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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)

TERMINATION OF THE MEMORANDUM OF UNDERSTANDING IN RELATION TO

- (1) POSSIBLE SUBSCRIPTION;**
- (2) POSSIBLE FORMATION OF A JOINT VENTURE;**
- AND**
- (3) POSSIBLE DISTRIBUTORSHIP**

Reference is made to the announcement of China Environmental Resources Group Limited (the “**Company**”) dated 24 June 2016 in respect of, among others, the Target Company and the Company entered into the MOU in relation to (1) Possible Subscription; (2) Possible JV Formation; and (3) Possible Distributorship (the “**Announcement**”). Unless otherwise expressly indicated, capitalized terms used herein shall have the same meaning as those defined in the Announcement.

TERMINATION OF THE MOU

The Company wishes to update the Shareholders that the Company and the Target Company mutually agreed to terminate the MOU on 7 October 2016. No definitive or binding agreement was entered into by the Company and the Target Company and the MOU ceased to take effect accordingly.

The Board considers the termination of the MOU shall have no material adverse impact on the existing business operation and financial position of the Company and its subsidiary (the “**Group**”) as a whole. The Company will continue to explore other suitable investment opportunities to further develop business of the Group.

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

Hong Kong, 7 October 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.