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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)

FURTHER DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

This announcement is made by China Environmental Resources Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the provisions of inside information 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) 20 September 2022 in relation to, among other things, the expected delay in publication of the audited annual results of the Group for the year ended 30 June 2022 (the “**Announcement**”); (ii) 30 September 2022 in relation to the publication of the unaudited annual results of the Group for the year ended 30 June 2022; and (iii) 30 November 2022 in relation to the further delay in publication of the audited annual results and despatch of the annual report of the Group for the year ended 30 June 2022. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

FURTHER DELAY IN PUBLICATION OF 2022 AUDITED ANNUAL RESULTS AND 2022 ANNUAL REPORT

The Board wishes to update the Shareholders and the potential investors of the Company that the surveyors and the valuers of the Company travelled to the Relevant Region and the surveying work on the Biological Assets commenced on 21 December 2022. As of the date of this announcement, the surveyors have completed the on-site surveying work. The valuation work carried out by the valuers is still ongoing. The Auditors are reviewing the detailed working of the valuation together with the assumptions and estimations in the draft valuation report. The Auditors require additional time to conduct the due diligence and the assessment work, including but not limited to (i) understanding the valuation methodology, including the key assumptions such as the plate growth rates, the market comparable and the industry trend, and comparing operating margins and growth against historical performance; and (ii) assessing the adequacy of the related disclosures of the fair value of the Biological Assets in the consolidated financial statements. It is estimated that the audit procedures will be completed on or before 26 February 2023. As such, the Company expects to publish the 2022 Audited Annual Results on 26 February 2023 and the 2022 Annual Report on 28 February 2023.

Up to the date of this announcement, the Auditors have not indicated any major audit issues or audit qualification to the Company subject to the completion of its audit progress. Apart from the delay in publication of the 2022 Audited Annual Results and the 2022 Annual Report, there is no other inside information which the Company is required to bring to the attention of the Shareholders and the potential investors of the Company. The Company will publish further announcement(s) to keep the Shareholders and the potential investors of the Company informed as and when appropriate.

THE WAIVER APPLICATION

The further delay in publication of the 2022 Annual Report (from the date falling on or before 8 February 2023 as originally contemplated to 28 February 2023 as currently expected) was solely caused by the impact of novel coronavirus disease epidemic. In late-November 2022, the Relevant Region was still subject to lockdown and travel restriction, thus the independent professional parties were not able to travel to the Relevant Region to conduct physical inspection and perform sampling for the purpose of independent valuation on the Biological Assets. The Company learnt from the news that the Urumqi government had formulated a working plan to gradually restore the social living order of residents in low-risk areas and the Xinjiang government had drawn up plans to relax travel restrictions once the condition of novel coronavirus disease epidemic improves. In the context of such news regarding the relaxation plans, the Company believed that the lockdown and travel restriction would be gradually relaxed in the short term and optimistically envisaged that the surveyors could enter into the Relevant Region to conduct surveying work starting from 8 December 2022. On such basis, the Company originally contemplated to publish the 2022 Audited Annual Results and the 2022 Annual Report on or before 8 February 2023.

Nonetheless, the lockdown and travel restriction was still in place during early December 2022, thus the surveyors were unable to enter into the Relevant Region. Once coming to the knowledge on 10 December 2022 that the lockdown and travel restriction in the Relevant Region had been lifted, the Company had promptly arranged the transportation for its staff and a technical personnel of the surveyor team to the Relevant Region and had discussed with the surveyors for the deployment of extra manpower for the surveying work with a view to expediting the surveying work. In mid-December 2022, the Company and the surveyor team held several meetings and the technical personnel of the surveyor team preliminary inspected the Biological Assets and confirmed the assessment area of the Biological Assets and the route for the surveying work. Meanwhile, the surveyor team was arranging, among other things, the deployment of manpower, the equipment to be deployed on site and the transportation. The surveying work commenced on 21 December 2022, which had delayed for two weeks. In addition, the novel coronavirus disease infection among the surveyor team had disrupted their surveying work, hence, the surveyors required longer timeframe for performing its work. As a result of the foregoing, the Company experienced a further delay in publication of the 2022 Audited Annual Results and the 2022 Annual Report.

The Company has been using its best endeavours and has taken all the possible initiatives to procure the 2022 Audited Annual Results and the 2022 Annual Report to be published as soon as practicable. In view of the widespread infections in the PRC and inclement weather in Xinjiang where the Biological Assets located, the Company had repeatedly requested for extra manpower to be deployed by the surveyors and the surveyors eventually deployed extra manpower striving for meeting its committed timeframe. The Company has committed to higher professional fees in consideration of a tighter timeframe in completing their work. The Company has been closely monitoring the progress of surveying work and has held periodic meetings with the surveyors, the valuers and the Auditors to update the progress from time to time.

Given the practical constraints faced by the Company and the Auditors as a result of the novel coronavirus disease epidemic, the Company was unable to despatch the 2022 Annual Report not more than four months after the end of the financial year to which they relate (i.e. on or before 31 October 2022) in accordance with Rule 13.46(2)(a) of the Listing Rules. Due to the delay in despatch of the 2022 Annual Report, the Company was unable to lay its financial statements at the annual general meeting of the Company within the period of six months after the end of the financial year or accounting reference period to which the annual financial statements relate (i.e. on or before 31 December 2022) in accordance with Rule 13.46(2)(b) of the Listing Rules.

In light of the above exceptional circumstances, and in line with the principles set out in the guidance under the “Frequently Asked Questions on the Joint Statement in relation to Results Announcements in light of Travel Restrictions related to the Severe Respiratory Disease associated with a Novel Infectious Agent (Joint Statement) and Holding of General Meeting” jointly issued by the SFC and the Stock Exchange on 21 February 2022 and updated on 8 April 2022, an application has been made by the

Company to the Stock Exchange for its approval for the delay in despatch of the 2022 Annual Report and postponing the date of annual general meeting of the Company and waiver of the strict compliance on the part of the Company in respect of its obligations under Rules 13.46(2)(a) and 13.46(2)(b) of the Listing Rules. The application is subject to the approval of the Stock Exchange.

Shareholders and potential investors of the Company 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, 8 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.