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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
SHUFU COUNTY AGREEMENT**

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

The Board announces that on 30 October 2010, the Company's indirect wholly-owned subsidiary, Advance Bond entered into the Agreement with the People's Government of Shufu County, Xinjiang Uygur Autonomous Region, pursuant to which Advance Bond will register the Wholly Owned Foreign Enterprise (WOFE) and invest RMB30, 000,000.00 for the establishment of production centre and related facilities for the production and sale of organic fertilizer.

AGREEMENT

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The WOFE will utilize approximate area of 50 Mu under a period of two years construction. The investment intensity of fixed assets will be no less than RMB400,000.00 per Mu and the greening area will be no less than 20 percent of the construction design.

Pursuant to the Agreement, Shufu County shall avail the best terms and conditions regarding related policies, land and tax benefits under national West Development Plan and related local policy.

INFORMATION OF SHUFU COUNTY

Xinjiang is China's largest autonomous region of 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.

Shufu County is in the southwest of Xinjiang Uygur Autonomous Region, with a total area of 3,513 square kilometers. Shufu County possesses an area of 583,000 Mu of cultivated land including 417,200 Mu of fruit plantation area, within which are cultivated with high economic value crops, such as apricot, pomegranate, grapes, sea-buckthorn and other quality fruits. Shufu County is one of the production bases of grain, cotton, fruit, livestock, and vegetable in Xinjiang. Regarding the livestock farming, during the recent years, Shufu County is expanding the scale of livestock farming quickly. At the end of June 2010, the region had 1,127,200 heads of livestock, including cattle, sheep and pig.

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.

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 Shufu County 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:

“Advance Bond”	Advance Bond Holding Limited, a company incorporated under the laws of Hong Kong, an indirect wholly-owned subsidiary of the Company
“Agreement”	the Shufu County Agreement signed between Advance Bond Holdings Limited and the Peoples’ Government of Shufu County on 30 October 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
“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, 4 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.