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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)

**ANNOUNCEMENT
FOR
PRICE-SENSITIVE INFORMATION
NO. 73 REGIMENT AGREEMENT**

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

The Board announces that on 6 November 2010, the Company's indirect wholly-owned subsidiary, Natural Sign entered into the Agreement with the No.73 Regiment, pursuant to which Natural Sign will invest RMB20,000,000.00 for the establishment of production centre and related facilities for the production and sale of organic fertilizer.

AGREEMENT

The Board announces that on 6 November 2010, the Company's indirect wholly-owned subsidiary, Natural Sign entered into the Agreement with the No.73 Regiment, pursuant to which Natural Sign will invest RMB20,000,000.00 for the establishment of production centre and related facilities for the production and sale of organic fertilizer.

Pursuant to the Agreement, Natural Sign shall establish the production centre of land area 26,680 square meters operating for 50 years with annual production capacity of 20,000 tons in the industrial area of Nangang No.73 Regiment nearby the 316 provincial road. Natural Sign shall assist No. 73 Regiment to establish national brand in organic farming products and avail technical support to No. 73 Regiment during its national brand building process. Natural Sign shall avail to local end farmers the united, quality and efficient services and shall establish related service organization and platform.

Pursuant to the Agreement, the No.73 Regiment shall assist Natural Sign's sale of not less than 5 sets of O-Live Organic Waste Treatment System and the promotion of products, technology and environmental organic farming model for the region and nearby areas. The No.73 Regiment shall assist Natural Sign to obtain the best taxation policies under national laws, regulations and policies and local regional policies and to obtain related industries policies benefits and funding support. No. 73 Regiment shall not introduce enterprise of similar products competing to that of Natural Sign in the next five years.

INFORMATION OF NO. 73 REGIMENT

Xinjiang is China's largest autonomous region of a total area of 1,664,900 square kilometers. It is a major agricultural base and its primary industry accounted for 17.8% of GDP in 2007.

The <Several Policies and Regulations for Encouraging Foreign Investments> published by Xinjiang government had identified agriculture, forestry, livestock and environmental treatments as the key industries in the future development.

The No.73 Regiment is in Gongliu County of Ili which is located in the western of Xinjiang. This regiment processes an area of 430,000 Mu of land that cultivated with

grain, oil-bearing crops and industrial crops, such as winter wheat, rice, maize, soybean, and oil sunflower. The regiment and the surrounding area inside Gongliu County process an area of 120,000 Mu of fruit plantation area, within which are cultivated with dried apricot, apple, walnuts, grape, and nectarine. Regarding the livestock farming, there are more than 600,000 heads of livestock and 1.6 million of poultries.

INFORMATION OF THE COMPANY

The Group is principally engaged in the business of research, development and application of technologies, manufacture, sale and distribution of products, materials and systems for green market segments vertically integrated from environmental system, plantation material, and ecological plantation to green medical application.

REASONS AND BENEFITS

The Group successfully 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. The Group’s organic fertilizer product (Tian Mi Mi) was awarded the 2009 leading brand in the industry of organic fertilizer market.

The Board considered that the Agreement with the No.73 Regiment 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 contributing to its green business development in the PRC.

In view of the above, the Directors consider that the terms of the Agreement are on normal commercial terms, in the ordinary course of business and in the interests of the Company and the Shareholders as a whole and are fair and reasonable.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Agreement”	The Agreement signed between Natural Sign Investment Limited and The Agricultural No.4 Division No.73 Regiment on 6 November 2010
“Board”	The board of Directors
“Company”	China Environmental Resources Group Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“Director(s)”	Directors of the Company
“Group”	The Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Natural Sign”	Natural Sign Investments Limited, a company incorporated under the laws of Hong Kong, an indirect wholly-owned subsidiary of the Company
“No.73 Regiment”	The Agricultural No.4 Division No.73 Regiment of the Xinjiang Production and Construction Corps in Ili, Xinjiang region.
“PRC”	The People’s Republic of China
“Share(s)”	Ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”

Holders of Share(s)

“Stock Exchange”

The Stock Exchange of Hong Kong
Limited

By Order of the Board

China Environmental Resources Group Limited

Kam Yuen

Chairman

Hong Kong, 9 November 2010

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.