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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).

References are made to the announcements of the Company dated (i) 23 September 2022 in relation to the profit warning in respect of the unaudited annual results of the Group for the year ended 30 June 2022; and (ii) 30 September 2022 in relation to the publication of the unaudited annual results of the Group for the year ended 30 June 2022.

PROFIT WARNING

The board of directors of the Company (the “**Board**”) wishes to update the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the further preliminary assessment of the latest information currently available to the Board and the latest consolidated management accounts of the Group, it is expected that the Group’s audited consolidated loss for the year ended 30 June 2022 will decrease by not less than 65% compared to the loss for the corresponding period in 2021 of approximately HK\$48.9 million.

The Board considers that such decrease was attributable to the combined effects of the followings during the year ended 30 June 2022: (i) increase in gross profit to approximately HK\$21.2 million mainly due to the increase in revenue; (ii) increase in other income to approximately HK\$4.1 million mainly due to waiver of lease liabilities because of COVID-19; (iii) turnaround from a loss to a gain arising from changes in fair value less costs to sell of biological assets of approximately HK\$10.0 million; (iv) turnaround from a net loss to a net gain on fair value changes in investments at fair value through profit or loss of approximately HK\$0.7 million; (v) decrease in provision for impairment loss of intangible assets to approximately HK\$1.8 million; (vi) reversal of provision for impairment loss of receivables; and (vii) increase in tax expense to approximately HK\$1.6 million.

As the Company is still in the process of finalizing the audited annual results for the year ended 30 June 2022, the information contained in 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. Such information has not been reviewed or audited by the auditors of the Company nor reviewed by the members of the audit committee of the Company and may be different from the audited consolidated results of the Group for the year ended 30 June 2022.

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 2022 which is expected to be published on 26 February 2023.

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, 21 February 2023

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.