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**CHINA ENVIRONMENTAL RESOURCES GROUP LIMITED**

**中國環境資源集團有限公司**

(formerly known as “Benefun International Holdings Limited 奮發國際控股有限公司”<sup>\*\*</sup>)

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1130)**

**ANNOUNCEMENT  
ON PROGRESS OF THE LITIGATION**

Judgments were made regarding Hero Rich’s case and China Magic’s case. The Company has acted and will act in accordance with the Court Orders.

Reference is made to the Company’s announcements dated 23 June 2009, 25 September 2009 and 15 December 2009 (the “Litigation Announcements”). Unless otherwise stated, terms used in this announcement shall have the same meanings as defined in the Litigation Announcements.

**I. Judgment**

**Hero Rich**

A sealed copy judgment under Order 14, rule 13 was made on 10 December 2009 that the Company do forthwith register the transfer of 234,375,000 shares in the Company from Hero Rich to HKSCC Nominees Limited and do pay Hero Rich costs, interests and damages to be assessed.

**China Magic**

An oral judgment was made on 21 December 2009 that the Company shall register the transfer of 468,750,000 shares in the Company from China Magic to HKSCC Nominees Limited and do pay the assessed cost in the sum of HK\$130,000.00 to China Magic for its Originating Summons.

## **II. Possible effect on the financial position of the Group**

The Company has acted and will act in accordance with the outcome of the legal proceedings. The Directors consider that the above legal cases should have no material adverse effect on the financial position of the Group.

By Order of the Board  
China Environmental Resources Group Limited  
**Kam Yuen**  
*Chief Executive Officer*  
*and*  
*Executive Director*

Hong Kong, 23 December 2009

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