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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)**

**(1) RESULT OF THE EGM  
AND  
(2) ADJUSTMENTS IN RELATION TO  
THE SHARE OPTION SCHEME AND  
THE CONVERTIBLE NOTES  
AND  
(3) TEMPORARY SUSPENSION OF  
CROSS BORDER TRANSFER**

The Board is pleased to announce that the ordinary resolution to approve the Share Consolidation was duly passed at the EGM held on 14 January 2011.

The exercise price and the conversion price of the respective Share Options and the Convertible Notes will be adjusted upon the Share Consolidation becoming effective. The adjustments are set out herein.

References are made to the announcement of China Environmental Resources Group Limited (the “**Company**”) dated 9 December 2010 and the circular (the “**Circular**”) of the Company dated 24 December 2010 in relation to the Share Consolidation and change in board lot size. Unless otherwise stated, capitalised terms used herein shall bear the same meanings as those defined in the Circular.

### **POLL RESULT OF THE EGM**

The Board is pleased to announce that the ordinary resolution as set out in the notice of the EGM contained in the Circular was duly approved by the Shareholders by way of poll at the EGM held on 14 January 2011.

As at the date of the EGM, the total numbers of Shares in issue were 9,465,639,000 Ordinary Shares. A total of 4,263,792,000 Shares were held by the Shareholders who attended and voted in respect of the relevant resolution at the EGM. No Shareholder has any material interest in the Share Consolidation. Therefore no Shareholder is required to abstain from voting at the EGM in respect of the resolution to approve the same. There were no Shares in respect of which their holders were entitled to attend and vote only against the resolution of the EGM.

The Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, was appointed as the scrutineer for vote-taking at the EGM.

The poll result of the resolution was as follows:

Ordinary resolution	Number of votes (%)	
	For	Against
To approve the proposed Share Consolidation of every five (5) issued and unissued Shares of HK\$0.01 each in the capital of the Company into one (1) Consolidated Share of HK\$0.05 each and the transactions contemplated thereunder	4,262,920,000 (99.98%)	872,000 (0.02%)

The Board is also pleased to announce that the Share Consolidation will take effect on Monday 17 January 2011. Shareholders can submit their existing share certificates in **GREEN** for the Shares to the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for exchange for share certificates in **ORANGE** for the Consolidated Ordinary Shares from 17 January 2011 to 4:00 p.m. 24 February 2011 (both days inclusive) at the expense of the Company.

#### **ADJUSTMENTS IN RELATION TO THE SHARE OPTION SCHEME AND THE CONVERTIBLE NOTES**

Pursuant to the terms of the Share Option Scheme and the Convertible Notes, the exercise price and the conversion price of the respective Share Options and the Convertible Notes will be adjusted upon the Share Consolidation becoming effective.

The adjustments to the exercise prices and conversion prices of the respective Share Options and the Convertible Notes are set out below:

- |   |  |
|---|--|
| <p>(i) <b>The exercise price per Share and the number of Shares subject to the outstanding Shares Options under the Share Option Scheme before the Share Consolidation:</b></p> <p>(a) 396,060,000 Shares exercisable at HK\$0.117 each</p> <p>(b) 195,500,000 Shares exercisable at HK\$0.087 each</p> <p>(c) 301,320,000 Shares exercisable at HK\$0.075 each</p> | <p><b>New exercise price per Share (rounded to 3 decimal places) and the number of Shares subject to the outstanding Share Options under the Share Option Scheme after the Share Consolidation:</b></p> <p>(a) 79,212,000 Shares exercisable at HK\$0.585 each</p> <p>(b) 39,100,000 Shares exercisable at HK\$0.435 each</p> <p>(c) 60,264,000 Shares exercisable at HK\$0.375 each</p> |
| <p>(ii) <b>The Conversion price per Share and the number of Conversion Shares subject to the outstanding Convertible Note before the Share Consolidation:</b></p> <p><b>Convertible Notes:</b><br/>651,950,000 Shares at HK\$0.064 each</p>   | <p><b>New conversion price per Share and the number of Conversion Shares subject to the outstanding Convertible Note after the Share Consolidation:</b></p> <p><b>Convertible Notes:</b><br/>130,390,000 Shares at HK\$0.320 each</p>  |

The adjustments have been reviewed by Zhonglei (HK) CPA Company Limited, the Company's auditors, in accordance with the supplemental guidance issued by the Stock Exchange in September 2005, the terms of the Share Option Scheme and the Convertible Notes.

#### **TEMPORARY SUSPENSION OF CROSS BORDER TRANSFER**

The securities of the Company is also listed or dealt in the Singapore Exchange Securities Trading Limited. The last day of trading of Shares on a pre-consolidated basis is 14 January 2011. As the trade settlement cycle in Singapore is trade day ("T") plus 3 days while in Hong Kong is T plus 2 days, Hong Kong will settle trade on 18 January 2011 while Singapore will settle trade on 19 January 2011. Accordingly, the cross border transfer of securities of the Company between Singapore and Hong Kong will be suspended on 19 January 2011.

By Order of the Board  
**China Environmental Resources Group Limited**  
Kam Yuen  
**Chairman**

Hong Kong, 14 January 2011.

*As at the date hereof, 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.*