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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)

TERMINATION OF MAJOR TRANSACTION IN RELATION TO ACQUISITION OF A FOREST PLANTATION BUSINESS

Reference is made to the Company's announcements dated 7 December 2011, 6 January 2012, 12 March 2012, 30 March 2012, 12 June 2012, 21 November 2012 and 7 December 2012 (the "Announcements") relating to the Acquisition. Terms used herein shall have the same meanings as defined in the Announcements unless otherwise stated.

On 20 February 2013, the Purchaser and the Vendor entered into a termination agreement ("Termination Agreement") pursuant to which the Sale and Purchase Agreement was terminated and the sum of HK\$12 million being deposits paid under the Sale and Purchase Agreement was returned to the Purchaser upon signing thereof. Neither party shall have any further obligations or liabilities towards the other nor any claims against the other in connection with the Sale and Purchase Agreement.

As disclosed in the Announcements, the dispatch date of the Circular has been postponed since 6 January 2012 and to the latest expected dispatch date of 8 March 2013. Up till the date of the Termination Agreement, the Company has not been able to obtain from the Target sufficient additional information, including financial and business information of the Target Group, for inclusion in the Circular and to satisfy the Company's due diligence review. Considerable time has elapsed since entering into the Sale and Purchase Agreement on 7 December 2011 and the Company is of the view that the Target may not be able to satisfy the Company's requests for additional information within a reasonable timeframe. In the circumstances, the Directors consider that termination of the Sale and Purchase Agreement is 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, 20 February 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. Cheung Ngai Lam, Mr. Wong Kwai Sang and Mr. Christopher David Thomas.