

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.



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)

RESULTS OF THE OPEN OFFER AND ADJUSTMENTS TO THE OUTSTANDING OPTIONS

RESULTS OF THE OPEN OFFER

The Board is pleased to announce that that all of the conditions set out in the Underwriting Agreement have been fulfilled and the Open Offer became unconditional at 4:00 p.m. on Monday, 18 November 2013.

As at 4:00 p.m. on Thursday, 14 November 2013, being the latest time for acceptance of and payment for Offer Shares, a total of 42 valid acceptances had been received for a total of 327,609,526 Offer Shares, representing approximately 54.33% of the total number of 602,988,342 Offer Shares available for subscription under the Open Offer.

Based on the above results, the Open Offer was under-subscribed by 275,378,816 Offer Shares. In accordance with the terms of the Underwriting Agreement, the Underwriter had performed its underwriting obligations and had procured sub-underwriters and subscribers to subscribe for all the untaken Offer Shares.

Share certificates for the fully-paid Offer Shares in respect of valid acceptances of Offer Shares under the PALs are expected to be despatched by ordinary post to those relevant Qualifying Shareholders' addresses (as shown on the register of members of the Company), at their own risks, on Friday, 22 November 2013.

Dealings in fully-paid Offer Shares on the Stock Exchange are expected to commence on Monday, 25 November 2013.

ADJUSTMENTS TO THE OUTSTANDING OPTIONS

As a result of the Open Offer, adjustments will be made to the exercise prices and the number of Shares to be allotted and issued upon full exercise of the subscription right attaching to the outstanding Options with effect from the commencement of the date following the Record Date, i.e. 31 October 2013. The details of the adjustments are disclosed in this announcement.

Reference is made to the prospectus of the Company (the “**Prospectus**”) dated 31 October 2013 in relation to the open offer of 602,988,342 Offer Shares on the basis of thirty-three Offer Shares for every ten Shares held on Record Date. Unless otherwise defined in this announcement, capitalized terms used herein shall have the same meanings as those defined in the Prospectus.

RESULTS OF THE OPEN OFFER

The Board is pleased to announce that that all of the conditions set out in the Underwriting Agreement have been fulfilled and the Open Offer became unconditional at 4:00 p.m. on Monday, 18 November 2013.

As at 4:00 p.m. on Thursday, 14 November 2013, being the latest time for acceptance of and payment for Offer Shares, a total of 42 valid acceptances had been received for a total of 327,609,526 Offer Shares, representing approximately 54.33% of the total number of 602,988,342 Offer Shares available for subscription under the Open Offer.

Underwriting arrangements

Based on the above results, the Open Offer was under-subscribed by 275,378,816 Offer Shares. In accordance with the terms of the Underwriting Agreement, the Underwriter had performed its underwriting obligations and had procured sub-underwriters and subscribers to subscribe for all the untaken Offer Shares.

To the best of the Directors’ knowledge, information and belief after having made reasonable enquiries, each of the sub-underwriters and subscribers and their respective ultimate beneficial owners (if any) are Independent Third Parties. Save for Mr. Yeung Chi Hang and Mr. Cheng Tun Nei, none of the other sub-underwriters and subscribers will become a substantial Shareholder (as defined in the Listing Rules) of the Company upon taking up the untaken Offer Shares.

Despatch of share certificates and commencement of dealings in Offer Shares

Share certificates for the fully-paid Offer Shares in respect of valid acceptances of Offer Shares under the PALs are expected to be despatched by ordinary post to those relevant Qualifying Shareholders' addresses (as shown on the register of members of the Company), at their own risks, on Friday, 22 November 2013.

Dealings in fully-paid Offer Shares on the Stock Exchange are expected to commence on Monday, 25 November 2013.

SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, set out below is the shareholding structure of the Company immediately before and after completion of the Open Offer:

	Immediately before completion of the Open Offer		Immediately after completion of the Open Offer	
	No. of Shares	%	No. of Shares	%
Mr. Yeung Chi Hang ("Mr. Yeung") (Note 1)	—	—	120,000,000	15.27
Mr. Cheng Tun Nei ("Mr. Cheng") (Note 1)	—	—	85,378,816	10.87
Public Shareholders:				
Other subscriber procured by the Underwriter (Note 2)	—	—	70,000,000	8.91
Other Public Shareholders	<u>182,723,748</u>	<u>100.00</u>	<u>510,333,274</u>	<u>64.95</u>
	<u>182,723,748</u>	<u>100.00</u>	<u>785,712,090</u>	<u>100.00</u>

Notes:

1. Save as Mr. Cheng is the ultimate beneficial owner of the Underwriter, Mr. Yeung and Mr. Cheng are businessmen and each of them does not have any relationship, either personal or business, directly or indirectly with the Group. To the best of the of the Directors' knowledge, information and belief, immediately before completion of the Open Offer, each of Mr. Yeung and Mr. Cheng is an Independent Third Party. Immediately after completion of the Open Offer and as a result of taking up 120,000,000 untaken Offer Shares by Mr. Yeung and 85,378,816 untaken Offer Shares by Mr. Cheng, Mr. Yeung and Mr. Cheng will be interested in 120,000,000 Shares and 85,378,816 Shares respectively, representing approximately 15.27% and 10.87% of the issued share capital of the Company as enlarged by the Offer Shares respectively, and each of them will become a substantial Shareholder.
2. The Underwriter has confirmed that the subscriber and its ultimate beneficial owners are Independent Third Parties and holds less than 10% of the issued share capital of the Company as enlarged by the Offer Shares.

ADJUSTMENTS TO THE OUTSTANDING OPTIONS

As at the date hereof, the Company had an aggregate of 1,450,000 outstanding Options entitling the holders thereof to subscribe for an aggregate of 1,450,000 Shares.

As a result of the Open Offer, adjustments have been made to the exercise prices and the number of Shares to be allotted and issued upon full exercise of the subscription right attaching to the outstanding Options with effect from the commencement of the date following the Record Date, i.e. 31 October 2013, in accordance with the terms of the Share Option Scheme adopted on 16 December 2005, the provision of Rule 17.03(13) of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 (the “**Supplemental Guidance**”), in the following manner:

Date of grant	Before adjustments		After adjustments	
	Number of Shares to be issued upon exercise of the outstanding Options	Original exercise price per Share (HK\$)	Adjusted number of Shares to be issued upon exercise of the outstanding Options	Adjusted exercise price per Share (HK\$)
20 July 2011	550,000	2.692	639,100	2.3167
18 August 2011	900,000	2.252	1,045,800	1.9380

Elite Partners CPA Limited, an accounting firm, which was appointed by the Company, has reviewed the above adjustments and certified in writing that the above adjustments have been made in accordance with the respective terms and conditions of the Share Option Scheme and in compliance with Rule 17.03(13) of the Listing Rules and the Supplementary Guidance.

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

Hong Kong, 21 November 2013

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Kwok Wai, Wilfred, Mr. Leung Kwong Choi and Mr. Wong Po Keung; and three independent non-executive Directors, namely Mr. Wong Kwai Sang, Mr. Christopher David Thomas and Mr. Chan Ka Yin.