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CHINA ENVIRONMENTAL RESOURCES GROUP LIMITED

中國環境資源集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1130)

PROFIT WARNING

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

The Board wishes to inform the Shareholders and potential investors that the Group is expected to record increase in losses for the period ended 31 December 2017 as compared to the results for the corresponding period in 2016. This is the combined effects of (i) decrease in other income to approximately HK\$2 million; (ii) increase in loss from changes in fair value less costs to sell of biological assets to approximately HK\$21 million; (iii) loss on settlement of promissory note of approximately HK\$1.1 million; (iv) increase in general and administrative expenses to approximately HK\$26.80 million due to launch of recycled metal trading business during the period ended 31 December 2017; and (v) increase in finance costs to approximately HK\$0.44 million during the period ended 31 December 2017.

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

This announcement is made by China Environmental Resources Group Limited (the “**Company**”) and together with its subsidiaries (the “**Group**”) pursuant to Rule 13.09 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**”).

The Board wishes to inform the Shareholders and potential investors that the Group is expected to record increase in losses for the period ended 31 December 2017 as compared to the results for the corresponding period in 2016. This is the combined effects of (i) decrease in other income to approximately HK\$2 million; (ii) increase in loss from changes in fair value less costs to sell of biological assets to approximately HK\$21 million; (iii) loss on settlement of promissory note of approximately HK\$1.1 million; (iv) increase in general and administrative expenses to approximately HK\$26.80 million due to launch of recycled metal trading business during the period ended 31 December 2017; and (v) increase in finance costs to approximately HK\$0.44 million during the period ended 31 December 2017.

The information contained in this announcement is only a preliminary assessment by the management of the Company based on its unaudited management accounts and the information currently available to them, which have not been confirmed or audited by the auditors of the Company. Shareholders and potential investors are advised to read carefully the announcement for the unaudited interim results of the Group for the period ended 31 December 2017 which is expected to be published on 27 February 2018.

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By order of the Board
China Environmental Resources Group Limited
Yeung Chi Hang
Chairman and Chief Executive Officer

Hong Kong, 20 February 2018

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Yeung Chi Hang, Mr. Leung Kwong Choi, Mr. Wong Po Keung, Mr. Chung Siu Wah and Mr. Chik To Pan; and three independent non-executive Directors, namely Mr. Wong Kwai Sang, Mr. Ong Chi King and Mr. Heung Chee Hang, Eric.