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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)

DISCLOSEABLE TRANSACTION SUPPLEMENTAL AGREEMENT TO THE LOAN AGREEMENT AND PROVISION OF LOAN

THE SUPPLEMENTAL AGREEMENT

Reference is made to the Company's announcement dated 1 June 2016, the Lender, a direct wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender has agreed to lend to the Borrower a term loan in the principal amount of HK\$7,500,000, bearing interest at a rate of 12% per annum and repayable in 90 days from the date of drawdown, or when called upon by the Lender, whichever shall be the earlier and secured by the Debenture.

The Lender and the Borrower have on 18 November 2016 (after trading hours) entered into the Supplemental Agreement to extend the repayment date of the Loan Agreement to 455 days from the date of drawdown.

THE LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the aggregate amount of the financial assistance granted to the Borrower within the period of 12 months immediately preceding to the date of the Supplemental Agreement exceeds 5% but all the percentage ratios are less than 25%, the grant of the Loan as extended under the Supplemental Agreement constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the amount of the financial assistance granted to the Borrower does not exceed 8% under the assets ratio as defined under Rule 13.13 of the Listing Rules, the provision of the Loan is not subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

Reference is made to the Company's announcement dated 1 June 2016, the Lender, a direct wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender has agreed to lend to the Borrower a term loan in the principal amount of HK\$7,500,000, bearing interest at a rate of 12% per annum and repayable in 90 days from the date of drawdown, or when called upon by the Lender, whichever shall be the earlier and secured by the Debenture. The Loan under the Loan Agreement was drawn down by the Borrower and remain outstanding as at the date of this announcement.

The Lender and the Borrower have on 18 November 2016 (after trading hours) entered into the Supplemental Agreement to extend the repayment date of the Loan Agreement to 455 days from the date of drawdown.

The summary details of the Supplemental Agreement are set out as follows:

THE SUPPLEMENTAL AGREEMENT

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| Date: | 18 November 2016 (after trading hours) |
| Lender: | Grand Diamond Investment Limited, a direct wholly-owned subsidiary of the Company and a licensed money lender in Hong Kong under the Money Lenders Ordinance |
| Borrower: | A company which, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower and its ultimate beneficial owner(s) are independent third parties not connected with the Company and its connected person |
| Principal Loan Amount: | HK\$7,500,000 (the " Principal Amount ") |
| Drawdown Date: | The Loan was drawdown on 2 June 2016 |
| Repayment Date: | Bullet repayment in 455 days from the date of drawdown, or when called upon by the Lender, whichever shall be the earlier (the " Repayment Date ") |
| Interest: | 12% per annum on the principal amount of the Loan. Interest shall accrue on the Loan from the date of drawdown until repayment in full and shall be calculated on the actual number of days elapsed and on the basis of a 365-day year |
| Security for the Loan: | The existing security for the Loan will remain as the continuing security for the due performance of the obligations of the Borrower under the Loan Agreement (as extended by the Supplemental Agreement) |

INFORMATION ON THE GROUP AND THE LENDER

The principal activities of the Group are 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, green medical markets, green technology markets in the PRC and overseas, provision of financial services, securities trading and investment, car parking space rentals and motor trading.

The Lender is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company.

The Lender is a registered money lender holding a valid money lenders licence under the Money Lenders Ordinance (Cap. 163, the Laws of Hong Kong) and is principally engaged in the business of money lending services.

INFORMATION ON THE BORROWER

The Borrower is a company incorporated in Hong Kong with limited liability and the principal activity of which is investment holding. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower and its ultimate beneficial owner(s) are independent third parties not connected with the Company and its connected person.

FUNDING OF THE LOAN

The Loan granted under the Loan Agreement (as extended by the Supplemental Agreement) was funded by the internal resources of the Group.

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT

The Lender is a direct wholly-owned subsidiary of the Company and a money lender licensed in Hong Kong under the Money Lenders Ordinance, Cap. 163, the Laws of Hong Kong. The Loan Agreement and the Supplemental Agreement are conducted in the ordinary and usual course of business of the Group which provides interest income to the Group.

The terms of the Supplemental Agreement were negotiated on an arm's length basis between the Lender and the Borrower. The Directors consider that extending the repayment date of the Loan under the Supplemental Agreement is a financial assistance provided by the Company within the meaning of the Listing Rules. Taking into the account the cash inflow and revenue to be generated from the expected interest income in connection with the extending the repayment date of the Loan under the Supplemental Agreement, the Directors are of the view that the terms of the Supplemental Agreement were entered into on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

THE LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the aggregate amount of the financial assistance granted to the Borrower within the period of 12 months immediately preceding to the date of the Supplemental Agreement exceeds 5% but all of them are less than 25%, the grant of the Loan as extended under the Supplemental Agreement constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the amount of the financial assistance granted to the Borrower does not exceed 8% under the assets ratio as defined under Rule 13.13 of the Listing Rules, the provision of the Loan is not subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

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| “Board” | the board of Directors |
| “Borrower” | the borrower under the Loan Agreement |
| “Charged Assets” | the undertaking and all the property, assets and rights of the Borrower |
| “Company” | China Environmental Resources Group Limited (Stock code: 1130), a company incorporated in Cayman Islands with limited liability and the Shares of which have a primary listing on the main board of the Stock Exchange and a secondary listing on the SGX-ST |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Debenture” | Debenture created by the Borrower in favour of the Lender by way of a first floating charge over all the Charged Assets |
| “Director(s)” | director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Lender” | Grand Diamond Investment Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company |

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| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Loan” | a term loan in the principal amount of HK\$7,500,000.00 granted by the Lender to the Borrower pursuant to the terms of the Loan Agreement (as supplemented by the Supplemental Agreement) |
| “Loan Agreement” | a loan agreement dated 1 June 2016 entered into between the Lender and the Borrower relating to the provision of the Loan (as supplemented by the Supplemental Agreement) |
| “Money Lenders Ordinance” | the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time |
| “SGX-ST” | the Singapore Exchange Securities Trading Limited |
| “Share(s)” | ordinary share(s) at par value of HK\$0.02 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 |
| “Supplemental Agreement” | the supplemental agreement dated 18 November 2016 entered into between the Lender and the Borrower in respect of the extension of the repayment date of the Loan under the Loan Agreement |
| “%” | per cent. |

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

Hong Kong, 18 November 2016

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. Ong Chi King, and Mr. Heung Chee Hang Eric.