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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)

CONTINUING CONNECTED TRANSACTION TENANCY AGREEMENT

On 6 August 2015, IRL, a wholly-owned subsidiary of the Company, as tenant, has entered into the Tenancy Agreement with High Brand as landlord, in respect of the leasing of the Property for a term of 11 months and 26 days commencing from 6 August 2015. Since High Brand is a connected person of the Company, the Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

However, as each of the applicable percentage ratios for the transaction contemplated under the Tenancy Agreement is less than 25% and the total consideration is less than HK\$10,000,000, such transaction is only subject to the reporting, announcement and annual review requirements under the Listing Rules and is exempt from the independent shareholders' approval requirements under the Listing Rules.

THE TENANCY AGREEMENT

On 6 August 2015, IRL as tenant entered into the Tenancy Agreement with High Brand as landlord, in respect of the leasing of the Property. The principal terms of the Tenancy Agreement are as follows:

Parties:	High Brand as landlord and IRL as tenant
Property being leased:	Unit 2811, 28th Floor, West Tower, Shun Tak Centre, No.168-200 Connaught Road Central, Hong Kong
Tenancy term:	From 6 August 2015 to 31 July 2016 (both days inclusive)

Monthly rental: HK\$166,075 per month exclusive of rates, government rent, management fees, air-condition charge, water charge, electricity charge, gas charge and all other outgoings. The rental is payable in advance on the first day of each month. There is an 26 days rent free period commencing from 6 August 2015 to 31 August 2015

Deposit: HK\$570,447 (representing three months' rent and management fee and one quarter of government rates) and is payable upon signing of the Tenancy Agreement

ANNUAL CAPS

Based on the monthly rentals payable under the Tenancy Agreement, the annual caps on the aggregate rentals payable by IRL to High Brand under the Tenancy Agreement for the two financial years of the Company ending 30 June 2016 and 2017 will be set at HK\$1,660,750 and HK\$166,075 respectively.

REASONS FOR ENTERING INTO THE TENANCY AGREEMENT

Due to business needs, additional office space is required for the Group's operation. The terms of the Tenancy Agreement were negotiated on an arm's length basis and are on normal commercial terms. The rental chargeable under the Tenancy Agreement is determined by reference to the market rental of other comparable premises in nearby location recently, ranging from approximately HK\$65 to HK\$68 per square feet of gross floor area per month.

The Directors (including the independent non-executive Directors) consider that the Tenancy Agreement is on normal commercial terms, in the normal course of business, fair and reasonable and in the interests of the shareholders of the Company as a whole. Mr Yeung was abstained from voting at the board meeting of the Company held to approve the Tenancy Agreement and the annual cap amounts in view of the deemed interests in the transaction by virtue of Mrs Yeung (who has 50% indirect equity interest in High Brand), being the mother of Mr Yeung.

EXEMPT CONTINUING CONNECTED TRANSACTION

As High Brand is a company which is indirectly owned as to 50% by Mrs Yeung, High Brand is a connected person of the Company under the Listing Rules and the Tenancy Agreement constitutes a continuing connected transaction of the Company for the purpose of the Listing Rules.

Based on the monthly rental payable under the Tenancy Agreement, it is expected that the annual cap under the Tenancy Agreement for each of the two financial years ending 30 June 2016 and 2017 will be HK\$1,660,750 and HK\$166,075 respectively.

As each of the applicable percentage ratios for the transaction contemplated under the Tenancy Agreement is less than 25% and the total consideration is less than HK\$10,000,000, such transaction is only subject to the reporting, announcement and annual review requirements under the Listing Rules and is exempt from the independent shareholders' approval requirements under the Listing Rules.

GENERAL

The Group is principally engaged in 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 People's Republic of China and overseas, and money lending business.

The principal activity of High Brand is property investment.

DEFINITION

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

“Board”	the board of Directors
“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 Singapore Exchange Securities Trading Limited
“connected person(s)”	the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“High Brand”	High Brand Limited (鴻升有限公司), a company incorporated in Hong Kong, and is indirectly owned as to 50% by Mrs Yeung
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“IRL”	International Richway Limited (國際富旭有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr Yeung”	Mr Yeung Chi Hang, an executive Director, the Chairman and chief executive officer of the Company and a substantial shareholders
“Mrs Yeung”	Ms. Ma Shu Chin (alias Ms. Ma Shuk Kam), mother of Mr Yeung
“Property”	Unit 2811, 28th Floor, West Tower, Shun Tak Centre, No.168-200 Connaught Road Central, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 6 August 2015 entered into between IRL as tenant and High Brand as landlord in relation to the leasing of the Property
“%”	per cent.

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

Hong Kong, 6 August 2015

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. Chen Yuyang; and three independent non-executive Directors, namely Mr. Wong Kwai Sang, Mr. Ong Chi King, and Mr. Heung Chee Hang Eric