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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)

VOLUNTARY ANNOUNCEMENT

THE CO-OPERATION AGREEMENT

On 29 April, 2010, XJ Protech, an indirect wholly-owned subsidiary of the Company, entered into the Co-Operation Agreement with Tecon .

Pursuant to the co-operation agreement, Tecon shall acquire waste-to-value “O-Live Organic Waste Treatment System” (“O-Live System”) from XJ Protech. XJ Protech, through its to be formed wholly-owned subsidiary, shall establish a factory with investment of RMB11,050,000 (equivalent to approximately HK\$12.56 million) for production of organic fertilizer in Tecon’s livestock farm. XJ Protech is responsible for overall management, financial control, technology application, branding and marketing while Tecon is responsible for the daily operation of the factory and sale of the fertilizer product. Tecon is entitled for revenue sharing, being 3% of the annualized turnover of the sales of organic fertilizers.

As each of the applicable percentage ratios pursuant to Rule 14.06 of the Listing Rules in respect of the transaction amount contemplated in the Co-Operation Agreement is less than 5%, this announcement is made on a voluntary basis.

THE CO-OPERATION AGREEMENT

Date

29 April 2010

Parties

Party A : XJ Protech

Party B : Tecon

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Tecon and its ultimate beneficial owner are third parties independent of the Company and the connected persons of the Company. Tecon has the same parent company as Xinjiang Tecon Animal Husbandry Bio-Technology Co.,Ltd 新疆天康畜牧生物技术股份有限公司, a PRC company whose shares are listed on the Shenzhen Stock Exchange (stock code : 002100). The main business of Tecon is the production and sales of livestock feed and related products.

Terms

Pursuant to the co-operation agreement, Tecon shall acquire waste-to-value "O-Live Organic Waste Treatment System" ("O-Live System") from XJ Protech. XJ Protech, through its to be formed wholly-owned subsidiary, shall establish a factory with investment of RMB11,050,000 (equivalent to approximately HK\$12.56 million) for production of organic fertilizer in Tecon's livestock farm. XJ Protech is responsible for overall management, financial control, technology application, branding and marketing while Tecon is responsible for the daily operation of the factory and the sale of organic fertilizer. Tecon is entitled for revenue sharing, being 3% of the annualized turnover of the sales of organic fertilizers.

INFORMATION ON THE GROUP, XJ PROTECH AND TECON

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 establishes self-operated production bases to utilize the raw materials from its O-Live System, to serve increasing orders and to enhance operating profit.

XJ Protech is registered and existing under the laws of the PRC and is principally engaged in the holding of fertilizer patents and O-Live System technology patent.

REASONS AND BENEFITS

Tecon Group, its associate company whose shares are listed on the Shenzhen Stock Exchange (stock code : 2100), is one of the leading PRC enterprises engaging in production and sale of livestock feed and related products. It's extensive network of animal husbandry industries avails business opportunities for the Group's O-Live System and its established sales channels covering major agricultural regions assists the sale of organic fertilizer of the Group. The Co-Operation Agreement will widen the Group's revenue source and allows the Group to explore the vast business potential and further capture the organic fertilizer market in Xinjiang, the PRC.

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

LISTING RULES IMPLICATION

As each of the applicable percentage ratios pursuant to Rule 14.06 of the Listing Rules in respect of the transaction amount contemplated in the Co-Operation Agreement is less than 5%, this announcement is made on a voluntary basis.

DEFINITIONS

In this announcement, the following expressions 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
“connected person(s)”	has the meaning given to it by the Listing Rules
“Co-Operation Agreement”	Production and Sale of Organic Fertilizer Co-Operation Agreement entered on 29 April 2010.
“Director(s)”	the Director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tecon”	昌吉天康畜牧科技有限公司 (Changji Tecon Animal Husbandry Bio-Technology Co. Ltd.*), a company registered and existing under the laws of the PRC
“XJ Protech”	新疆普德士生物有限公司 (Xinjiang Protech Biology Ltd.*), a company registered and existing under the laws of the PRC

For illustrative purposes, amounts in RMB in this announcement have been translated into HK\$ at an exchange rate of HK\$1.136 to every dollar of RMB. No representation is made that any amount in RMB could have been or could be converted at such rate or any other rates.

* *For identification purposes only*

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

Hong Kong, 30 April 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.