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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
LETTER OF INTENT**

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

The Board announces that after the trading hours on 12 February 2010, the Company's indirect wholly-owned subsidiary, Sino Asset entered into a non-legally binding LOI with the People's Government of Dangshan County, Anhui Province, pursuant to which Sino Asset will invest RMB30,000,000 and establish an organic fertilizer production centre and related facilities with the production capacity of 100,000 tonnes for the manufacturing, supplying, sales and marketing of organic fertilizer and organic products for the Dangshan County. The LOI will be expired on 11 May 2010.

Shareholders and potential investors should note that the LOI is not legally binding and that the binding and definitive agreement may or may not be executed by both parties eventually. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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Pursuant to the LOI, Dangshan County shall avail the best terms and conditions regarding related policies, land and tax benefits for Sino Asset's establishment.

INFORMATION OF DANGSHAN COUNTY, ANHUI PROVINCE

Anhui Province, an area of 4.08 million hectares of arable and fertile land, suitable for wide varieties of crops plantation. In 2007, crop production is about 6,000 million tonnes. Dangshan County, intersects between Anhui, Jiangsu, Shandong and Henan provinces, with a total area of 1,193 square kilometers, is a national ecological demonstration zones with nearly a million mu area producing three billion kilograms of fruit annually.

INFORMATION OF THE COMPANY

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. 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.

Eyeing on the increasing share of organic fertilizer in total fertilizer market, the Group established self-operated production bases to utilize the raw materials from its O-Live System, to serve increasing orders and to enhance operating profit.

The Board considered that the entering into of the LOI 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 further enhance its competitiveness.

GENERAL

The LOI sets out the principles for the co-operation between Sino Asset and Dangshan County. In respect of the co-operation under the LOI, both parties will, after taking into account the relevant circumstances, enter into separate agreements to further detail the terms and conditions of the co-operation under the LOI. The Company will fully comply with the Listing Rules and make relevant disclosure whenever necessary.

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DEFINITIONS

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

“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
“LOI”	Letter of Intent dated 12 February 2010 entered into between Sino Asset and the People’s Government of Dangshan County, Anhui Province, PRC
“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)

“Sino Asset”	Sino Asset Development Limited, a company incorporated under the laws of Hong Kong, an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 12 February 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.