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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 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 of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the latest information currently available to the Board, it is expected that the Group’s unaudited loss for the six months ended 31 December 2021 will decrease by not less than 45% compared to the loss for the corresponding period in 2020 of approximately HK\$12.9 million.

The Board considers that such decrease was attributable to the combined effects of the (i) increase in gross profit to approximately HK\$9.9 million mainly due to the increase in revenue; (ii) increase in other income to approximately HK\$4.2 million mainly due to waiver of rental payments because of COVID-19; (iii) decrease in administrative and operating expenses to approximately HK\$19.1 million mainly due to decrease in staff cost and expenses related to short-term leases; (iv) increase in gain arising from changes in fair value less costs to sell of biological assets to approximately HK\$3.8 million; (v) increase in net gain on fair value changes in investments at fair value through profit or loss to approximately HK\$0.2 million; and (vi) no provision for impairment loss of intangible assets during the six months ended 31 December 2021.

As the Company is still in the process of finalizing the interim results, this announcement is only based on preliminary assessment by the Board in accordance with the latest 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 unaudited interim results of the Group for the six months ended 31 December 2021 which is expected to be published on 28 February 2022.

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

Hong Kong, 23 February 2022

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.