
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, 9 November 2016 at 11:00 a.m. is set out on pages 15 to 19 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 Hong Kong branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, 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.

7 October 2016

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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, 9 November 2016 at 11:00 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
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“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) and have a secondary listing on Singapore Exchange Securities Trading Limited
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“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

DEFINITIONS

“Latest Practicable Date”	30 September 2016, 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
“Main Board”	means the Main Board operated by 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
“Shareholder(s)”	registered holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“%”	per cent

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.



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. YEUNG Chi Hang (*Chairman and
chief executive officer*)
Mr. LEUNG Kwong Choi
Mr. WONG Po Keung
Mr. CHUNG Siu Wah
Mr. CHIK To Pan

Independent Non-executive Directors:

Mr. WONG Kwai Sang
Mr. ONG Chi King
Mr. HEUNG Chee Hang, Eric

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:

Room 2811, 28/F
West Tower
Shun Tak Centre
200 Connaught Road
Central
Hong Kong

7 October 2016

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.

Pursuant to the Articles of Association, Mr. Yeung Chi Hang, Mr. Wong Kwai Sang and Mr. Ong Chi King, being the existing Directors longest in office since their last re-election, will retire by rotation and Mr. Chik To Pan, the newly appointed Director, will retire at the forthcoming AGM. All these retiring Directors, 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 MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES

At the extraordinary general meeting of the Company held on 29 July 2016, an ordinary resolution was passed for the granting of general mandates to the Directors, to allot, issue or otherwise deal with Shares not exceeding 20% of the number of issued Shares of the Company as at that date (i.e. 339,427,622 Shares) (the "**Existing Issuance Mandate**"). Meanwhile, at the annual general meeting of the Company held on 11 November 2015, an ordinary resolution was passed for the granting of general mandates to the Directors, to repurchase Shares not exceeding 10% of the number of issued Shares of the Company as at that date (i.e. 141,428,176 Shares) (the "**Existing Repurchase 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.

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

LETTER FROM THE BOARD

for or conversion into Shares, of not exceeding 20% of the number of issued Shares of the Company as at the date of passing of such resolution (the “**Issuance Mandate**”); and

- (ii) to repurchase Shares on the Stock Exchange of not exceeding 10% of the number of issued Shares of the Company as at the date of passing of such resolution (the “**Repurchase Mandate**”).

Assuming that there is no further issuance and allotment of and dealing in new Shares from the Latest Practicable Date to the date of AGM, a maximum of 339,427,622 new Shares, representing 20% of the number of issued Shares of the Company, shall be allotted, issued and dealt with under the Issuance Mandate.

A 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 Company’s Hong Kong branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, 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.

LETTER FROM THE BOARD

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
Yeung Chi Hang
Chairman and Chief Executive Officer

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

1. **Mr. Yeung Chi Hang**, aged 37, was appointed as an Executive Director on 16 January 2014 and was appointed as the Chairman and Chief Executive Officer of the Company on 27 January 2015. He is also a substantial shareholder of the Company.

Mr. Yeung studied at Camosun College, Canada. He has over 10 years of experience in investment, hotel management and in operating entertainment businesses.

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

Mr. Yeung has entered into an appointment letter with the Company for a term of three years commencing from 16 January 2014. He is subject to retirement by rotation at annual general meeting of the Company and re-election under the provision of the Articles of Association. Mr. Yeung's remuneration package is determined with reference to his qualification and experience, his duties and responsibilities within the Company, the performance of the Company and the prevailing market situation and subject to authorisation by the Shareholder at the annual general meeting and determination by the remuneration committee of the Company and the Board. For the year ended 30 June 2016, Mr. Yeung received emoluments in a total sum of HK\$1,238,750 which comprised director's fees, bonus and retirement benefit contribution.

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

As at the Latest Practicable Date, Mr. Yeung has a personal interest in 187,500,000 Shares and share options granted under the Company's share option scheme to subscribe for 14,142,817 shares. Save as disclosed above, Mr. Yeung 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. Yeung 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.

2. **Mr. Wong Kwai Sang**, aged 64, was appointed as an Independent Non-executive Director on 2 March 2009. He is also a member of the 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 subsidiaries of the Company and did not hold any directorships in any listed public companies in the last three years.

Mr. Wong has entered into an appointment letter with the Company for a term of three years commencing from 2 March 2015. He is subject to retirement by rotation at annual general meeting of the Company and re-election under the provision of the Articles of Association. Pursuant to the appointment letter, he is entitled to a director's fee of HK\$120,000 per annum which is determined with reference to his duties and responsibilities within the Company, the performance of the Company and the prevailing market situation and subject to authorisation by the Shareholders at the annual general meeting and recommendation by the remuneration committee of the Company and determination by the Board.

Mr. Wong does not have any relationships 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.

- 3. Mr. Ong Chi King**, aged 43, was appointed as an Independent Non-executive Director on 27 January 2014. He is also a member of the audit committee, remuneration committee and nomination committee of the Company.

Mr. Ong is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Ong received a bachelor's degree in business administration from The Hong Kong University of Science and Technology and a master's degree in corporate finance from The Hong Kong Polytechnic University. Mr. Ong has more than 20 years of experience in accounting, finance and company secretarial fields and held senior positions in finance and company secretarial departments in various listed companies listed on the Main Board of the Stock Exchange. Mr. Ong is currently an executive director of Deson Construction International Holdings Limited (stock code: 8268). Mr. Ong is also an independent non-executive director of Capital VC Limited (stock code: 2324), Hong Kong Education (Int'l) Investments Limited (stock code: 1082) and Wan Kei Group Holdings Limited (stock code: 1718), the shares of all of which are listed on the Main Board, respectively. Mr. Ong is also an independent non-executive director of Larry Jewelry International Company Limited (stock code: 8351) and WLS Holdings Limited (stock code: 8021), the shares of all of which are listed on GEM. He resigned as independent non-executive director of KSL Holdings Limited (stock code: 8170) and King Force Group Holdings Limited (stock code: 8315) with effect from 2 June 2016 and 19 September 2016, respectively.

Mr. Ong was a director of Fitness Concept International Holdings Limited prior to its dissolution. The said company was incorporated in the Cayman Islands and was dissolved on 30 June 2005 by striking off due to cessation of business.

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

Mr. Ong has entered into an appointment letter with the Company for a term of three years commencing from 27 January 2014. He is subject to retirement by rotation at annual general meeting of the Company and re-election under the provision of the Articles of Association. Pursuant to the appointment letter, he is entitled to a director's fee of HK\$120,000 per annum which is determined with reference to his qualification and experience, his duties and responsibilities within the Company, the performance of the Company and the prevailing market situation and subject to authorisation by the Shareholders at the annual general meeting and recommendation by the remuneration committee of the Company and determination by the Board.

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

As at the Latest Practicable Date, Mr. Ong 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. Ong 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.

4. **Mr. Chik To Pan**, aged 37, was appointed as an Executive Director on 15 April 2016. He has wide experience in licensing of karaoke music products, operating entertainment businesses and wedding service business.

Mr. Chik has also experience in the management of listed company at Hong Kong. He was appointed as an executive director of United Power Investment Limited (now named as Culture Landmark Investment Limited) (a company listed on the Main Board of the Stock Exchange) (stock code: 674) for the period from 8 March 2005 to 24 January 2008.

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

Mr. Chik has entered into an appointment letter with the Company for a term of 3 years commencing from 15 April 2016. He is subject to retirement by rotation at annual general meeting of the Company and re-election under the provision of the articles of association of the Company. Pursuant to the appointment letter, he is entitled to a director's fee of HK\$480,000 per annum plus discretionary bonus which is to be determined with reference to his qualification and experience, his duties and responsibilities within the Company,

the performance of the Company and the prevailing market situation and subject to authorization of the shareholder of the Company at the annual general meeting and determination by the remuneration committee of the Company and the Board.

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

As at the Latest Practicable Date, Mr. Chik has a personal interest in share options granted under the Company's share option scheme to subscribe for 14,142,817 shares. Save as disclosed above, Mr. Chik 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. Chik 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.

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 2016 (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 1,697,138,114 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 169,713,811 Shares.

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 Shareholders	No. of Shares interested	Percentage of shareholding in the Company	
		As at the Latest Practicable Date	After exercise in full of the Repurchase Mandate
Mr. Yeung Chi Hang	187,500,000	11.05%	12.28%
Mr. Chu Ying Man	135,000,000	7.95%	8.84%

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 close associates has any present intention, in the event that the proposed Repurchase Mandate is granted, to sell Shares to the Company. No core 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.

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>
2015		
September	0.350	0.285
October	0.315	0.249
November	0.315	0.250
December	0.270	0.232
2016		
January	0.270	0.200
February	0.230	0.175
March	0.235	0.178
April	0.420	0.191
May	0.520	0.345
June	0.640	0.420
July	0.590	0.380
August	0.445	0.233
September (till the Latest Practicable Date)	0.260	0.233



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 an 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, 9 November 2016 at 11:00 a.m. for the following purposes:

ORDINARY BUSINESS

ORDINARY RESOLUTIONS

1. To receive and adopt the audited consolidated financial statements for the year ended 30 June 2016 together with the report of the directors and the independent auditor’s report.
2. (a) To re-elect each of the retiring directors of the Company as follows by way of a separate resolution:
 - (i) Mr. YEUNG Chi Hang
 - (ii) Mr. WONG Kwai Sang
 - (iii) Mr. ONG Chi King
 - (iv) Mr. CHIK To Pan
- (b) To authorise the board of Directors (the “Board”) to fix the directors’ remuneration for the year ending 30 June 2017.
3. To re-appoint ZHONGHUI ANDA CPA 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 paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares HK\$0.02 each in the capital of the Company (“**Shares**”) and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval given in paragraph (a) above shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of shares allotted and issued or agreed conditionally or unconditionally to be allotted, issued (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of 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 Shares as scrip dividends or similar arrangement providing for the allotment of 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 shares under any share option scheme or similar arrangement of the Company; or (v) a specific mandate granted by the shareholders of the Company in general meeting, shall not exceed 20% of the total number of the issued shares of the Company at the date of passing of this resolution, provided that if any subsequent consolidation or subdivision of Shares is effected, the maximum number of Shares that may be allotted and issued under the mandate in paragraph (a) above as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same and such maximum number of shares shall be adjusted 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 applicable 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 an offer of shares open for a period fixed by the directors of the Company to holders of shares of the Company 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 of the Company 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 paragraph (b) below, the exercise by the directors of the Company 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 on any stock exchange on which the securities of the Company 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 total number of shares of the Company which the directors of the Company are authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of issued shares of the Company as at the date of the passing of this resolution, provided that if any subsequent consolidation or subdivision of Shares is effected, the maximum number of Shares that may be allotted and issued under the mandate in paragraph (a) above as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same and such maximum number of shares shall be adjusted accordingly; and

(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** subject to the passing of the resolution nos. 4 and 5 set out in the notice convening this meeting, the general mandate granted to the directors of the Company to allot, issue and deal with additional shares pursuant to resolution no. 4 set out in the notice convening this meeting be and is hereby extended by the addition thereto of a number representing the total number of shares of the Company repurchased by the Company under the authority granted pursuant to resolution no. 5 set out in the notice convening this meeting, provided that such number of shares so repurchased shall not exceed 10% of the total number of the issued shares of the Company as at the date of the said resolution.”

Yours faithfully,
By Order of the Board
China Environmental Resources Group Limited
Yeung Chi Hang
Chairman and chief executive officer

Hong Kong, 7 October 2016

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 Hong Kong branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, 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. Yeung Chi Hang, Mr. Wong Kwai Sang, Mr. Ong Chi King and Mr. Chik To Pan, 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 7 October 2016.