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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)*

*website : [www.cergreen.com](http://www.cergreen.com)*

**(Stock Code: 1130)**

### **VOLUNTARY ANNOUNCEMENT FORMATION OF JOINT VENTURE**

On 10 September 2010, the Company's wholly-owned subsidiary, EAL entered into the JV Agreement with WTD under which the parties have agreed to form the JV which will be principally engaged in environmental industry specialized in urban sewage, industrial wastewater, leachate treatment and solid waste treatment. It will perform product and technology development, design, installation, construction, operation, technology application and technology consulting services to sewage and solid waste treatment plant.

Pursuant to the terms of the JV Agreement, the registered capital of the JV will be HK\$4,000,000. The Group will contribute an aggregate of up to HK\$2,040,000 in cash for 51% equity interest in JV. WTD will contribute HK\$1,960,000 in cash for 49% of the equity interest in JV. Upon establishment, the JV will become an indirect non-wholly owned subsidiary of the Company.

## **THE JV AGREEMENT**

The Board is pleased to announce that on 10 September 2010, the JV Agreement is entered into between the Company's wholly-owned subsidiary, EAL and WTD, pursuant to which a JV will be established.

**Date** : 10 September 2010

**Parties** : EAL

WTD, an Independent Third Party

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

### **Formation of Joint Venture**

The parties to the JV Agreement agreed that JV will be established and will be owned beneficially as to 51% by a wholly owned subsidiary of the Company and as to the balance of 49% by WTD. Upon establishment, the JV will become an indirect non-wholly owned subsidiary of the Company.

The JV will be principally engaged in environmental industry specialized in urban sewage, industrial wastewater, leachate treatment and solid waste treatment. It will perform product and technology development, design, installation, construction, operation, technology application and technology consulting services to sewage and solid waste treatment plant.

### **Registered Capital and Capital Commitment**

The registered capital of the JV will be HK\$4,000,000. The Group's initial capital commitment to the JV will be HK\$2,040,000 in cash, representing 51% equity interests and WTD's initial capital commitment will be HK\$1,960,000 in cash, representing 49% equity interests.

The Group intends to finance the capital contribution to the JV from its internal resource.

Apart from the contribution towards the registered capital set out above, there are no further capital commitments that are required to be contributed by the parties to the JV Agreement at this stage. If there is any further material capital commitments to be put up by the parties thereto to the JV, further announcement will be made if and when appropriate to comply with the requirements under the Listing Rules.

## **Board of Directors**

The board of directors of JV will comprise five directors, of which two will be nominated by WTD and three will be nominated by EAL.

## **REASONS FOR THE JV AGREEMENT**

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.

The Group is also constantly developing advance environmental technologies for high growth and potential projects in order to broaden the Group’s income stream and increase the shareholders’ value. WTD has extensive experience in application and development of solid waste and sewage treatment technology. The entering of the JV Agreement represents a good opportunity for the Company to further invest in environmental industry which is line with the Group’s strategy of green business development.

The Group will further diversify the product range, improve its products’ structure and enhance its anti-risk ability and profitability.

The Directors, including the independent non-executive Directors, consider that the terms of the JV Agreement are entered into upon normal commercial terms following arm’s length negotiations among the parties and the terms of the JV Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

<b>“Board”</b>	the board of Directors
<b>“Company”</b>	China Environmental Resources Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange

<b>“connected persons”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Directors”</b>	directors (including the independent non-executive directors) of the Company from time to time
<b>“EAL”</b>	Energy Ally Investments Limited, a company incorporated under the laws of the British Virgin Islands, the Company’s wholly-owned subsidiary
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Independent Third Parties”</b>	third parties independent of the Company and its connected persons and are not connected persons of the Company
<b>“JV”</b>	a limited company to be established in the British Virgin Islands in accordance with the terms of the JV Agreement
<b>“JV Agreement”</b>	the joint venture agreement dated 10 September 2010 and entered into between EAL and WTD with respect to the formation of JV
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“PRC”</b>	the People’s Republic of China
<b>“Shareholder(s)”</b>	holders of Share(s)
<b>“Shares”</b>	ordinary shares of HK\$0.01 each in the share capital of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited

“WTD”	Wealthy Technology Development Limited (康富科技發展有限公司), a company incorporated under the laws of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

.By Order of the Board  
**China Environmental Resources Group Limited**  
**Kam Yuen**  
*Chairman*

Hong Kong, 10 September 2010

*As at the date of this announcement, the Board comprises three executive directors, namely Ms. Kam Yuen (Chairman and Chief Executive Officer), Mr. Leung Kwong Choi and Mr. Kwok Wai, Wilfred; and three independent non-executive directors, namely Mr. Cheung Ngai Lam, Mr. Christopher David Thomas and Mr. Wong Kwai Sang.*