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)

INSIDE INFORMATION
SIGNIFICANT DECREASE OF LOSS

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

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors of the Company that based on the unaudited consolidated management accounts of the Group for the six months ended 30 September 2018 and the preliminary assessment of the information currently available, the Board anticipates that the Group will record a significant decrease of loss for the current period over 90% compared to the loss for the six months ended 30 September 2017 of the Group. Such change is mainly due to the combined effect of followings:

(i) Benefiting from the Design, OEM, and Marketing of Jewelry segment (redefined from "Trading of Gold and Diamond" segment), the revenue and the gross profit of the Group increased almost 300% and 100%, respectively, compared to that of the same period of last year;

(ii) recorded an impairment loss on goodwill and available-for-sale investments of approximately HK$29 million and HK$218 million for the six months ended 30 September 2017 whereas no such impairments were made for the six months ended 30 September 2018; and

(iii) offset the expenses relating to the share options which were granted to director and employees during the six months ended 30 September 2018 and the share-based payment expense of approximately HK$7.2 million.

As at the date of this announcement, the Company is still in the process of preparing and finalising the unaudited consolidated interim results of the Group for the six months ended 30 September 2018. The information contained in this announcement is only based on preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group for the six months ended 30 September 2018, which are subject to adjustments as appropriate and further review by the Company. The details of the interim results for the six months ended 30 September 2018 will be disclosed in the interim results announcement of the Company, which is expected to be published before the end of November 2018.

Shareholders and potential investors of the Company should exercise caution when investing in or dealing in the shares of the Company.

By Order of the Board
China Environmental Energy Investment Limited
Zhou Yaying
Chairman

Hong Kong, 13 November 2018

As at the date of this announcement, the Board comprises four executive Directors, namely Ms. Zhou Yaying, Mr. Wei Liang, Mr. Tang Wing Cheung Louis and Ms. Hong Jingjuan; and three independent non-executive Directors, namely Mr. Tse Kwong Chan, Mr. Yiu To Wa and Mr. Lau Leong Yuen.

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.

* *For identification purposes only*