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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 THE VERY SUBSTANTIAL ACQUISITION

This announcement is made by China Environmental Resources Group Limited (the “**Company**”) pursuant to Rule 14.36 of the Listing Rules.

Reference is made to the Company’s announcements dated 7 December 2009 (the “**First Announcement**”), 23 December 2009 (the “**Second Announcement**”) and 15 January 2010 (the “**Delay Announcement**”) in relation to, amongst other things, the acquisition of the equity interest in Fuxin Branch and Tongliao Branch of Beijing Jianong Yongxing Agricultural Production Materials Company Limited. Capitalized terms used in this announcement shall have the same meanings as those defined in the aforesaid announcements unless otherwise specified herein.

The Acquisition Agreement and the Supplemental Agreement (collectively the “**Agreements**”) shall lapse and terminate should the conditions precedent to the Agreements are not fulfilled on or before the long stop date, being 4 March 2010, and parties to the Agreements shall have no further claims against the other for costs, damages compensation, save for antecedent breaches. As at the date of this announcement, most of the conditions precedent were still outstanding. In particular, the Vendor is unable to complete restructuring of the Target Branches, thus setting up of the Target Company is unsuccessful. As a result, no accountant’s reports on the Target Company could be issued according to the requirements under the Listing Rules. The Board therefore, decided to terminate the Agreements with immediate effect.

According to the Acquisition Agreement, the Vendors should refund the sum of RMB1,000,000 (equivalent to approximately HK\$1,135,000), being the deposit paid by the Company to the Vendors as part of the Consideration.

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

Hong Kong, 4 March 2010

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Tan Sim Chew (Chairman), Ms. Kam Yuen (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.