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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)**

**SUPPLEMENTARY ANNOUNCEMENT  
PURSUANT TO LISTING RULES 13.09(1)  
AND  
RESUMPTION OF TRADING**

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

Reference is made to the Company's announcement dated 19 November 2010 (the "**Announcement**") in relation to the non-legally binding term sheet with an investment fund. Capitalised terms used herein shall have the same meaning as defined in the Announcement unless otherwise stated.

The Company entered into a non legally binding term sheet with an investment fund with respect to a possible fund raising proposal up to HKD 350 million that may involve the issue of new shares by an equity line of credit by the Company to fund the business development of the Company.

The proposed actual issue price of the new shares will be calculated by reference to 90% of the market price of the shares to be calculated in accordance with a formula, which is under negotiation, on the drawdown date. The proposed actual issue price will be subject to (i) Investor's Floor Price; and (ii) the Company's Floor Price to be set by the Company, whichever is higher. The preliminary indicative Investor's Floor Price is HK\$0.04 per share, below which the investor shall not be obligated to purchase the new shares of the Company. The Company will set Company's Floor Price for drawdown upon consideration of the requirements of the Listing Rules, market conditions and business development.

The Investor's Floor Price of HK\$0.04 per share represents about 44.44% discount to the closing price per share of HK\$0.09 on the day immediately preceding the suspension of trading in the Company's shares on 28 October 2010 (the "Last Trading Day"). If the shares under the equity line of placing were to be issue at the Investor's Floor Price and assuming no other changes to the existing issued share capital of the Company, the maximum of number of shares which can fall to be issued under the equity line of credit represents is 99.16% of our existing issued share capital and 49.79% of our existing issued share capital enlarged by the issue of the new shares.

In addition, the transaction under discussion also contemplates the issue of a minimum of 100 million non-listed warrants and not more than 300 million non-listed warrants to be exercised initially at HK\$0.125 per share ("Initial Exercise Price") of the Company. The Initial Exercise Price is 38.89% premium to the closing price per share of HK\$0.09 on the Last Trading Date. The actual number of warrants to be issued is dependent upon the extent to which the equity line of credit has been drawn down. Assuming the minimum of 100 million non-listed warrants to be exercised and there is no other changes to the existing share capital of the Company, the maximum number of shares that may fall to be issued under the warrants would represent approximately between 1.13% of our existing issued shares and 1.12% of our existing issued share capital enlarged by the issue of the new shares.. Assuming the maximum of 300 million non-listed warrants to be exercised and there is no other changes to the existing share capital of the Company, the maximum number of shares that may fall to be issued under the warrants would represent approximately between 3.40% of our existing issued shares and 3.29% of our existing issued share capital enlarged by the issue of the new shares.

The Company is still in negotiation with the investor and has not yet entered into any binding agreement(s) for such issue. The Company will make further announcement(s) as and when appropriate in compliance with the Listing Rules. As the transaction contemplated in the term sheet may or may not proceed and there is no assurance that the final terms of the transaction will be the same as those described above, shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

### **RESUMPTION OF TRADING**

Trading in the Shares was suspended from 9:30 a.m. on 24 November 2010 at the request of the Company pending the issue of this announcement and an application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 25 November 2010.

By Order of the Board  
**China Environmental Resources Group Limited**  
**Kam Yuen**  
*Chairman*

Hong Kong, 24 November 2010

*As at the date of this announcement, the Board comprises three executive directors, namely Ms. Kam Yuen (Chairman and Chief Executive Officer), Mr. Kwok Wai, Wilfred and Mr. Leung Kwong Choi; and three independent non-executive directors, namely Mr. Cheung Ngai Lam, Mr. Wong Kwai Sang and Mr. Christopher David Thomas.*