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)

SIGNIFICANT DECREASE OF LOSS, DATE OF BOARD MEETING AND CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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 year ended 31 March 2019 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 80% compared to the loss for the year ended 31 March 2019 of the Group. Such change is mainly due to the combined effect of followings:

(i) Benefiting from the design, original equipment manufacturing, and marketing of jewelry (the "**Design, OEM, and Marketing of Jewelry**") business, the revenue and the gross profit of the Group increased almost 290% and 70%, respectively, compared to the last year. The Design, OEM, and Marketing of Jewelry business has been changed the business model from trading of gold and diamond (the "**Original Business Model**") to design, OEM and marketing of jewelry (the "**New Business Model**"). The Original Business Model focused on selling products with lower unit selling price which generate higher gross profit margins (such as melee and loose diamonds). In contrast, the New Business Model focused on selling jewelry products which have higher unit selling price but generate lower gross profit margins (such as in-house designed diamond-set jewelry). The increase in gross profit was due to the increase in revenue generated from Design, OEM and Marketing of Jewelry business. Notwithstanding there was lower profit margin for New Business Model, it generated higher revenue and gross profit and larger base of sales as compared with the Original Business Model;

(ii) recorded impairment losses on goodwill and available-for-sale investments of approximately HK$28.84 million and HK$218.44 million, respectively, for the year ended 31 March 2018 whereas the impairments were made on goodwill, intangible assets and assets classified as held for sale of approximately HK$1.37 million, not more than HK$6 million and HK$22.49 million, respectively, for the year ended 31 March 2019;

(iii) the loss on investment amounted to approximately HK$12.23 million, representing a decrease of approximately HK$56.47 million comparing with the last year of approximately HK$68.47 million; and

(iv) offset the expenses relating to the share options which were granted to director and employees during the year ended 31 March 2019 and the share-based payment expense of approximately HK$10.64 million.

The Company is still in the process of finalising the financial results of the Group for the year ended 31 March 2019. The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group for the year ended 31 March 2019 and the information currently available to the Board, which may be subject to adjustments, and such information has not been audited nor reviewed by the Company's auditors. The audited annual results of the Group are expected to be published before the end of June 2019.

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

DATE OF BOARD MEETING

The Board also announces that the Board meeting will be held on Wednesday, 26 June 2019 for the purpose of, among other matters, approving the announcement of the annual results of the Group for the year ended 31 March 2019 for publication.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 11 July 2019, the Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Tengis Limited (the "**Branch Share Registrar**"), will change its address from Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong to

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

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

Hong Kong, 14 June 2019

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*