or reviewed by the Company's auditor. Details of the financial data to be disclosed in the Company's interim report for the six months ended 30 June 2012 shall prevail over the information contained herein.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China Environmental Investment Holdings Limited
Ji Hui
Chief Executive Officer

Hong Kong, 3 August 2012

As of the date of this announcement, the Board comprises eight directors, of which Mr. Ji Guirong (Chairman) is the non-executive director; Mr. Ji Hui (Chief Executive Officer), Mr. Zang Zheng, Mr. Zhang Chuanjun and Mr. Zhang Ning (Chief Financial Officer) are the executive directors; Mr. Wang Zhonghua, Mr. Zhong Qiang and Mr. Xiao Wei are the independent non-executive directors.