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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)

THE MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED ACQUISITION

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

The Board is pleased to announce that on 19 July 2013 (after trading hours), the Company and the Prospective Vendor entered into the MOU in relation to the Possible Acquisition.

The MOU is not legally binding with regard to the Possible Acquisition, it may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the Shares.

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Subject to the satisfaction of due diligence result on the Target Group, the Company will consider further negotiation with the Prospective Vendor on the Possible Acquisition. The Target Company has certain interests and rights in the piece and parcel of land located in the PRC, which the Prospective Vendor will wholly own via its subsidiary.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Prospective Vendor and its ultimate beneficial owners are Independent Third Parties.

The MOU does not create legally binding obligations on the parties in relation to the Possible Acquisition but is legally binding as to exclusivity period which is of three months commencing on the date of the MOU within the period the Company has the exclusive right to negotiate with the Prospective Vendor on the Possible Acquisition. The Possible Acquisition is subject to the negotiation and entering into of the Formal Agreement.

The MOU shall remain in effect for three months from the date of the MOU (or such longer period as the parties may mutually agree in writing) unless the Company gives written notice to the Prospective Vendor of its intention to abandon further negotiations, or until superseded by the execution of the Formal Agreement.

The MOU is not legally binding with regard to the Possible Acquisition. The terms and consideration for the Possible Acquisition will be subject to further negotiation between the Prospective Vendor and the Company, it may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	China Environmental Resources Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Formal Agreement”	the formal agreement to be entered into between the Company and the Prospective Vendor in relation to the Possible Acquisition
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)

“MOU”	the memorandum of understanding dated 19 July 2013 entered into between the Company and the Prospective Vendor in relation to Possible Acquisition
“PRC”	the People’s Republic of China
“Possible Acquisition”	the possible acquisition of 100% of the entire issued share capital in the Target Company by the Company from the Prospective Vendor as contemplated under the MOU
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Share (s)”	the ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Clear Wisdom Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	The Target Company and its subsidiaries (if any)
“Prospective Vendor”	Grand Keen Limited, a company incorporated in Samoa with limited liability
“%”	per cent.

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

Hong Kong, 19 July 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.