
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser immediately.

If you have sold or transferred all your shares in China Environmental Resources Group Limited, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSALS FOR
RE-ELECTION OF RETIRING DIRECTORS AND
GENERAL MANDATES TO ISSUE SHARES
AND TO REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening an annual general meeting of China Environmental Resources Group Limited (the “**Company**”) to be held at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Wednesday, 27 November 2013 at 10:30 a.m. is set out on pages 14 to 17 of this circular.

Whether or not you are able to attend the annual general meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

25 October 2013

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“AGM”	the annual general meeting of the Company to be held at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Wednesday, 27 November 2013 at 10:30 a.m.
“AGM Notice”	the notice convening the AGM as set out in Appendix III to this circular
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Company”	China Environmental Resources Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock code: 1130)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issuance Mandate”	as defined in paragraph 3 of the Letter from the Board in this circular
“Latest Practicable Date”	18 October 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information included herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Repurchase Mandate”	as defined in paragraph 3 of the Letter from the Board in this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 16 December 2005 for a period of ten years from the date of adoption

DEFINITIONS

“Shareholder(s)”	registered holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Leung Kwong Choi
Mr. Kwok Wai, Wilfred
Mr. Wong Po Keung

Independent Non-executive Directors:

Mr. Wong Kwai Sang
Mr. Christopher David Thomas
Mr. Chan Ka Yin

Registered office:

Ugland House
South Church Street
P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

Head office and

principal place of business

2/F., Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

25 October 2013

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
RE-ELECTION OF RETIRING DIRECTORS AND
GENERAL MANDATES TO ISSUE SHARES
AND TO REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with the information regarding resolutions to be proposed at the AGM relating to re-election of retiring Directors and granting to the Directors of the Issuance Mandate and Repurchase Mandate, and notice to convene the AGM to approve, among other things, re-election of retiring Directors and granting of the Issuance Mandate and Repurchase Mandate and extension of Issuance Mandate.

LETTER FROM THE BOARD

2. RE-ELECTION OF RETIRING DIRECTORS

Pursuant to the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

Mr. Chan Ka Yin was appointed as an Independent Non-executive Director by the Board on 8 March 2013 and Mr. Wong Po Keung was appointed as Executive Director by the Board on 30 September 2013. They shall hold office until the forthcoming AGM and will offer themselves for re-election. Pursuant to the Articles of Association, Mr. Kwok Wai, Wilfred and Mr. Wong Kwai Sang, being the existing Directors longest in office, will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

Pursuant to Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any directors proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting. Biographical details of the retiring Directors proposed to be re-elected are set out in Appendix I to this circular.

3. GENERAL MANDATE TO ISSUE SHARES AND TO REPURCHASE SHARES

At the annual general meeting of the Company held on 21 November 2012, ordinary resolutions were passed for the granting of general mandates to the Directors, inter alia, to allot, issue or otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at that date (the “**First Issuance Mandate**”) and to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at that date (the “**Existing Repurchase Mandate**”). The First Issuance Mandate was subsequently refreshed at an extraordinary general meeting of the Company held on 6 June 2013 and an ordinary resolution was passed for the granting of general mandate to the Directors to allot, issue or otherwise deal with Shares not exceeding 20% of the issued share capital of the Company as at that date (the “**Existing Issuance Mandate**”).

The Existing Issuance Mandate and Existing Repurchase Mandate will lapse upon the conclusion of the AGM. The Directors consider that the Existing Issuance Mandate and Existing Repurchase Mandate increase the flexibility in the Company's affairs and are in the interests of the Shareholders, and should continue to be adopted by the Company.

LETTER FROM THE BOARD

It will therefore be proposed at the forthcoming AGM to approve the granting of new general mandates to the Directors to exercise the power of the Company:

- (i) to allot, issue and deal with new Shares and to make or grant offers, agreements and options, including warrants to subscribe for Shares and other rights of subscription for or conversion into Shares, of an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of such resolution or 20% of such aggregate nominal amount of the issued share capital of the Company as enlarged by the allotment and issue of new shares pursuant to the Open Offer (as defined in the circular of the Company dated 30 September 2013) approved at an extraordinary general meeting of the Company held on 18 October 2013 (the “**Issuance Mandate**”); and
- (ii) to repurchase Shares on the Stock Exchange of an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of such resolution or 10% of such aggregate nominal amount of the issued share capital of the Company as enlarged by the allotment and issue of new shares pursuant to the Open Offer (as defined in the circular of the Company dated 30 September 2013) approved at an extraordinary general meeting of the Company held on 18 October 2013 (the “**Repurchase Mandate**”).

Assuming that there is no further issuance and allotment of new Shares from the Latest Practicable Date to the date of AGM, a maximum of 36,544,749 new Shares, representing 20% of the aggregate nominal amount of the issued share capital of the Company, shall be allotted, issued and dealt with under the Issuance Mandate.

The Issuance Mandate and Repurchase Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the AGM or any earlier date as referred to in ordinary resolutions 4 and 5 set out in the AGM Notice. Resolution authorising the extension of the Issuance Mandate to include the aggregate nominal amount of Shares repurchased (if any) under the Repurchase Mandate will be proposed as ordinary resolution 6 set out in the AGM Notice. With reference to the Issuance Mandate and Repurchase Mandate, the Directors wish to state that they have no immediate plan to issue any Shares or repurchase any Shares pursuant thereto.

An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to make an informed decision on whether to vote for or against the resolution to approve the granting of the Repurchase Mandate is set out in Appendix II to this circular.

4. ANNUAL GENERAL MEETING

The AGM Notice is set out in Appendix III to this circular. At the AGM, ordinary resolutions will be proposed to approve, inter alia, re-election of retiring Directors, granting of the Issuance Mandate and the Repurchase Mandate and extension of the Issuance Mandate.

A form of proxy is enclosed with this circular for use at the AGM. Whether or not you are able to attend this meeting, you are requested to complete and return the enclosed form of proxy to the

LETTER FROM THE BOARD

branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

5. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the meeting will therefore demand a poll for every resolution put to the vote at the AGM pursuant to the Articles of Association and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

6. RECOMMENDATION

The Directors consider that the proposed ordinary resolutions for approval of re-election of retiring Directors, granting of Issuance Mandate and Repurchase Mandate and extension of the Issuance Mandate are each in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders vote in favour of the relevant resolutions to be proposed at the AGM.

7. GENERAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices in this circular.

Yours faithfully,
By Order of the Board
China Environmental Resources Group Limited
Kwok Wai, Wilfred
Executive Director

APPENDIX I DETAILS OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

The biographical details of the Directors who will retire from office at the AGM and, being eligible, will offer themselves for re-election are as follows:

1. **Mr. Kwok Wai, Wilfred**, aged 40, was appointed as an Executive Director on 7 April 2009.

Mr. Kwok possesses over 10-year frontier experiences in business and marketing in China. Mr. Kwok served the publicly listed Vertex group and introduced international media projects into China market in 2002. In 2003, Mr. Kwok partnered the publicly listed King Fook group to form exclusive Hong Kong company serving privileged airport ground services in major Chinese airports. Mr. Kwok has a decade of green business development. With strong connection in China, he specialises in project merge and acquisition and negotiation with central government, local governments and corporations.

Save as disclosed above, Mr. Kwok does not hold any other positions in the Company or any subsidiary of the Company and did not hold any directorships in any listed public companies in the last three years.

Mr. Kwok has entered into a letter of appointment with the Company for a term of three years commencing on 7th April, 2012, subject to the relevant provision of retirement and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Pursuant to the letter of appointment, Mr. Kwok is entitled to receive a director's fee of HK\$180,000 per annum, which is recommended by the remuneration committee of the Company and determined by the Board with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market situation and subject to the approval of the Shareholders at the annual general meeting.

Mr. Kwok does not have any relationship with the directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Kwok does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, the Board is not aware of any other information in relation to Mr. Kwok which is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

APPENDIX I DETAILS OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

2. **Mr. Wong Kwai Sang**, aged 61, was appointed as an Independent Non-executive Director on 2 March 2009. He is also a member of audit committee, remuneration committee and nomination committee of the Company.

Mr. Wong had been an Independent Non-executive Director and a member of audit committee and remuneration committee of the Company since 3 July 2002. He resigned on 4 July 2008 as he himself had a long term personal assignment stationed in Shanghai. Mr. Wong had completed his assignment in Shanghai and returned to Hong Kong. He holds a Bachelor of Social Sciences degree from the University of Hong Kong. He is a property consultant and a fellow member of the Hong Kong Institute of Real Estate Administrators and the Australian Institute of Building respectively.

Save as disclosed above, Mr. Wong does not hold any other positions in the Company or any subsidiary of the Company and did not hold any directorships in any listed public companies in the last three years.

Mr. Wong has entered into a letter of appointment with the Company for a term of three years commencing on 2 March, 2012, subject to the relevant provision of retirement and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Pursuant to the letter of appointment, Mr. Wong is entitled to receive a director's fee of HK\$120,000 per annum, which is recommended by the remuneration committee of the Company and determined by the Board with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market situation and subject to the approval of the Shareholders at the annual general meeting.

Mr. Wong does not have any relationship with the directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Wong does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, the Board is not aware of any other information in relation to Mr. Wong which is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

APPENDIX I DETAILS OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

3. **Mr. Chan Ka Yin**, aged 39, was appointed as an Independent Non-executive Director on 8 March 2013. He is also the chairman of audit committee, remuneration committee and nomination committee of the Company.

Mr. Chan is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Chan received a bachelor's degree in Business Administration in Accounting and Finance from The University of Hong Kong. He has ample experience in auditing, accounting, financial management and company secretarial practices in respect of listed companies. Mr. Chan currently is the general manager of a corporate services company in Hong Kong.

Save as disclosed above, Mr. Chan does not hold any other positions in the Company or any subsidiary of the Company and did not hold any directorships in any listed public companies in the last three years.

Mr. Chan has entered into a letter of appointment with the Company for a term of three years commencing 8 March 2013, subject to the relevant provision of retirement and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Pursuant to the letter of appointment, Mr. Chan is entitled to receive a director's fee of HK\$120,000 per annum, which is recommended by the remuneration committee of the Company and determined by the Board with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market situation and subject to the approval of the Shareholders at the annual general meeting.

Mr. Chan does not have any relationship with the directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Chan does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, the Board is not aware of any other information in relation to Mr. Chan which is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

APPENDIX I DETAILS OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

4. **Mr. Wong Po Keung**, aged 42, was appointed as an Executive Director on 30 September 2013. He is also the financial controller and a member of investment committee of the Company.

Mr. Wong holds a Master degree in business administration from the University of South Australia. Mr. Wong is a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Wong has ample experience in auditing, accounting, financial management and company secretarial practices in respect of listed companies.

Save as disclosed above, Mr. Wong does not hold any other positions in the Company or any subsidiary of the Company and did not hold any directorships in any listed public companies in the last three years.

Mr. Wong has entered into a letter of appointment with the Company for a term of three years commencing 30 September 2013, subject to the relevant provision of retirement and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Pursuant to the letter of appointment, Mr. Wong is entitled to receive a director's fee of HK\$300,000 per annum, which is recommended by the remuneration committee of the Company and determined by the Board with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market situation and subject to the approval of the Shareholders at the annual general meeting.

Mr. Wong does not have any relationship with the directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Wong does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, the Board is not aware of any other information in relation to Mr. Wong which is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

APPENDIX II EXPLANATORY STATEMENT AS TO REPURCHASE MANDATE

This appendix includes an explanatory statement required by the Stock Exchange to be presented to the Shareholders concerning the Repurchase Mandate proposed to be granted to the Directors.

1. LISTING RULES FOR REPURCHASES OF SHARES

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions.

The Listing Rules provide that all proposed repurchases of shares by a company with a primary listing on the Stock Exchange must be approved by shareholders in advance by an ordinary resolution at a general meeting, either by way of a general mandate or by a specific approval of a particular transaction and that the shares to be repurchased must be fully paid up.

2. FUNDING AND IMPACT OF REPURCHASES

Any repurchase will be made out of funds which are legally available for the purpose in accordance with the memorandum of association of the Company, the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. As compared with the financial position of the Company as at 30 June 2013 (being the date to which the latest audited financial statements of the Company have been made up), the Directors consider that there would be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed repurchase period.

The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

3. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

4. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 182,723,748 Shares.

Subject to the passing of the relevant ordinary resolutions to approve the general mandates to issue and repurchase Shares and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the AGM, the Directors would be authorised to exercise the powers of the Company to repurchase a maximum of 18,272,374 Shares.

APPENDIX II EXPLANATORY STATEMENT AS TO REPURCHASE MANDATE

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands, the memorandum of association of the Company and the Articles of Association.

6. EFFECT OF THE TAKEOVERS CODE

A repurchase of Shares by the Company may result in an increase in the proportionate interests of substantial Shareholder in the voting rights of the Company, which may give rise to an obligation to make a mandatory offer in accordance with Rules 26 of the Takeovers Code. As at the Latest Practicable Date, the following Shareholders are taken to have 5% or more of the issued share capital of the Company:

Name of Shareholder	No. of Shares interested	Percentage of shareholding in the Company	
		As at the Latest Practicable Date	Exercise in full of the Repurchase Mandate
Choy Ping Fai (<i>Note 1</i>)	15,205,200	8.32%	9.25%
Capital Master International Limited (<i>Note 1</i>)	15,205,200	8.32%	9.25%
The Cathay Investment Fund, Limited	13,196,000	7.22%	8.02%

Note 1: The entire issued share capital of Capital Master International Limited is beneficially owned by Mr. Choy Ping Fai. Accordingly, Mr. Choy Ping Fai is deemed to have interests in these shares.

On the basis that no further Shares are issued or repurchased prior to the AGM, in the event that the Directors exercise in full the Repurchase Mandate, the interests of the above Shareholders would be increased to such percentages of the issued share capital of the Company as set out in the fourth column of the above table and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

In the event that the Repurchase Mandate is exercised in full, the number of Shares held by the public would not fall below 25%.

7. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best knowledge and belief of the Directors, having made all reasonable enquiries, any of their respective associates has any present intention, in the event that the proposed Repurchase Mandate is granted, to sell Shares to the Company. No connected person of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Company is authorised to make repurchases of Shares.

APPENDIX II EXPLANATORY STATEMENT AS TO REPURCHASE MANDATE

8. SHARE REPURCHASE MADE BY THE COMPANY

No repurchase of Shares has been made by the Company (whether on the Stock Exchange or otherwise) during the six months ended on the Latest Practicable Date.

9. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the previous twelve months up to the Latest Practicable Date were as follows:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2012		
October	—	—
November	0.880	0.420
December	0.720	0.340
2013		
January	0.700	0.520
February	0.560	0.380
March	0.385	0.285
April	0.350	0.235
May	0.290	0.230
June	0.255	0.225
July	0.960	0.205
August	0.640	0.340
September	0.570	0.310
October (till the Latest Practicable Date)	0.650	0.335

Note: Trading in Shares was suspended since 24 February 2012 and resumed on 22 November 2012.



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)

NOTICE IS HEREBY GIVEN that the annual general meeting of China Environmental Resources Group Limited (the “**Company**”) will be held at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Wednesday, 27 November 2013 at 10:30 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the audited consolidated financial statements for the year ended 30 June 2013 together with the report of the directors and the independent auditor’s report.
2. (a) To re-elect the following retiring directors of the Company (the “**Directors**”):
 - (i) Mr. Kwok Wai, Wilfred
 - (ii) Mr. Wong Kwai Sang
 - (iii) Mr. Chan Ka Yin
 - (iv) Mr. Wong Po Keung
- (b) To authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration.
3. To re-appoint Lau & Au Yeung C.P.A. Limited as auditor of the Company and to authorise the Board to fix the remuneration of auditor of the Company.

SPECIAL BUSINESS

ORDINARY RESOLUTIONS

The following resolutions 4 to 6 will be proposed to be considered and, if thought fit, passing with or without amendments, as ordinary resolutions of the Company:

4. “**THAT:**
 - (a) subject to the provisions of paragraphs (b) and (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company (“**New Shares**”) and to make or grant offers, agreements and options which might require the exercise of such powers, be and is hereby generally and unconditionally approved;

- (b) the approval given in provisions of paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted and issued or agreed conditionally or unconditionally to be allotted, issued (whether pursuant to an option or otherwise) and dealt with by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of New Shares upon the exercise of rights of subscription or conversion under the terms of warrants of the Company or any securities which are convertible into shares; (iii) an issue of New Shares as scrip dividends or similar arrangement providing for the allotment of New Shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company from time to time; (iv) an issue of New Shares under any share option scheme or similar arrangement of the Company and/or any of its subsidiaries; or (v) a specific mandate granted by the shareholders of the Company in general meeting, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of this resolution or 20% of such aggregate nominal amount of the issued share capital of the Company as enlarged by the allotment and issue of new shares pursuant to the Open Offer (as defined in the circular of the Company dated 30 September 2013) approved at an extraordinary general meeting of the Company held on 18 October 2013, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the Company’s articles of association to be held; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution in general meeting.

“**Rights Issue**” means the allotment, issue or grant of New Shares pursuant to an offer of New Shares open for a period fixed by the Directors to holders of issued shares of the Company (“**Shares**”) whose names on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restriction or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory applicable to the Company).”

5. “THAT:

- (a) subject to the provisions of paragraphs (b) and (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase the Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) or listing rules of any other stock exchange as amended from time to time and the articles of association of the Company, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares hereby authorised to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the issued share capital of the Company as at the date of the passing of this resolution or 10% of such aggregate nominal amount of the issued share capital of the Company as enlarged by the allotment and issue of new shares pursuant to the Open Offer (as defined in the circular of the Company dated 30 September 2013) approved at an extraordinary general meeting of the Company held on 18 October 2013, and the said approval shall be limited accordingly;
- (c) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the Company’s articles of association to be held; or
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution in general meeting.”
6. “**THAT** conditional on the passing of resolutions 4 and 5 in the notice convening this meeting, the general mandate granted to the Directors and for the time being in force to exercise all the powers of the Company to allot, issue and deal with New Shares pursuant to paragraph (a) of resolution 4 above be and is hereby extended by the addition thereto an amount representing the aggregate nominal amount of the Shares repurchased by the Company under the authority granted pursuant to paragraph (a) of resolution 5 above, provided that such extended amount shall not exceed 10% of the issued share capital of the Company as at the date of the passing of this resolution.”

Yours faithfully,
By Order of the Board
China Environmental Resources Group Limited
Kwok Wai, Wilfred
Executive Director

Hong Kong, 25 October 2013

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint a proxy or, if such member is a holder of two or more shares, proxies to attend and vote in his stead. A proxy need not be a member of the Company but must attend the meeting in person to represent the appointing member.
2. To be valid, the form of proxy must be deposited with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
4. With regard to item no. 2(a) in this notice, the Board proposes Mr. Kwok Wai, Wilfred, Mr. Wong Kwai Sang, Mr. Chan Ka Yin and Mr. Wong Po Keung, the retiring Directors, for re-election as Directors. Details of the retiring Directors are set out in Appendix I to the circular to shareholders of the Company dated 25 October 2013.