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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform Shareholders and potential investors that the Group expects to record significant losses for the year ended 30 June 2011 as compared to the profit recorded for the year ended 30 June 2010, mainly attributed to the impairment of goodwill arising from the acquisitions of subsidiaries and impairment of patents during the year ended 30 June 2011.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Environmental Resources Group Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and the potential investors that the Group is expected to record significant losses for the year ended 30 June 2011 as compared to the profit recorded for the year ended 30 June 2010, mainly attributed to the impairment of goodwill arising from the acquisitions of subsidiaries and impairment of patents during the year ended 30 June 2011.

The Group's audited consolidated financial results for the year ended 30 June 2011 will be announced on 30 September 2011. Shareholders and potential investors are advised to read the financial results announcement of the Group when it is published.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 23 September 2011

As at the date of this announcement, the Board comprises three executive directors, namely Ms. Kam Yuen (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.