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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)**

### **PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE**

#### **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Existing Shares of HK\$0.02 each will be consolidated into one (1) Consolidated Share of HK\$0.1 each. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM.

As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 divided into 15,000,000,000 Existing Shares of par value of HK\$0.02 each, of which 2,036,538,114 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming that all 407,307,622 Placing Shares have been successfully placed and there will be no change in the issued share capital of the Company (other than the issue of the Placing Shares) from the date of this announcement up to the date of completion of the Placing, the authorised share capital of the Company is HK\$300,000,000 divided into 15,000,000,000 Existing Shares of par value of HK\$0.02 each, of which 2,443,845,736 Existing Shares will be in issue and fully paid or credited as fully paid.

Assuming that all 407,307,622 Placing Shares have been successfully placed and there will be no change in the issued share capital of the Company from the date of completion of the Placing up to the effective date of the Share Consolidation, immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company will remain at HK\$300,000,000 divided into 3,000,000,000 Consolidated Shares of par value of HK\$0.1 each, of which 488,769,147 Consolidated Shares will be in issue and fully paid or credited as fully paid.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 4,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 20,000 Consolidated Shares subject to and upon the Share Consolidation becoming effective.

### **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Share Consolidation and accordingly, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the EGM.

A circular containing, among other things, further information on the Share Consolidation and the Change in Board Lot Size together with a notice of the EGM are expected to be despatched to the Shareholders on or before Thursday, 14 March 2024.

**The Shareholders should note that the Share Consolidation and the Change in Board Lot Size are conditional upon the fulfilment of their respective conditions. Therefore, the Share Consolidation and the Change in Board Lot Size may or may not proceed. The Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and should consult their professional advisers if in doubt.**

## **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Existing Shares of HK\$0.02 each will be consolidated into one (1) Consolidated Share of HK\$0.1 each.

### **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 divided into 15,000,000,000 Existing Shares of par value of HK\$0.02 each, of which 2,036,538,114 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming that all 407,307,622 Placing Shares have been successfully placed and there will be no change in the issued share capital of the Company (other than the issue of the Placing Shares) from the date of this announcement up to the date of completion of the Placing, the authorised share capital of the Company is HK\$300,000,000 divided into 15,000,000,000 Existing Shares of par value of HK\$0.02 each, of which 2,443,845,736 Existing Shares will be in issue and fully paid or credited as fully paid.

Assuming that all 407,307,622 Placing Shares have been successfully placed and there will be no change in the issued share capital of the Company from the date of completion of the Placing up to the effective date of the Share Consolidation, immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company will remain at HK\$300,000,000 divided into 3,000,000,000 Consolidated Shares of par value of HK\$0.1 each, of which 488,769,147 Consolidated Shares will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation and the Change in Board Lot Size, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled.

### **Conditions of the Share Consolidation**

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the Listing Committee granting the approval for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

As at the date of this announcement, none of the conditions above had been fulfilled.

Subject to the fulfilment of all the above conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Tuesday, 9 April 2024, being the second Business Day immediately following the date of the EGM.

### **Listing application**

An application will be made by the Company to the Listing Committee for the grant of approval for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange and the SGX-ST, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange and the SGX-ST, and no such listing or permission to deal is being or is proposed to be sought.

#### **Adjustments in relation to other securities of the Company**

As of the date of this announcement, there are a total of 87,171,268 outstanding Share Options granted under the Share Option Scheme entitling the holders thereof to subscribe for up to an aggregate of 87,171,268 Existing Shares.

According to the rules of the Share Option Scheme, in the event of any alteration in the capital structure of the Company whilst any Share Option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of the Company or otherwise howsoever, then, in any such case the Company shall instruct the auditors or independent financial adviser to the Company to certify in writing the adjustment, if any, to the number of Shares to which the Share Option Scheme or any Share Option(s) relates and the subscription price of any unexercised Share Option. Any such adjustment shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any Share Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event. No such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The Company will make further announcement(s) on such adjustments (if any) required to be made in respect of the outstanding Share Options as a result of the Share Consolidation as and when appropriate and any such adjustment will be certified by the auditors or an independent financial adviser of the Company.

Save as disclosed above, as of the date of this announcement, the Company has no outstanding convertible securities, debt securities, derivatives, options, warrants or other similar securities which are convertible or exchangeable into Shares.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 4,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 20,000 Consolidated Shares subject to and upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.042 per Existing Share (equivalent to HK\$0.21 per Consolidated Share) as quoted on the Stock Exchange on the date of this announcement, the market value of each board lot of 20,000 Consolidated Shares, assuming the Share Consolidation and the Change in Board Lot Size becoming effective, would be HK\$4,200.

## **OTHER ARRANGEMENTS**

### **Fractional entitlement to the Consolidated Shares**

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

### **Free exchange of share certificates for the Consolidated Shares**

Subject to the Share Consolidation becoming effective, which is currently expected to be Tuesday, 9 April 2024, being the second Business Day immediately following the date of the EGM, the Shareholders may submit their existing share certificates in brown colour for the Existing Shares on or after Tuesday, 9 April 2024 and until Friday, 17 May 2024 (both days inclusive) to the Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong in exchange for new share certificates on the basis of every five (5) Existing Shares for one (1) Consolidated Share without any fractional Consolidated Share, in blue colour for the Consolidated Shares at the expenses of the Company. It is expected that the new share certificates for the Consolidated Shares will be available for collection within ten (10) Business Days after submission of the existing share certificates to the Registrar for exchange. Thereafter, a fee of HK\$2.50 (or such other amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Registrar for each share certificate for the Consolidated Shares issued or each share certificate for the Existing Shares submitted for cancellation, whichever is higher.

After 4:10 p.m. on Tuesday, 14 May 2024, trading will only be in Consolidated Shares which share certificates will be issued in blue colour. Share certificates in brown colour for the Existing Shares will cease to be valid for trading, settlement and registration purpose, but will remain valid and effective as documents of title.

### **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation and the Change in Board Lot Size, the Company will appoint a securities firm as agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

### **REASONS FOR THE PROPOSED SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” (the “**Guide**”) issued by Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated on 1 October 2020 states that (i) market price of the shares at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected market value per board lot should be greater than HK\$2,000.

The Existing Shares have been trading below HK\$0.10 and the value of each board lot has remained below HK\$2,000 during the past six months. In view of the above, the Board considers that the Share Consolidation and the Change in Board Lot Size will (i) bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange and the board lot value of the Consolidated Shares, thereby enabling the Company to comply with the trading requirements under the Listing Rules as well as the Guide; (ii) reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot since most of the banks or securities firms will charge a minimum transaction fee for each securities trade; and (iii) maintain the trading amount for each board lot at a reasonable level and attract a broader range of investors, and therefore further broaden the shareholder base of the Company.



Other than the expenses to be incurred in relation to the Share Consolidation and the Change in Board Lot Size, the implementation of the Share Consolidation and the Change in Board Lot Size will have no effect on the consolidated net asset value of the Group, nor alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled. Although the Share Consolidation and the Change in Board Lot Size may lead to the creation of odd lots of Shares, the Company will appoint a securities firm as agent to provide matching services for odd lots of Shares for a period of not less than three weeks, which will alleviate the difficulties caused by the creation of odd lots of Shares. In view of the above, the Board considers that the Share Consolidation and the Change in Board Lot Size are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Share Consolidation and the Change in Board Lot Size, and except for the Placing as disclosed in the announcement of the Company dated 16 February 2024, the Company does not have any concrete plan to conduct any fundraising activities in the next twelve months. However, the Board will not rule out the possibility of any fundraising activities it may consider when it is reasonably necessary for the Group to raise fund to meet its operational needs or for future development of the Group. The Company will make further announcement(s) in this regard in accordance with the Listing Rules as and when appropriate.

## **EXPECTED TIMETABLE**

Set out below is the expected timetable for the Share Consolidation and the Change in Board Lot Size. The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

<b>Event</b>	<b>Date and time</b>
Date of despatch of the circular, together with the notice of the EGM and proxy form for the EGM	on or before Thursday, 14 March 2024
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM	4:00 p.m. on Wednesday, 27 March 2024
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM	Thursday, 28 March 2024 to Friday, 5 April 2024 (both days inclusive)

<b>Event</b>	<b>Date and time</b>
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Wednesday, 3 April 2024
Record date for attendance and voting at the EGM	Friday, 5 April 2024
Date and time of the EGM	11:00 a.m. on Friday, 5 April 2024
Publication of the announcement of the poll results of the EGM	Friday, 5 April 2024

**The following events are conditional on the fulfilment of all the conditions for the implementation of the Share Consolidation as set out in this announcement.**

Effective date of the Share Consolidation	Tuesday, 9 April 2024
Dealing in the Consolidated Shares commences	9:00 a.m. on Tuesday, 9 April 2024
First day of free exchange of existing share certificates for new share certificates for Consolidated Shares	Tuesday, 9 April 2024
Original counter for trading in the Existing Shares in board lots of 4,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Tuesday, 9 April 2024
Temporary counter for trading in the Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 9 April 2024
Original counter for trading in the Consolidated Shares in new board lots of 20,000 Consolidated Shares (in the form of new share certificates for the Consolidated Shares) re-opens	9:00 a.m. on Tuesday, 23 April 2024
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences	9:00 a.m. on Tuesday, 23 April 2024
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Tuesday, 23 April 2024



<b>Event</b>	<b>Date and time</b>
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Tuesday, 14 May 2024
Temporary counter for trading in the Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Tuesday, 14 May 2024
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) ends	4:10 p.m. on Tuesday, 14 May 2024
Last day and time for free exchange of existing share certificates for new share certificates for the Consolidated Shares	4:00 p.m. on Friday, 17 May 2024

## **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Share Consolidation and accordingly, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the EGM.

A circular containing, among other things, further information on the Share Consolidation and the Change in Board Lot Size together with the notice of the EGM is expected to be despatched to the Shareholders on or before Thursday, 14 March 2024.

**The Shareholders should note that the Share Consolidation and the Change in Board Lot Size are conditional upon the fulfilment of their respective conditions. Therefore, the Share Consolidation and the Change in Board Lot Size may or may not proceed. The Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and should consult their professional advisers if in doubt.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks generally are open for general banking business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 4,000 Existing Shares to 20,000 Consolidated Shares upon the Share Consolidation becoming effective
“Company”	China Environmental Resources Group Limited (Stock Code: 1130), a company incorporated in the Cayman Islands with limited liability, the Shares of which have a primary listing on the Main Board of the Stock Exchange and a secondary listing on the SGX-ST
“Consolidated Share(s)”	the issued and unissued ordinary share(s) of HK\$0.1 each in the share capital of the Company upon the Share Consolidation becoming effective
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation and the matters contemplated thereunder
“Existing Share(s)”	the issued and unissued ordinary share(s) of HK\$0.02 each in the existing share capital of the Company before the Share Consolidation becoming effective

“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	has the meaning ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares by Get Nice Securities Limited (as the placing agent) at the placing price of HK\$0.04 per Placing Share pursuant to the terms and subject to the conditions set out in the placing agreement dated 16 February 2024 entered into between the Company and Get Nice Securities Limited in relation to the Placing, as disclosed in the announcement of the Company dated 16 February 2024
“Placing Shares”	up to a total of 407,307,622 new Existing Shares to be placed pursuant to the placing agreement dated 16 February 2024 entered into between the Company and Get Nice Securities Limited in relation to the Placing
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“SGX-ST”	the Singapore Exchange Securities Trading Limited
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be, whether issued or unissued
“Share Consolidation”	the proposed consolidation of every five (5) issued and unissued Existing Shares of HK\$0.02 each into one (1) Consolidated Share of HK\$0.1 each

“Share Option(s)”	the share option(s) granted under the Share Option Scheme to subscribe for new Shares
“Share Option Scheme”	the share option scheme adopted by the Company on 11 November 2015
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board  
**China Environmental Resources Group Limited**  
**Yeung Chi Hang**  
*Chairman and Chief Executive Officer*

Hong Kong, 29 February 2024

*As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Yeung Chi Hang, Mr. Leung Kwong Choi, Mr. Wong Po Keung, Mr. Chung Siu Wah and Mr. Chik To Pan; and three independent non-executive Directors, namely Mr. Wong Kwai Sang, Mr. Heung Chee Hang, Eric and Mr. Lee Chi Ho.*