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China Environmental Energy Investment Limited

中國環保能源投資有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 986)

PROFIT WARNING

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors of the Company that the Group expects to record a loss for the year ended 31 March 2015. However, the overall loss is expected to decrease as compared to the loss for the corresponding period in 2014.

This improved financial result announcement is only based on the preliminary review on the management accounts of the Group, which has not been confirmed by the Company's auditors.

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

This announcement is made by China Environmental Energy Investment Limited (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

Based on preliminary review by the Company's management on the management accounts of the Group, the board of directors of the Company (the "**Board**") wishes to inform shareholders of the Company and potential investors that the Group expects to record a loss for the year ended 31 March 2015. However, the overall loss is expected to decrease as compared to the loss for the corresponding period in 2014 despite the expected decrease in revenue of wastes recycling business. Based on the information currently available to the Company, the Board believes that such improvement in financial results was primarily attributable to the fact that (1) non-cash substantial loss of HK$1,202,602,000 on change in fair value of financial liabilities designated at fair value through profit or loss caused by significant increase in the Company's share price as at dates of conversion of convertible notes as compared to share price at beginning of the year as at 1 April 2013 was recognised for the year ended 31 March 2014 while there is no such loss for the year ended 31 March 2015, and (2) there is a profit of approximately HK$87,000,000 on the acquisition of listed securities in Hong Kong.

This improved financial result announcement is only based on the preliminary review on the management accounts of the Group, which has not been confirmed by the Company's auditors.

The Company is still in the process of finalizing the financial results of the Group for the year ended 31 March 2015. The information contained in this announcement is only a preliminary assessment made by the Board based on currently available information. Details of the Group's results will be disclosed in the financial results announcement of the Company for the year ended 31 March 2015.

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

By order of the Board
China Environmental Energy Investment Limited
Chen Tong
Chairman

Hong Kong, 4 May 2015

As at the date of this announcement, the Board comprises three executive directors, namely Ms. Chen Tong (Chairman), Mr. Xiang Liang and Ms. Li Lin; two non-executive directors, namely Ms. Yao Zhengwei and Mr. Wang Zhenghua; and three independent non-executive directors, namely Ms. Zhang Ruisi, Mr. Tse Kwong Chan and Ms. Zhou Jue.

The English text of this announcement prevails over the Chinese text in case of any discrepancy.

* *For identification purposes only*