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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 SUPPLEMENTAL ANNOUNCEMENT

This announcement is made by China Environmental Resources Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) 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 under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 18 September 2020 in relation to the profit warning (the “**Announcement**”). Unless otherwise specified, capitalized terms used herein shall have the same meaning as those defined in the Announcement.

The board of directors (the “**Directors**”) of the Company wishes to further inform the Shareholders and potential investors of the Company that the Group is expected to record decrease in loss for the year ended 30 June 2020 by not less than 50% as compared to the loss for the corresponding period in 2019 of approximately HK\$121.1 million.

The Board considers that such decrease was attributable to the combined effects of the (i) increase in gross profit to approximately HK\$18.8 million due to change in product mix; (ii) decrease in loss from changes in fair value less costs to sell of biological assets to approximately HK\$4.8 million; (iii) decrease in general and administrative and operating expenses to approximately HK\$45.4 million mainly due to decrease in salaries, advertising and promotion expenses and legal and professional fee; (iv) decrease in loss on fair value changes on investments at fair value through profit or loss to approximately HK\$2.9 million; and (v) absence of the provision for impairment loss of intangible assets during the year ended 30 June 2020.

As the Company is still in the process of finalizing the annual results, this announcement is only based on preliminary assessment by the Board in accordance with the information currently available and the latest consolidated management accounts of the Group, which are subject to finalization and are not based on any figures or information reviewed or audited by the Company's auditors. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

Shareholders and potential investors are advised to read carefully the announcement for the annual results of the Group for the year ended 30 June 2020 which is expected to be published on 30 September 2020.

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

Hong Kong, 23 September 2020

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.