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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 18 August 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\$5,000,000, bearing interest at a rate of 9% per annum and repayable on the Repayment Date (as defined below).

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 14.07(1) of the Listing Rules, the provision of the Loan is not subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

THE LOAN AGREEMENT

Date: 18 August 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:** An individual who, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower is an independent third party not connected with the Company and its connected person
- Principal Loan Amount:** HK\$5,000,000 (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 180 days from the date of drawdown, or when called upon by the Lender, whichever shall be the earlier (the “**Repayment Date**”)
- Interest:** 9% 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

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

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower is a merchant and an independent third party 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

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As the amount of the financial assistance granted to the Borrower does not exceed 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the provision of the Loan is not subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Borrower”	the borrower under the Loan Agreement
“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
“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”	the 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\$5,000,000 granted by the Lender to the Borrower pursuant to the terms of the Loan Agreement
“Loan Agreement”	a loan agreement dated 18 August 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
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“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, 18 August 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.