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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)

DISCLOSEABLE TRANSACTION PROVISION OF LOAN

THE LOAN AGREEMENT

On 1 June 2016 (after trading hours), the Lender, a direct wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender has agreed to lend to the Borrower a term loan in the principal amount of HK\$7,500,000, bearing interest at a rate of 12% per annum and repayable on the Repayment Date (as defined below) and secured by the Debenture (Borrower).

THE LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan exceeds 5% but all the percentage ratios are less than 25%, the Loan constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the amount of the financial assistance granted to the Borrower does not exceed 8% under the assets ratio as defined under Rule 13.13 of the Listing Rules, the provision of the Loan is not subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

THE LOAN AGREEMENT

Date: 1 June 2016 (after trading hours)

Lender: Grand Diamond Investment Limited, a direct wholly-owned subsidiary of the Company and a licensed money lender in Hong Kong under the Money Lenders Ordinance

- Borrower:** A company which, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower and its ultimate beneficial owner(s) are independent third parties not connected with the Company and its connected person
- Principal Loan Amount:** HK\$7,500,000 (the “**Principal Amount**”)
- Drawdown Date:** The Principal Amount shall be drawn down in its entirety within 7 days from the execution of the Loan Agreement or from such time as determined by the Lender at its sole and absolute discretion (whichever is appropriate) at which point the relevant fund shall be remitted and deposited into the account designated by the Borrower.
- Repayment Date:** Bullet repayment in 90 days from the date of drawdown, or when called upon by the Lender, whichever shall be the earlier (the “**Repayment Date**”)
- Interest:** 12% per annum on the principal amount of the Loan. Interest shall accrue on the Loan from the date of drawdown until repayment in full and shall be calculated on the actual number of days elapsed and on the basis of a 365-day year
- Security for the Loan:** A first floating charge as contemplated, provided or referred to in the Debenture, which shall in any event be subject to the satisfaction of the Lender in its sole unfettered and absolute discretion, created or to be created by the Borrower in favour of the Lender over the Charged Assets.
- The Borrower shall furnish or grant in favour of the Lender such or such further collateral or security within 7 days of any such request being made by the Lender.

INFORMATION ON THE GROUP AND THE LENDER

The principal activities of the Group are 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, green medical markets, green technology markets in the PRC and overseas, provision of financial services, securities trading and investment, car parking space rentals and motor trading.

The Lender is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company.

The Lender is a registered money lender holding a valid money lenders licence under the Money Lenders Ordinance (Cap. 163, the Laws of Hong Kong) and is principally engaged in the business of money lending services.

INFORMATION ON THE BORROWER

The Borrower is a company incorporated in Hong Kong with limited liability and the principal activity of which is investment holding. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower and its ultimate beneficial owner(s) are independent third parties not connected with the Company and its connected person.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOAN

The terms of the Loan Agreement were arrived at after arm's length negotiations between the Lender and the Borrower.

The Lender is a licensed money lender and its principal activity is provision of money lending services. The provision of the Loan is a transaction of a revenue nature and carried out as part of the ordinary and usual course of business activities of the Lender and will provide interest income to the Lender.

The Directors consider that the transactions contemplated by the Loan Agreement is on normal commercial terms and the terms of the Loan Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole having considered the current market norm in relation to similar transactions and the expected revenue to be generated to the Group.

The Loan will be funded by internal resources of the Group and will be recorded as loan receivable of the Group.

THE LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan exceeds 5% but all of them are less than 25%, the Loan constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the amount of the financial assistance granted to the Borrower does not exceed 8% under the assets ratio as defined under Rule 13.13 of the Listing Rules, the provision of the Loan is not subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Borrower”	the borrower under the Loan Agreement
“Charged Assets”	the undertaking and all the property, assets and rights of the Borrower
“Company”	China Environmental Resources Group Limited (Stock code: 1130), a company incorporated in Cayman Islands with limited liability and the Shares of which have a primary listing on the main board of the Stock Exchange and a secondary listing on the SGX-ST
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Debenture”	debenture created by the Borrower in favour of the Lender by way of a first floating charge over all the Charged Assets
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Lender”	Grand Diamond Investment Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a term loan in the principal amount of HK\$7,500,000.00 granted by the Lender to the Borrower pursuant to the terms of the Loan Agreement
“Loan Agreement”	a loan agreement dated 1 June 2016 entered into between the Lender and the Borrower relating to the provision of the Loan

“Money Lenders Ordinance”	the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“SGX-ST”	the Singapore Exchange Securities Trading Limited
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) at par value of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 1 June 2016

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.