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CHINA ENVIRONMENTAL RESOURCES GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1130)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

PICO ZEMAN SECURITIES (HK) LIMITED

On 20 March 2013 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 24,000,000 New Shares (“Placing Shares”) to not less than 6 independent Placees at a price of HK\$0.265 per Placing Share. The Placing Shares represent approximately 18.71% of the Company’s existing issued share capital of the Company of 128,269,790 Shares as at the date of this announcement and approximately 15.76% of its issued share capital as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$480,000.

The Placing Price of HK\$0.265 per Placing Share represents (i) a discount of approximately 19.697% to the closing price of HK\$0.33 per Share as quoted on the Stock Exchange on 20 March 2013, being the date of the Placing Agreement; and (ii) a discount of approximately 19.697% to the average closing price of HK\$0.330 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 19 March 2013.

The maximum gross proceeds from the Placing will be approximately HK\$6.36 million. The Company plans to use the maximum net proceeds of approximately HK\$6.13 million from the Placing for the general working capital of the Group.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

20 March 2013 (after trading hours)

Issuer

The Company

Placing Agent and the Placees

Pico Zeman Securities (HK) Limited, the Placing Agent, has conditionally agreed to place a maximum of 24,000,000 Placing Shares, on a best effort basis and in consideration thereof, it will receive a placing commission of 3.0% on the gross proceeds of the Placing upon completion of the Placing. The Directors are of the view that the placing commission accords with the market rate and is fair and reasonable. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are not Connected Persons of the Company and are independent from and not connected with the Company and/or its Connected Persons.

The Placing Agent will place the Placing Shares to not less than six independent Placees, being individuals, institutional or other professional investors, and who and whose ultimate beneficial owners will not be Connected Persons of the Company and will be independent of and not connected with the Company and its Connected Persons. It is expected that none of the Placees will become substantial shareholder (as defined in the Listing Rules) of the Company upon completion of the Placing.

Number of Placing Shares

A maximum of 24,000,000 Placing Shares represent approximately 18.71% of the Company's existing issued share capital of the Company of 128,269,790 Shares as at the date of this announcement and approximately 15.76% of its issued share capital as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$480,000.

Placing Price

The Placing Price of HK\$0.265 per Placing Share represents (i) a discount of approximately 19.697% to the closing price of HK\$0.33 per Share as quoted on the Stock Exchange on 20 March 2013, being the date of the Placing Agreement; and (ii) a discount of approximately 19.697% to the average closing price of HK\$0.330 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 19 March 2013.

The maximum net placing price under the Placing is approximately HK\$0.2553 per Placing Share.

The Directors consider that the Placing Price, which was agreed after arm's length

negotiations between the Company and the Placing Agent with reference to current market price of the Shares, is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

General Mandate

The Placing Shares will be allotted and issued under the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 21 November 2012 pursuant to which the Directors are allowed to allot and issue up to 25,653,958 Shares.

As at the date of this announcement, no Shares have been issued and allotted pursuant to such general mandate and accordingly the issue of the Placing Shares is not subject to any further approval by the Shareholders.

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

Condition to the Placing

The Placing, which is not subject to the approval of the Shareholders, is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares; and
- (b) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms thereof, including provisions regarding force majeure events.

The conditions must be fulfilled on or before 30 April 2013 (or such other date as agreed by the Company and the Placing Agent), failing which 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 breaches of the Placing Agreement).

Termination and force majeure

The Placing Agreement may be terminated by the Placing Agent if at any time prior to 10:00 a.m. on the date of completion for the Placing Agreement if:

- (i) any of the undertakings, warranties or representations contained herein becomes untrue or incorrect in any material respect; or

- (ii) if in the reasonable opinion of the Placing Agent would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (b) the occurrence of any local, national or international event or change, whether or not forming part of series of events or changes occurring or continuing before, and/or after the date hereof of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (c) there is any material adverse change in the business or in the financial or trading position of the Group as a whole; or
 - (d) any suspension in the trading of the Company's shares on the Stock Exchange for more than seven (7) consecutive trading days other than in relation to the Placing hereunder; or
- (iii) any change in market conditions (including without limitation suspension or material restriction of trading in securities) occurs which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing.

Completion

Completion of the Placing shall take place not later than the second Business Day after the Placing Agreement has become unconditional (or such later date as may be agreed between the Company and the Placing Agent).

Completion of the placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Placing commission

The Placing Agent shall receive a placing commission of 3.0% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent with reference to the market rate.

REASONS FOR THE PLACING AND USE OF THE 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.

The Directors are of the view that the Placing will reduce the liabilities and strengthen the financial position of the Group, as well as providing working capital to the Group to meet any future obligations. The Placing also represents a good opportunity to broaden the shareholder base and the capital base of the Company. The Directors (including the independent non-executive Directors) consider that the terms of the Placing, including the rate of the placing commission, are fair and reasonable based on the current market conditions. Accordingly, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole.

The aggregate gross proceeds from the Placing will be approximately HK\$6.36 million and the net proceeds will be approximately HK\$6.13 million. The net Placing Price will be approximately HK\$0.2553 per Share. The Company plans to use the maximum net proceeds of approximately HK\$6.13 million from the Placing to fund the general working capital of the Group.

FUND RAISING EXERCISES DURING THE PAST 12 MONTHS

The Company had not carried out any equity fund raising exercise in the twelve months period immediately preceding the date of this announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company immediately before and after the Placing:

	As at the date of this announcement		Upon placing of all the Placing Shares	
	Number of Shares	% (approx.)	Number of Shares	% (approx.)
The Cathay Investment Fund, Limited	13,196,000	10.288	13,196,000	8.667
Capital Master International Limited (Note 1)	15,205,200	11.854	15,205,200	9.986
Choy Ping Fai (Note 1)	15,205,200	11.854	15,205,200	9.986
The Placees (Note 2)	-	0	24,000,000	15.761
Other public Shareholders	-	-	84,663,390	55.601
Total	128,269,790	100	152,269,790	100

Notes:

- (1) These include 15,205,200 shares held by Capital Master International Limited. The entire issued share capital of Capital Master International Limited is beneficially owned by Mr. Choy Ping Fai. Accordingly, Mr. Choy Ping Fai is deemed to have interests in the Shares.

- (2) Pursuant to the Placing Agreement, the Placing Agent agreed to procure that the Placees and their ultimate beneficial owners shall be third parties independent of and not connected with the Company and its connected persons. Therefore, the Placees are treated as public Shareholders.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“Company”	China Environmental Resources Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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 Agreement
“Placing”	the best effort placing of up to 24,000,000 Placing Shares on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Pico Zeman Securities (HK) Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 20 March 2013 in respect of the Placing

“Placing Price”	HK\$0.265 per Placing Share
“Placing Shares”	a maximum of 24,000,000 New Shares to be issued under the Placing
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 20 March 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.