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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)

SUPPLEMENTAL AGREEMENT FOR

THE DISCLOSABLE TRANSACTION

**IN RELATION TO THE CONDITIONAL ACQUISITION OF THE
ENTIRE ISSUED SHARE CAPITAL OF BRIGHT DELIGHT**

Reference is made to the Company's announcement dated 6 December 2010 relating to discloseable transaction in relation to the conditional acquisition of 100% of the issued share capital of Bright Delight (the "Announcement"). Terms used in this announcement shall have the same meanings as defined in the Announcement, unless the context requires otherwise.

On 4 December 2010, The Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Acquisition Agreement pursuant to which the Purchaser has conditionally agreed and the Vendor has conditionally agreed to sell the Sale Shares, representing 100% of the issued share capital of the Target Company at a total consideration of HK\$67,040,000, of which HK\$47,040,000 shall be satisfied by the issue of 735,000,000 Consideration Shares at the price of HK\$0.064 per Consideration Share while the balance of HK\$20,000,000 shall be payable in cash in two equal installments upon the fulfillment of the Guarantee Profits during the Guarantee Periods.

SUPPLEMENTAL AGREEMENT

Date

23 April 2013

Parties

Purchaser : CER Management Limited
Vendor : Ample Advance

Background

Keen Info Investments Limited was a subsidiary of the Group Company. By reason of internal restructuring of the Group Company, Keen Info Investments Limited has been disposed of by the Group Company on 25 November 2011.

By an Assignment dated 25 November 2011, Keen Info Investments Limited assigned to the Purchaser herein absolutely all its obligations, right, interest and benefit in and to the Acquisition Agreement.

Pursuant to the Acquisition Agreement, “Actual Net Profit” meant the actual net profit of the Target Company as recorded in its audited financial statement.

By reason of the internal restructuring of the Company’s group, a bunch of subsidiaries has been disposed by the Group Company for the financial year ended 30 June 2012, as a result of which, there is an impairment of HK\$11,776,282 due from the former subsidiaries.

For the First Guarantee Period, the Target Company had achieved an actual net profit of HK\$6,301,025.00; the profit guarantee of HK\$33,500,000.00 had not been achieved. The Target Company had achieved approximate 18.80% of the Profit guarantee.

For the Second Guarantee Period, the Target Company had achieved an actual net profit of HK\$7,597,233; the profit guarantee of HK\$33,500,000.00 had not been achieved. The Target Company had achieved approximate 22.6% of the Profit

Having considered the above, the Acquisition Agreements failed to address the intention of both parties fully.

Major terms of the Supplemental Agreement

After arm's length negotiation between the Purchaser and the Vendor, the parties to the Acquisition Agreement entered into the Supplemental Agreement, pursuant to which the parties thereto agreed that:

The Purchaser shall assess and settle the consideration for the acquisition in the manner as follow:

First Guarantee Period

- 1.1 The Share Consideration shall be released to the Vendor on a pro-rata basis; which is equivalent to 69,090,000 shares
- 1.2 The said 69,090,000 share consideration shall be release and delivered to the Vendor on or before 30 June 2013.
- 1.3 The remaining share held in escrow shall be returned to the Purchaser and be put to sale in the open market through agent.

Second Guarantee Period

- 2.1 The actual net profit made by the Target Company shall exclude the impairment in the sum of HK\$11,776,282. The Target Company shall be assessed to have made a profit of HK\$19,373,515 and had achieved approximate 57.83% of the Profit guarantee.
- 2.2 The Share Consideration shall be released to the Vendor on a pro-rata basis; which is equivalent to 212,525,250 shares.
- 2.3 The said 212,525,250 share consideration shall be release and delivered to the Vendor on or before 30 June 2013.
- 2.4 The remaining share held in escrow shall be returned to the Purchaser and be put to sale in the open market through agent.
- 2.5 The Cash Consideration shall be released to the Vendor on a pro-rata basis; which is equivalent to HK\$5,783,000.
- 2.6 The said HK\$5,783,000 cash consideration shall be release and delivered to the Vendor on or before 30 June 2013.

GENERAL

Save for the aforesaid amendments, there were no other material changes to the terms of the Acquisition Agreement.

Having considered the above, the Directors are of the view that such amendment, which reflects the fair value of the Target Company, is fair and reasonable, and that the Supplemental Agreement was entered into on normal commercial terms that are fair and reasonable, and in the interest of the Company and Shareholders as a whole.

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

Hong Kong, 23 April 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.