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PACIFIC PLYWOOD HOLDINGS LIMITED

太平洋實業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 767)



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)

JOINT ANNOUNCEMENT

SUPPLEMENTAL AGREEMENT

Reference is made to the joint announcement of China Environmental Energy Investment Limited (the “**Issuer**”) and Pacific Plywood Holdings Limited (the “**Subscriber**”) dated 26 June 2012 (the “**Joint Announcement**”) in relation to, among other things, the proposed issuance of convertible notes by the Issuer. Unless the context otherwise requires, terms used herein shall have the same meanings as those defined in the Joint Announcement.

As the Issuer announced on 3 August 2012 that its share capital shall be reorganized under the capital reorganization (details of which have been disclosed in the Issuer's circular dated 15 August 2012) (the "**Capital Reorganization**"), the Issuer and the Subscriber entered into a supplemental agreement on 4 September 2012 to confirm that the maximum Conversion Price shall be adjusted from HK\$0.11 per Conversion Share to HK\$5.5 per Conversion Share upon the Capital Reorganization becoming effective and the minimum Conversion Price shall remain equivalent to the par value of the Issuer Share. In the event that the Capital Reorganization of the Issuer does not become effective, there will be no adjustment to the Conversion Price.

Save as disclosed, all other terms of the Subscription Agreement remain unchanged and continue to be in full force and effect.

Shareholding structure of the Issuer in respect of the Subscription

I. At the initial maximum Conversion Price of HK\$0.11 and minimum Conversion Price of HK\$0.01 per Conversion Share

For illustrative purpose only, set out below is a summary of the shareholdings in the Issuer (i) as at the date of this joint announcement; (ii) after allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the maximum Conversion Price of HK\$0.11; (iii) after allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the maximum Conversion Price of HK\$0.11, assuming all the outstanding Acquisition CN are converted in full at the conversion price of HK0.227; (iv) after allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the minimum Conversion Price of HK\$0.01; (v) after allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the minimum Conversion Price of HK\$0.01, assuming all the outstanding Acquisition CN are converted in full at the conversion price of HK0.227; (vi) after allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the minimum Conversion Price of HK\$0.01, while the holder(s) of the Convertible Notes do not hold more than 29.9% of the issued share capital of the Issuer; (vii) after allotment and issue of the number of Conversion Shares upon full conversion of the Convertible

Notes at the minimum Conversion Price of HK\$0.01, while the holder(s) of the Convertible Notes do not hold more than 29.9% of the issued share capital of the Issuer, assuming all the outstanding Acquisition CN are converted in full at the conversion price of HK0.227. The aforementioned scenarios (ii) to (vii) are set forth below for illustrative purposes only.

Shareholders of the Issuer	As at the date of this joint announcement		After allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the initial maximum Conversion Price of HK\$0.11		After allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the initial maximum Conversion Price of HK\$0.11, assuming all the outstanding Acquisition CN are converted in full at the conversion price of HK0.227		After allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the minimum Conversion Price of HK\$0.01		After allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the minimum Conversion Price of HK\$0.01, assuming all the outstanding Acquisition CN are converted in full at the conversion price of HK0.227		After allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the minimum Conversion Price of HK\$0.01, while the holder(s) of the Convertible Notes do not hold more than 29.9% of the issued share capital of the Issuer		After allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the minimum Conversion Price of HK\$0.01, while the holder(s) of the Convertible Notes do not hold more than 29.9% of the issued share capital of the Issuer, assuming all the outstanding Acquisition CN are converted in full at the conversion price of HK0.227	
	Number of shares		Number of shares		Number of shares		Number of shares		Number of shares		Number of shares		Number of shares	
Lucky Start Holdings Limited (Note 1)	220,264,317	10.81%	220,264,317	7.59%	220,264,317	6.98%	220,264,317	1.90%	220,264,317	1.87%	220,264,317	7.58%	220,264,317	6.74%
Jia Hong Xing	493,570,000	24.24%	493,570,000	17.02%	493,570,000	15.63%	493,570,000	4.28%	493,570,000	4.19%	493,570,000	16.99%	493,570,000	15.09%
Subscriber	-	0.00%	863,636,363	29.78%	863,636,363	27.37%	9,500,000,000	82.35%	9,500,000,000	80.56%	868,735,957	29.90%	977,718,091	29.90%
Acquisition CN Holder (Note 2)	-	0.00%	-	0.00%	255,506,607	8.10%	-	0.00%	255,506,607	2.17%	-	0.00%	255,506,607	7.81%
Public Issuer Shareholders	1,322,901,156	64.95%	1,322,901,156	45.61%	1,322,901,156	41.92%	1,322,901,156	11.47%	1,322,901,156	11.21%	1,322,901,156	45.53%	1,322,901,156	40.46%
Total	2,036,735,473	100.00%	2,900,371,836	100.00%	3,155,878,443	100.00%	11,536,735,473	100.00%	11,792,242,080	100.00%	2,905,471,430	100.00%	3,269,960,171	100.00%

II. At the adjusted maximum Conversion Price of HK\$5.5 and minimum Conversion Price of HK\$0.01 per Conversion Share assuming the Capital Reorganization becoming effective

For illustrative purpose only, set out below is a summary of the shareholdings in the Issuer (i) as at the date of this joint announcement, assuming the Capital Reorganization becoming effective; (ii) after allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the adjusted maximum Conversion Price of HK\$5.5; (iii) after allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the adjusted Conversion Price of HK\$5.5, assuming all the outstanding Acquisition CN are converted in full at the adjusted conversion price of HK11.35; (iv) after allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the adjusted

minimum Conversion Price of HK\$0.01; (v) after allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the adjusted minimum Conversion Price of HK\$0.01, assuming all the outstanding Acquisition CN are converted in full at the adjusted conversion price of HK\$11.35; (vi) after allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the minimum Conversion Price HK\$0.01, while the holder(s) of the Convertible Notes do not hold more than 29.9% of the issued share capital of the Issuer; (vii) after allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the minimum Conversion Price HK\$0.01, while the holder(s) of the Convertible Notes do not hold more than 29.9% of the issued share capital of the Issuer, assuming all the outstanding Acquisition CN are converted in full at the adjusted conversion price of HK\$11.35. The aforementioned scenarios (ii) to (vii) are set forth below for illustrative purposes only.

Shareholders of the Issuer	As at the date of this joint announcement, assuming the Capital Reorganization becoming effective		After allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the adjusted maximum Conversion Price of HK\$5.5		After allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the adjusted maximum Conversion Price of HK\$5.5, assuming all the outstanding Acquisition CN are converted in full at the adjusted conversion price of HK\$11.35		After allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the adjusted minimum Conversion Price of HK\$0.01		After allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the adjusted minimum Conversion Price of HK\$0.01, assuming all the outstanding Acquisition CN are converted in full at the adjusted conversion price of HK\$11.35		After allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the minimum Conversion Price HK\$0.01, while the holder(s) of the Convertible Notes do not hold more than 29.9% of the issued share capital of the Issuer		After allotment and issue of the number of Conversion Shares upon full conversion of the Convertible Notes at the minimum Conversion Price HK\$0.01, while the holder(s) do not hold more than 29.9% of the issued share capital of the Issuer, assuming all the outstanding Acquisition CN are converted in full at the adjusted conversion price of HK\$11.35	
	Number of adjusted shares		Number of adjusted shares		Number of adjusted shares		Number of adjusted shares		Number of adjusted shares		Number of adjusted shares		Number of adjusted shares	
Lucky Start Holdings Limited (Note 1)	4,405,286	10.81%	4,405,286	7.59%	4,405,286	6.98%	4,405,286	0.05%	4,405,286	0.05%	4,405,286	7.58%	4,405,286	6.74%
Jia Hong Xing	9,871,400	24.24%	9,871,400	17.02%	9,871,400	15.63%	9,871,400	0.10%	9,871,400	0.10%	9,871,400	16.99%	9,871,400	15.09%
Subscriber	-	-	17,272,727	29.78%	17,272,727	27.37%	9,500,000,000	99.57%	9,500,000,000	99.52%	17,374,718	29.90%	19,554,361	29.90%
Acquisition CN Holder (Note 2)	-	-	-	-	5,110,132	8.10%	-	-	5,110,132	0.05%	-	-	5,110,132	7.81%
Public Issuer Shareholders	26,458,023	64.95%	26,458,023	45.61%	26,458,023	41.92%	26,458,023	0.28%	26,458,023	0.28%	26,458,023	45.53%	26,458,023	40.46%
Total	40,734,709	100.00%	58,007,436	100.00%	63,117,568	100.00%	9,540,734,709	100.00%	9,545,844,841	100.00%	58,109,427	100.00%	65,399,202	100.00%

Note:

- Lucky Start Holdings Limited is beneficially wholly owned by Zhao Zhenzhen.

2. As at the date of this joint announcement, there is outstanding Acquisition CN of HK\$58,000,000, which can be converted into 255,506,607 conversion shares of the Issuer (equivalent to 5,110,132 conversion shares assuming the Capital Reorganization becoming effective) at the conversion price of HK\$0.227.

By Order of the Subscriber Board
Pacific Plywood Holdings Limited
Huang Chuan Fu

Executive Director and Deputy Chairman

By Order of the Issuer Board
China Environmental Energy Investment Limited
Deng Hong Mei

Executive Director

Hong Kong, 4 September 2012

As at the date of this joint announcement, the executive directors of the Issuer are Ms. Chen Tong (Chairman), Ms. Deng Hong Mei, Ms. Chan Ching Ho, Kitty and Mr. Xiang Liang, the non-executive directors of the Issuer are Ms. Yao Zhengwei and Mr. Wang Zhenghua and the independent non-executive directors of the Issuer are Mr. Chan Ying Kay, Mr. Tse Kwong Chan and Ms. Zhou Jue.

As at the date of this joint announcement, the executive directors of the Subscriber are Mr. Ng Kwok Fai (Chairman), Mr. Huang Chuan Fu (Deputy Chairman), Mr. Liang Jian Hua, Ms. Jia Hui and Mr. Jiang Yi Ren, the non-executive director of the Subscriber is Mr. Chan Kin Sang and the independent non-executive directors of the Subscriber are Mr. Cheng Po Yuen, Mr. Wong Chun Hung and Mr. Li Sui Yang.

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

*** For identification purposes only*