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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 to the Company



THE PLACING

On 4 November 2025 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 64,100,000 Placing Shares at the Placing Price of HK\$0.468 per Placing Share to not less than six Placees who are professional, institutional, or other investors that are Independent Third Parties. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of Placing, a maximum of 64,100,000 Placing Shares under the Placing represents approximately 13.11% of the issued share capital of the Company as at the date of this announcement, and approximately 11.59% of the issued share capital as enlarged by the issue of the Placing Shares. Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$30.00 million and approximately HK\$29.40 million, respectively.

The Company intends that the net proceeds of the Placing as to (i) approximately 34.01% (or approximately HK\$10.00 million) for repayment of loans; (ii) approximately 34.01% (or approximately HK\$10.00 million) for development of existing recycle and motorcycle accessories business; (iii) approximately 17.01% (or approximately HK\$5.00 million) for settlement of outstanding trade and other payables; and (iv) approximately 14.97% (or approximately HK\$4.40 million) for the general working capital of the Group (including but not limited to payment of salaries, administrative expenses, operating costs and other corporate and utilities expenses).

Having considered the terms of the Placing Agreement (including the Placing Price and the placing commission), which were determined after arm's length negotiations between the Company and the Placing Agent, are on normal commercial terms and fair and reasonable, and the Placing will strengthen the Group's financial position and widen the Company's shareholder base, the Directors (including the independent non-executive Directors) consider that the entering into of the Placing Agreement is in the interests of the Company and the Shareholders as a whole.

Given that completion of the Placing may or may not take place, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENT

Date

4 November 2025 (after trading hours)

Parties

Issuer: The Company

Placing Agent: Kingston Securities Limited

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 Independent Third Parties.

Placing

The Placing Agent has conditionally agreed to place, or procure the placing of, up to 64,100,000 Placing Shares at the Placing Price of HK\$0.468 per Placing Share on a best effort basis and will receive a placing commission of 1.5% of the Placing Price multiplied by the actual number of Placing Shares placed by the Placing Agent (i.e. the gross proceeds from the Placing).

The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market commission rate for similar transactions. The Directors are of the view that the placing commission is fair and reasonable.

Placees

The Placing Agent will place the Placing Shares to professional, institutional, or other investors that are Independent Third Parties. It is expected that the Placing Shares will be placed to not less than six Placees on a best effort basis.

Number of Placing Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of Placing, the 64,100,000 Placing Shares under the Placing represent approximately 13.11% of the issued share capital of the Company as at the date of this announcement, and approximately 11.59% of the issued share capital as enlarged by the issue of the Placing Shares. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$6,410,000.

Placing Price

The Placing Price is HK\$0.468 per Placing Share which represents:

- (i) a discount of approximately 2.5% to the closing price of HK\$0.480 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 0.43% to the average closing price of approximately HK\$0.470 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

Placing Shares

The Placing Shares will be allotted and issued under the General Mandate granted to the Board at the AGM held on 3 December 2024 pursuant to which the Board is authorised to allot, issue and deal with up to 97,753,829 Shares. As at the date of this announcement, the Company had not utilised the General Mandate and the 64,100,000 Placing Shares under the Placing represents approximately 65.57% of the General Mandate.

The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Application for Listing

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

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares; and
- (ii) all necessary consent and approval to be obtained on the part of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated hereunder having been obtained.

If the above conditions are not satisfied and/or waived (other than condition (i) which cannot be waived) on or before 24 November 2025, or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party shall have any claim against the other (save for any antecedent breaches).

Completion of the Placing

Completion of the Placing, in any event, will take place within four Business Days after the fulfillment of the conditions as set out in the paragraph headed "Conditions of the Placing" above or such other date to be agreed between the Company and the Placing Agent in writing (the "**Completion Date**").

Termination of the Placing Agreement

Pursuant to the Placing Agreement, the Placing Agent is entitled to terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any of the following force majeure events:

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute 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
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting the local securities market or the occurrence of any combination of circumstances which may, in the absolute 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 adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) which affects the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

Pursuant to the Placing Agreement, if, at or prior to 9:00 a.m. on the Completion Date;

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under this Placing Agreement; or
- (ii) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days; or
- (iii) the Placing Agent becomes aware that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated, the Placing Agent shall determine whether such untrue representation or warranty represents or is likely to represent a

material adverse change in the financial or trading position or prospects of the Group taken as a whole, or will otherwise likely to have a material prejudicial effect on the Placing; or

- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole occurs,

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving notice pursuant to the paragraph above, all obligations of the Company or the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other party of the Placing Agreement in respect of any matter arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in metal recycle business, motor and motor accessories business, car parking spaces rental, money lending business, securities trading and investment business. The Group also maintains 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 and green technology markets in the PRC and overseas.

The Group recorded the loss for the year attributable to owners of the Company of approximately HK\$67.66 million and HK\$40.31 million for the years ended 30 June 2024 and 2025 (“**FY2025**”), respectively, and the net cash outflow from operating activities of approximately HK\$9.62 million for FY2025. As at 30 June 2025, the total borrowings, bank overdrafts of the Group and trade and other payables amounted to approximately HK\$63.16 million, HK\$4.94 million and HK\$42.54 million, respectively, whereas the cash and cash equivalents of the Group amounted to approximately HK\$1.92 million only. The Company intends to reduce the interest burden amidst the high-interest rate cycle by repayment of interest-bearing debts so as to alleviate the financial pressure and improve the financial performance of the Group.

In light of the above and together with the prevailing financial position of the Group, the Board considers that the Placing represents a good opportunity to raise immediate additional funds to strengthen the financial position of the Group, finance its working

capital needs and financial obligations, in particular, release the interest burden of the Group. The Placing will enlarge the capital base of the Company within a relatively shorter time frame and at a lower cost compared with other means of fund raising.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$30.00 million and approximately HK\$29.40 million respectively. The net placing price per Placing Share will be approximately HK\$0.459.

The Company intends that the net proceeds of the Placing as to (i) approximately 34.01% (or approximately HK\$10.00 million) for repayment of loans; (ii) approximately 34.01% (or approximately HK\$10.00 million) for development of existing recycle and motorcycle accessories business; (iii) approximately 17.01% (or approximately HK\$5.00 million) for settlement of outstanding trade and other payables; and (iv) approximately 14.97% (or approximately HK\$4.40 million) for the general working capital of the Group (including but not limited to payment of salaries, administrative expenses, operating costs and other corporate and utilities expenses).

Having considered the terms of the Placing Agreement (including the Placing Price and the placing commission), which were determined after arm's length negotiations between the Company and the Placing Agent, are on normal commercial terms and fair and reasonable, and the Placing will strengthen the Group's financial position and widen the Company's shareholder base, the Directors (including the independent non-executive Directors) consider that the entering into of the Placing Agreement is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming the maximum number of Placing Shares are placed and there is no change in the share capital of the Company from the date of this announcement up to the completion of the Placing) are set out as follows:

Shareholders	As at the date of this announcement		Immediately upon completion of the Placing	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Director				
Mr. Yeung Chi Hang (<i>Note 1</i>)	102,247,200	20.92	102,247,200	18.49
Ocean Line Holdings Limited, Mr. Kwai Sze Hoi and parties acting in concert with it (<i>Notes 2</i>)				
— Ocean Line Holdings Limited	59,900,000	12.26	59,900,000	10.83
— Ms. Cheung Wai Fung	<u>2,902,400</u>	<u>0.59</u>	<u>2,902,400</u>	<u>0.53</u>
<i>Sub-total</i>	<i>62,802,400</i>	<i>12.85</i>	<i>62,802,400</i>	<i>11.36</i>
Public Shareholders				
Other Placees	—	—	64,100,000	11.59
Other public Shareholders	<u>323,719,547</u>	<u>66.23</u>	<u>323,719,547</u>	<u>58.56</u>
Sub-total	<u>323,719,547</u>	<u>66.23</u>	<u>387,819,547</u>	<u>70.15</u>
Total	<u><u>488,769,147</u></u>	<u><u>100.00</u></u>	<u><u>552,869,147</u></u>	<u><u>100.00</u></u>

Notes:

1. Mr. Yeung is an executive Director, the Chairman and Chief Executive Officer of the Company.
2. As at the date of this announcement, Ocean Line Holdings Limited (“**Ocean Line**”), a substantial Shareholder, holds 59,900,000 Shares (or approximately 12.26% of the issued share capital of the Company). Ocean Line is owned as to 60% by Mr. Kwai Sze Hoi (“**Mr. SH Kwai**”) and 40% by Ms. Cheung Wai Fung (“**Ms. Cheung**”), the spouse of Mr. SH Kwai, who also holds personal interest in 2,902,400 Shares as at the date of this announcement. By virtue of Part XV of the SFO, both Mr. SH Kwai and Ms. Cheung are deemed to be interested in an aggregate of 62,802,400 Shares (or approximately 12.85% of the total issued share capital of the Company as at the date of this announcement), comprising (i) 59,900,000 Shares held by Ocean Line; and (ii) 2,902,400 Shares held by Ms. Cheung, as at the date of this announcement.

Given that completion of the Placing may or may not take place, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 3 December 2024
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday and public holiday) on which licensed banks in Hong Kong are open for general business
“Company”	China Environmental Resources Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on the Main Board of the Stock Exchange (stock code: 1130)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of, and not connected or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with, the Company, its connected persons (as defined under the Listing Rules) and their respective associates (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates 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 placing of 64,100,000 Placing Shares pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a corporation licensed to carry on business in Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 4 November 2025 in relation to the Placing
“Placing Price”	HK\$0.468 per Placing Share
“Placing Share(s)”	up to 64,100,000 new Shares to be placed pursuant to the Placing Agreement
“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
“Share(s)”	ordinary share(s) of HK\$0.1 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

Hong Kong, 4 November 2025

As at the date of this announcement, the Board comprises six executive directors, namely, Mr. Yeung Chi Hang, Mr. Leung Kwong Choi, Mr. Wong Po Keung, Mr. Chung Siu Wah, Mr. Chik To Pan and Mr. Liu Yafei; and three independent non-executive directors namely Mr. Heung Chee Hang, Eric, Mr. Lee Chi Ho and Ms. Lai Pik Chi, Peggy.