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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)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

#### **PLACING AGENT**



#### **FREEMAN SECURITIES LIMITED**

On 10 June 2013, after trading hours, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed with the Company to place 30,453,958 Placing Shares on a fully underwritten basis to the Placees who are Independent Third Parties at the Placing Price of HK\$0.20 per Placing Share.

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the extraordinary general meeting of the Company held on 6 June 2013. As at the date of this Announcement, no Shares have been allotted and issued pursuant to the General Mandate. The 30,453,958 Placing Shares to be allotted and issued will fully utilize the General Mandate, representing 20% of the existing issued share capital of the Company as at the date of this Announcement and approximately 16.67% of the enlarged issued share capital of the Company immediately following the Placing. Since the Placing Shares will be allotted and issued under the General Mandate, no further Shareholders' approval is required.

The Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares.

If the foregoing condition is not fulfilled on or prior to the 30th day after the date of the Placing Agreement (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for any prior breach of the Placing Agreement).

The gross proceeds and net proceeds from the Placing will be approximately HK\$6.09 million and HK\$5.74 million, respectively, which will be used for general working capital of the Group.

**Shareholders and potential investors should note that Completion of the Placing is subject to fulfillment of the condition under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## THE PLACING AGREEMENT

### Date

10 June 2013 (after trading hours)

### Parties

Issuer: The Company

The Placing Agent: Freeman Securities Limited. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Placing Agent and its associates are Independent Third Parties.

### The Placing

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed, during the period from the execution of the Placing Agreement to 5:00 p.m. on the 15th day after the date of the Placing Agreement (or such other period as agreed by the Placing Agent and the Company), to procure the Placees to subscribe 30,453,958 Placing Shares at HK\$0.20 per Placing Share, representing 20% of the issued share capital as at the date of this Announcement, and approximately 16.67% of the issued share capital as enlarged by the issue of the Placing Shares. The Placing is fully underwritten. The aggregate nominal value of the Placing Shares will be HK\$609,079.16.

## **The Placees**

The Placing Shares will be placed to not less than six Placees which will be individuals, institutional or other professional investors, and who and whose ultimate beneficial owners shall be Independent Third Parties. The Placing Agent has agreed to use all reasonable endeavours to ensure that none of the Placees and their ultimate beneficial owners shall become a substantial shareholder (as defined under the Listing Rules) of the Company upon taking up the Placing Shares.

## **Placing Price**

The Placing Price of HK\$0.20 per Placing Share represents:

- (i) a discount of approximately 16.67% to the closing price of HK\$0.24 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 18.43% to the average closing price of HK\$0.2452 per Share as quoted on the Stock Exchange for the last five trading days up to and including the day immediately prior to the Last Trading Day.

The Placing Price of HK\$0.20 per Placing Share was determined on arm's length basis between the Company and the Placing Agent based on current market conditions and the prevailing market price of the Shares. The Directors (including the independent non-executive Directors) consider that the Placing Price of the Placing Shares is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

## **Ranking of the Placing Shares**

The Placing Shares will be issued fully paid up and ranking *pari passu* in all respects among themselves and with the existing Shares in issue, including to the right to receive all dividends and distributions which may be declared made or paid after the Completion Date and will be issued free and clear of all liens, encumbrances or other third party rights.

## **Condition of the Placing**

The Completion of Placing is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares.

If the foregoing condition is not fulfilled on or prior to the 30th day after the date of the Placing Agreement (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for any prior breach of the Placing Agreement).

### **General Mandate**

30,453,958 Placing Shares will be allotted and issued under the General Mandate. Under the General Mandate, the Directors are allowed to allot and issue up to 30,453,958 Shares. As at the date of this Announcement, no Share has been allotted and issued pursuant to the General Mandate. Accordingly, the issue of the Placing Shares is not subject to any further approval by the Shareholders. The 30,453,958 Placing Shares to be allotted and issued will fully utilize the General Mandate.

### **Completion of the Placing**

Completion of the Placing will take place on the second business day after the date on which the condition in respect of the Placing under the Placing Agreement is fulfilled or such other date as the Company and the Placing Agent may agree.

### **Commission**

The Placing Agent will be entitled to a commission of 3% of the amount equivalent to the Placing Price multiplied by the total number of the Placing Shares.

### **Termination**

The Placing Agreement may be terminated if at any time prior to 3:00 p.m. on the Completion Date, in the reasonable opinion of the Placing Agent that the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (i) any material breach of any of the representations and warranties contained in the Placing Agreement; or
- (ii) any of the following events:
  - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof whether in Hong Kong, Cayman Islands or elsewhere; or

- (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
- (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (d) a change or development involving a prospective change in taxation in Hong Kong or Cayman Islands or elsewhere or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective Shareholders in their capacity as such; or
- (e) any change or deterioration in the conditions of local, national or international securities markets occurs,

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 3:00 p.m. on the Completion Date.

In the event that the Placing Agent terminates the Placing Agreement by giving notice to the Company as afore-mentioned, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

#### **APPLICATION FOR LISTING**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Placing Shares.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this Announcement and immediately after the Completion of the Placing is as follows:

Name of Shareholders	As at the date of this Announcement		Immediately after Completion of the Placing	
	<i>No. of Shares (approx.)</i>	<i>%</i>	<i>No. of Shares (approx.)</i>	<i>%</i>
<b><i>Public Shareholders</i></b>				
The Placees	—	—	30,453,958	16.67
Other public Shareholders	<u>152,269,790</u>	<u>100.00</u>	<u>152,269,790</u>	<u>83.33</u>
<b>Total</b>	<u>152,269,790</u>	<u>100.00</u>	<u>182,723,748</u>	<u>100.00</u>

## REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company. Its subsidiaries are 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 and green technology markets in the PRC and overseas.

Upon the full placement of the 30,453,958 Placing Shares, the gross proceeds raised from the Placing will be approximately HK\$6.09 million. After taking into account the estimated expenses in relation to the Placing, the estimated net proceeds from the Placing will be approximately HK\$5.74 million, representing a net price of HK\$0.189 per Placing Share. The net proceeds from the Placing are intended to be used for general working capital of the Group.

The Directors consider that the Placing represents a good opportunity to raise additional funds so as to widen the Company's shareholder base. Accordingly, the Directors consider that the Placing is in the interest of the Company and the Shareholders as a whole.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds to be raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
20 March 2013	Placing of new shares under general mandate	HK\$6.13 million	General working capital of the Group	<ol style="list-style-type: none"> <li data-bbox="1050 439 1406 651">1. Approximately HK\$3.4 million was used to settle professional fees and general administrative expenses of the Group; and</li> <li data-bbox="1050 663 1406 1140">2. Approximately HK\$2.73 million is currently in the Group's bank account and was unutilized. Such amount will be utilized to settle part of the payment obligation of approximately of HK\$5.8 million of an acquisition by 30 June 2013, details of which was announced by the Company on 23 April 2013.</li> </ol>

Save for the fund raising activities disclosed above, the Company had not conducted any fund raising activities in the past twelve months immediately preceding the date of the Announcement.

## GENERAL

**Shareholders and potential investors should note that Completion of the Placing is subject to fulfillment of the condition under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Announcement”	this announcement of the Company in relation to the Placing
“associate(s)”	with the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“business day”	any day (excluding Saturdays, Sundays and public holidays) on which banks generally are open for business in Hong Kong
“Company”	China Environmental Resources Group Limited (Stock Code: 1130), a company incorporated in Cayman Islands with limited liability and the Shares are listed on the main board of the Stock Exchange
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	the second business day after the date on which the condition of the Placing has been satisfied or such other date as the Company and the Placing Agent may agree
“Directors”	directors of the Company
“General Mandate”	the general mandate to allot, issue and deal with the Shares granted to the Directors pursuant to the resolutions passed at the extraordinary general meeting of the Company on 6 June 2013
“Group”	the Company and its subsidiaries



“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party (Parties)”	third party (parties) independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Last Trading Day”	10 June 2013, being the last trading day for the Shares prior to the issue of this Announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individual(s), institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the private placing of the Placing Shares under the General Mandate procured by the Placing Agent to selected investors on the terms and subject to the condition set out in the Placing Agreement
“Placing Agent”	Freeman Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance
“Placing Agreement”	the agreement in relation to the Placing entered into between the Company and the Placing Agent on 10 June 2013
“Placing Price”	HK\$0.20 per Placing Share
“Placing Share(s)”	30,453,958 new Shares to be placed under the Placing
“Share(s)”	ordinary share(s) with par value of HK\$0.02 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiaries” with the meaning ascribed thereto under the Listing Rules

“%” per cent.

By order of the Board  
**China Environmental Resources Group Limited**  
**Zhou Hongbo**  
*Chairman and Chief Executive Officer*

Hong Kong, 10 June 2013

*As at the date of this announcement, the Board comprises three executive directors, namely Mr. Zhou Hongbo (Chairman and Chief Executive Officer), Mr. Kwok Wai, Wilfred and Mr. Leung Kwong Choi; and three independent non-executive directors, namely Mr. Wong Kwai Sang, Mr. Christopher David Thomas and Mr. Chan Ka Yin.*