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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\*)*  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1130)**

**ANNOUNCEMENT**  
**FOR**  
**PRICE-SENSITIVE INFORMATION**  
**LETTER OF INTENT**

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

The Board announces that after the trading hours on 10 December 2009, the Company's indirect wholly-owned subsidiary, Sino Asset entered into a non-legally binding LOI with the People's Government of Wanzai County, Jiangxi Province, pursuant to which Sino Asset will invest and establish project regarding the establishment of production and related facilities for the manufacturing, supplying, sales and marketing of organic fertilizers and organic products for the Wanzai County. The LOI will be expired on 15 February 2010.

**Shareholders and potential investors should note that the LOI is not legally binding and that the binding and definitive agreement may or may not be executed by both parties eventually. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

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\* For identification purpose only

## **LETTER OF INTENT**

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Pursuant to the LOI, Wanzai County shall avail the best terms and conditions regarding related policies, land and tax benefits for Sino Asset's establishment.

## **INFORMATION OF WANZAI COUNTY, JIANGXI PROVINCE**

Jiangxi Province is a major agricultural production base in the PRC. In the province, there are up to 916 kinds of green food and 415 organic food, ranking the first in the PRC.

Wanzai County is located in the northwest of Jiangxi Province. Wanzai County's whole area is 1,718 sq km, of which 335,000 mu is cultivated land and 1.6 million mu is forestry area. Wanzai County is one of the national pioneers in production of organic agricultural products which are famous and renowned in the worldwide. Its organic certified plantation area amounts to 254,000 mu and most crops are awarded with ECOCERT or BCS international organic certifications.

## **INFORMATION OF THE COMPANY**

The Group engages in the green business of plantation, research and development of plantation related technologies, manufacture, sale and distribution of plantation products and materials. The Group developed the waste-to-value "O-Live Organic Waste Treatment System" ("O-Live System") which is an automatic machine utilizing high temperature micro-organisms technology for environmental treatment of animal manures of livestock farms. Within 24 hours, O-Live System kills animal influenza and common disease bacteria and converts animal manures into raw materials for producing microbial organic fertilizer.

Eyeing on the increasing share of organic fertilizer in total fertilizer market, the Group established self-operated production bases to utilize the raw materials from its O-Live System, to serve increasing orders and to enhance operating profit.

The Board considered that the entering into of the LOI could strengthen the position of the Group as a market leader in the manufacture and sale of plantation materials and products and "Waste-To-Value" environmental business in the PRC and further enhance its competitiveness.

## GENERAL

The LOI sets out the principles for the co-operation between Sino Asset and Wanzai County. In respect of the co-operation under the LOI, both parties will, after taking into account the relevant circumstances, enter into separate agreements to further detail the terms and conditions of the co-operation under the LOI. The Company will fully comply with the Listing Rules and make relevant disclosure whenever necessary.

**Shareholders and potential investors should note that the LOI is not legally binding and that a binding and definitive agreement may or may not be executed by both parties eventually. Shareholders and potential 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:

<b>“Board”</b>	the board of Directors
<b>“Company”</b>	China Environmental Resources Group Limited (formerly known as Benefun International Holdings Limited), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
<b>“Director(s)”</b>	directors of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the PRC
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“LOI”</b>	Letter of Intent dated 10 December 2009 entered into between Sino Asset and Wanzai County, Jiangxi City, PRC
<b>“PRC”</b>	the People’s Republic of China

<b>“Share(s)”</b>	ordinary share(s) of HK\$0.01 each in the share capital of the Company
<b>“Shareholder(s)”</b>	holders of Share(s)
<b>“Sino Asset”</b>	Sino Asset Development Limited, a company incorporated under the laws of Hong Kong, an indirect wholly-owned subsidiary of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 10 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.*