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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)

VOLUNTARY ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING REGARDING POTENTIAL COOPERATION ON THE DEVELOPMENT PROJECTS OF THE INDUSTRIAL PARK

This announcement is made by China Environmental Resources Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to update the shareholders (the “**Shareholders**”) and potential investors of the Company on the latest business development of the Group.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 3 March 2026 (after trading hours), the Company, 四川源萊順稀土新材料有限公司 (“**Sichuan YLS**”) and 上海市嘉定區安亭鎮人民政府 (the “**Anting Government**”) (collectively, the “**Parties**”, each a “**Party**”) entered into a non-legally binding memorandum of understanding (the “**MOU**”) in relation to a potential cooperation (the “**Cooperation**”) on the rare earth resources development projects (the “**Development Projects**”) at an industrial park (the “**Industrial Park**”) in Anting Town, Jiading District, Shanghai, the People’s Republic of China (the “**PRC**”), subject to the terms and conditions of formal and legally binding agreement(s) (the “**Formal Agreement(s)**”) to be entered into separately.

THE MOU

Pursuant to the MOU, the Parties agreed to leverage their technology, resources, policies and industrial layout on the Cooperation relating to the Development Projects, under which, among others:

- (i) the Company is mainly responsible for (a) designing the environmental protection plan for the Industrial Park and obtaining environmental assessment approvals, ensuring that the Development Projects comply with the relevant environmental regulations of the PRC; (b) providing environmental technology equipment and operational management support; and (c) assisting in connecting with international resources and expanding into overseas markets and attracting high-quality investors;
- (ii) Sichuan YLS is mainly responsible for (a) investing in core patents such as cadmium leaching technology and hollow circular blank production processes, leading the implementation of technology required; (b) the construction and operational management of the production line in the Industrial Park, ensuring that the production capacity meets any planned targets; and (c) introducing talent resources for an academician expert workstation and provincial-level technology centre within three years to enhance the research and development capabilities; and
- (iii) the Anting Government is mainly responsible for (a) providing land at the Industrial Park and coordinating land approvals and infrastructure construction; (b) actively supporting the Company in applying for relevant national, municipal and district-level industrial, technological, and talent policies; and (c) providing service support in areas such as talent recruitment, residence permits, children's education and medical services to ensure smooth implementation of the Development Projects.

The MOU takes effect from the date of signing.

The Development Projects

The Development Projects involve (i) dismantling and recycling of used rare earth motors, as well as the restoration of magnetic steel; (ii) customisation of rare earth motors for new energy vehicles and the intelligent manufacturing of high-speed motors; and (iii) establishment of a rare earth new materials marketing center and a rare earth motor technology innovation center in the Industrial Park.

The portion and the terms of investment to be contributed by each Party are subject to the terms and conditions set out in the Formal Agreement(s) upon further negotiations among the Parties.

INFORMATION ON SICHUAN YLS AND THE ANTING GOVERNMENT

Sichuan YLS

Sichuan YLS, a company incorporated in the PRC with limited liability, is a national high-tech enterprise specialising in the research and application of high-performance rare earth magnetic materials, as well as the production and sale of rare earth motor magnetic steel in the PRC. Sichuan YLS is controlled, and the economic benefits generated by it are enjoyed, by Goldwin Century Limited through its wholly owned subsidiaries under a series of structured contracts. Goldwin Century Limited, a company incorporated in the British Virgin Islands with limited liability, is an investment holding company.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Sichuan YLS and its ultimate beneficial owner(s) is independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)).

The Anting Government

The Anting Government is a PRC governmental body independent of the Company and its connected persons (as defined in the Listing Rules).

REASONS FOR AND BENEFITS OF THE COOPERATION

The Group is currently engaged in metal recycle business, motor and motor accessories business, car parking spaces rental and securities trading and investment business. The Group also maintains the green businesses of research, development and application of technologies and solutions, manufacture, sale and trading of products, materials, systems and services for green market segments including the environmental markets, agricultural markets, organic markets and green technology markets in the PRC and overseas. The Group also has a hotel leasing business in Nepal. The Group has been continuing to explore new business opportunities for corporate development and is dedicated to developing sustainable current business.

Last year, the Group acquired 90% of the issued share capital of 四川源萊順再生資源有限公司, which is principally engaged in the recycling of renewable and recyclable resources, with a focus on new energy motorcycle rear tyre components which generate reusable copper, aluminum, rubber and rare earth permanent magnets.

The Directors are of the view that the Cooperation with Sichuan YLS and the Anting Government in the Development Projects represents a strategic initiative. This collaboration enables the Group to consolidate its existing business and market position in the recycling and reuse of recyclable resources of new energy motorcycle rear tyre components (particularly the rare earth permanent magnets). The initiative also allows the Group to expand its operations from current base in Sichuan Province in

western PRC to the Yangtze River Delta region of the PRC. Furthermore, other aspects of the Development Projects provide commercial opportunities for the Group to participate in other segments of the rare earth industry in the PRC and the international sales of rare earth products.

Based on the above, the Directors are of the view that the Cooperation is in the interests of the Company and the Shareholders as a whole.

The Shareholders and the potential investors of the Company should note that the MOU is non-legally binding in nature and the materialisation of the Cooperation is subject to, among others, the entering into of the Formal Agreement(s). Further announcement(s) will be made by the Company in compliance with the Listing Rules if and when appropriate. The Shareholders and the potential investors of the Company are urged to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 3 March 2026

As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Yeung Chi Hang, Mr. Leung Kwong Choi, Mr. Wong Po Keung, Mr. Chung Siu Wah, Mr. Chik To Pan and Mr. Liu Yafei; and three independent non-executive Directors, namely Mr. Heung Chee Hang, Eric, Mr. Lee Chi Ho and Ms. Lai Pik Chi, Peggy.