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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)

COMPLETION OF PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Reference is made to the announcement of China Environmental Resources Group Limited (the “**Company**”) dated 16 February 2024 in relation to the placing of up to 407,307,622 new shares under general mandate (the “**Announcement**”). Unless defined otherwise, capitalised terms used herein shall have the same meaning as those defined in the Announcement.

COMPLETION OF THE PLACING

The Board is pleased to announce that the conditions set out in the Placing Agreement had been fulfilled and Completion took place on 6 March 2024. All the 407,307,622 Placing Shares have been successfully placed in full to not less than six Placees at the Placing Price of HK\$0.04 per Placing Share.

The 407,307,622 Placing Shares represent approximately (i) 20.00% of the issued share capital of the Company immediately before Completion; and (ii) 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately upon Completion.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) each of the Placees and their respective ultimate beneficial owner(s) (if applicable) is an Independent Third Party; and (ii) save for one Placee, namely Ocean Line Holdings Limited (“**Ocean Line**”), as disclosed in the section headed “Effects on the Shareholding Structure of the Company” in this announcement, none of the Placees has become a substantial Shareholder (within the meaning of the Listing Rules) upon Completion.

USE OF PROCEEDS

As all the Placing Shares have been successfully placed in full, the gross proceeds and net proceeds from the Placing amounted to approximately HK\$16.3 million and approximately HK\$15.8 million, respectively. Based on the net proceeds of approximately HK\$15.8 million under the Placing, the net issue price per Placing Share is approximately HK\$0.039.

The net proceeds of approximately HK\$15.8 million from the Placing are intended to be applied by the Company as to (i) approximately HK\$5.2 million for settlement and/or repayment of the installment loans payable and other bank loans; (ii) HK\$3.5 million for existing operation of its motor and motor accessories business as well as its metal recycle business; (iii) HK\$3.0 million for settlement of outstanding accounts and other payables; and (iv) approximately HK\$4.1 million for general working capital, of which HK\$2.8 million will be allocated to salaries and the remaining balance will be allocated to other administrative costs and operating expenses of the Group. It is expected that the net proceeds will be fully utilised by 30 June 2024.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before Completion; and (ii) immediately upon Completion:

Shareholders	Immediately before Completion		Immediately upon Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Substantial Shareholders				
Mr. Yeung Chi Hang ("Mr. Yeung") (Note 1)	511,236,000	25.1	511,236,000	20.9
Ocean Line, Mr. Kwai Sze Hoi ("Mr. SH Kwai") and the parties acting in concert with them (Notes 2 and 3)				
— Ocean Line (Note 2)	—	—	299,500,000	12.3
— Ms. Cheung Wai Fung ("Ms. Cheung")	14,512,000	0.7	14,512,000	0.6
— Mr. Kwai Kwun ("Mr. K Kwai")	50,008,000	2.5	50,008,000	2.0
<i>Sub-total</i>	<i>64,520,000</i>	<i>3.2</i>	<i>364,020,000</i>	<i>14.9</i>
Public Shareholders				
Other Places	—	—	107,807,622	4.4
Other public Shareholders	1,460,782,114	71.7	1,460,782,114	59.8
<i>Sub-total</i>	<i>1,460,782,114</i>	<i>71.7</i>	<i>1,568,589,736</i>	<i>64.2</i>
Total	2,036,538,114	100.0	2,443,845,736	100.0

Notes:

1. Mr. Yeung is an executive Director, the Chairman and Chief Executive Officer of the Company.

2. Ocean Line, being one of the Placees, has become a substantial Shareholder and holds 299,500,000 Shares (or approximately 12.3% of the issued share capital of the Company) upon Completion. As at the date of this announcement, Ocean Line is owned as to 60% by Mr. SH Kwai and 40% by Ms. Cheung, the spouse of Mr. SH Kwai, who also holds personal interest in 14,512,000 Shares. By virtue of Part XV of the SFO, both Mr. SH Kwai and Ms. Cheung are deemed to be interested in an aggregate of 314,012,000 Shares (or approximately 12.9% of the total issued share capital of the Company), comprising (i) 299,500,000 Shares held by Ocean Line; and (ii) 14,512,000 Shares held by Ms. Cheung, as at the date of this announcement.
3. As at the date of this announcement, Ocean Line, Mr. SH Kwai and the parties acting in concert with them (as defined in the Hong Kong Code on Takeovers and Mergers) hold an aggregate of 364,020,000 Shares (or approximately 14.9% of the issued share capital of the Company) comprising (i) 299,500,000 Shares held by Ocean Line immediately upon Completion; (ii) 14,512,000 Shares held by Ms. Cheung, the spouse of Mr. SH Kwai and a director of Ocean Line; and (iii) 50,008,000 Shares held by Mr. K Kwai, the son of Mr. SH Kwai and Ms. Cheung and a director of Ocean Line.

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

Hong Kong, 6 March 2024

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. Heung Chee Hang, Eric and Mr. Lee Chi Ho.