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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 an increase in losses for the year ended 30 June 2016 as compared to the results for the corresponding period in 2015. This is the combined effects of (i) net loss on fair value changes on financial assets at fair value through profit or loss amounting to approximately HK\$33 million; (ii) loss arising from changes in fair value less costs to sell of biological assets amounting to approximately of HK\$46 million; and (iii) general and administrative expenses amounting to approximately HK\$49 million due to the commencement of a new car distribution business during the year ended 30 June 2016.

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 of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and the potential investors that the Group is expected to record an increase in losses for the year ended 30 June 2016 as compared to the results for the corresponding period in 2015. This is the combined effects of (i) net loss on fair value changes on financial assets at fair value through profit or loss amounting to approximately HK\$33 million; (ii) loss arising from changes in fair value less costs to sell of biological assets amounting to approximately of HK\$46 million; and (iii) general and administrative expenses amounting to approximately HK\$49 million due to the commencement of a new car distribution business during the year ended 30 June 2016.

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 audited annual results of the Group for the year ended 30 June 2016 which is expected to be published on 28 September 2016.

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

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

Hong Kong, 23 September 2016

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.