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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 SECOND SUPPLEMENTAL AGREEMENT TO THE LOAN AGREEMENT AND PROVISION OF LOAN

THE SECOND SUPPLEMENTAL AGREEMENT

Reference is made to the Company's announcements dated 1 June 2016 and 18 November 2016 in relation to, among others, the provision of the Loan (secured by the Debenture) in the principal amount of HK\$7,500,000 by the Lender to the Borrower pursuant to the Loan Agreement and the extension of the repayment date of the Loan Agreement to 455 days from the date of drawdown pursuant to the Supplemental Agreement.

The Lender and the Borrower have on 1 September 2017 (after trading hours) entered into the Second Supplemental Agreement to further extend the repayment date of the Loan Agreement to 500 days from the date of drawdown.

THE LISTING RULES IMPLICATIONS

The Loan Agreement, the Supplemental Agreement and the Second Supplemental Agreement constitute a series of transactions and shall be aggregated pursuant to Rule 14.22 of the Listing Rules. As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Second Supplemental Agreement, when aggregated with the Loan Agreement and the Supplemental Agreement, exceed 5% but all the percentage ratios are less than 25%, the entering into of the Second Supplemental Agreement 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.

Reference is made to the Company's announcements dated 1 June 2016 and 18 November 2016 in relation to, among others, the provision of the Loan (secured by the Debenture) in the principal amount of HK\$7,500,000 by the Lender to the Borrower pursuant to the Loan Agreement and the extension of the repayment date of the Loan Agreement to 455 days from

the date of drawdown pursuant to the Supplemental Agreement. The Loan under the Loan Agreement was drawn down by the Borrower and remain outstanding as at the date of this announcement.

The Lender and the Borrower have on 1 September 2017 (after trading hours) entered into the Second Supplemental Agreement to further extend the repayment date of the Loan Agreement to 500 days from the date of drawdown.

The summary details of the Second Supplemental Agreement are set out as follows:

THE SECOND SUPPLEMENTAL AGREEMENT

Date:	1 September 2017 (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
Drawdown Date:	The Loan was drawdown on 2 June 2016
Repayment Date:	Bullet repayment in 500 days from the date of drawdown, or when called upon by the Lender, whichever shall be the earlier
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:	The existing security for the Loan will remain as the continuing security for the due performance of the obligations of the Borrower under the Loan Agreement (as extended by the Supplemental Agreement and the Second Supplemental Agreement)

INFORMATION ON THE GROUP AND THE LENDER

The principal activities of the Group are motor trading, car parking space rentals, provision of financial services, securities trading and investment and 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.

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.

FUNDING OF THE LOAN

The Loan granted under the Loan Agreement (as extended by the Supplemental Agreement and the Second Supplemental Agreement) was funded by the internal resources of the Group.

REASONS FOR AND BENEFITS OF THE SECOND SUPPLEMENTAL AGREEMENT

The Lender is a direct wholly-owned subsidiary of the Company and a money lender licensed in Hong Kong under the Money Lenders Ordinance (Cap. 163, the Laws of Hong Kong). The Loan Agreement, the Supplemental Agreement and the Second Supplemental Agreement are conducted in the ordinary and usual course of business of the Group which provides interest income to the Group.

The terms of the Second Supplemental Agreement were negotiated on an arm's length basis between the Lender and the Borrower. The Directors consider that further extending the repayment date of the Loan under the Second Supplemental Agreement is a financial assistance provided by the Company within the meaning of the Listing Rules. Taking into the account the cash inflow and revenue to be generated from the expected interest income in connection with further extending the repayment date of the Loan under the Second Supplemental Agreement, the Directors are of the view that the terms of the Second Supplemental Agreement were entered into on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

THE LISTING RULES IMPLICATIONS

The Loan Agreement, the Supplemental Agreement and the Second Supplemental Agreement constitute a series of transactions and shall be aggregated pursuant to Rule 14.22 of the Listing Rules. As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Second Supplemental Agreement, when aggregated with the Loan Agreement and the Supplemental Agreement, exceed 5% but all the percentage ratios are less than 25%, the entering into of the Second Supplemental Agreement 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 the 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 PRC
“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 (as supplemented by the Supplemental Agreement and the Second Supplemental 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
“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Second Supplemental Agreement”	the second supplemental agreement dated 1 September 2017 entered into between the Lender and the Borrower in respect of the extension of the repayment date of the Loan under the Loan Agreement to 500 days from the date of drawdown
“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
“Supplemental Agreement”	the supplemental agreement dated 18 November 2016 entered into between the Lender and the Borrower in respect of the extension of the repayment date of the Loan under the Loan Agreement to 455 days from the date of drawdown
“%”	per cent.

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

Hong Kong, 1 September 2017

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.