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CT ENVIRONMENTAL GROUP LIMITED
中滔環保集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1363)

**UNAUDITED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

This announcement is made by CT Environmental Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.49(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Reference is made to the Company’s announcement dated 29 March 2019 in relation to, among other things, the delay in publication of the Company’s audited annual results for the year ended 31 December 2018 (the “**Delay Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meaning ascribed to them in the Delay Announcement.

As stated in the Delay Announcement, the publication of the unaudited consolidated financial statements of the Group for the year ended 31 December 2018 may not be a true and fair reflection of the financial performance and position of the Group which may be misleading and confusing to the shareholders of the Company, potential investors and other stakeholders. However, in order to provide information to the shareholders of the Company and potential investors for them to have a preliminary assessment of the performance of the Group, we set out below a summary of the unaudited consolidated financial information of the Group for the year ended 31 December 2018 (the “**2018 Annual Results**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Unaudited 2018 <i>HK\$'000</i>	Audited 2017 <i>HK\$'000</i>
Revenue	1,404,634	2,099,098
Cost of sales	(1,141,889)	<u>(1,298,871)</u>
Gross profit	262,745	800,227
Other income	141,431	327,563
Other gains and losses	(305,099)	84,780
(Impairment losses)/reversals of impairment losses		
on trade and other receivables	(88,833)	1,726
Administrative expenses	(298,320)	<u>(278,351)</u>
(Loss)/profit from operations	(288,076)	935,945
Finance costs	(162,571)	(124,780)
Share of profits of associates	1,378	1,333
Share of (loss)/profit of a joint venture	(2,825)	<u>362</u>
(Loss)/profit before tax	(452,094)	812,860
Income tax expense	(11,322)	<u>(131,437)</u>
(Loss)/profit for the year	(463,416)	<u>681,423</u>
Attributable to:		
Owners of the Company	(462,272)	682,480
Non-controlling interests	(1,144)	<u>(1,057)</u>
(Loss)/profit for the year	(463,416)	<u>681,423</u>
(Loss)/earnings per share		
Basic	(0.07)	<u>0.11</u>
Diluted	(0.07)	<u>0.11</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 2018 <i>HK\$'000</i>	Audited 2017 <i>HK\$'000</i>
(Loss)/profit for the year	(463,416)	681,423
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(205,403)</u>	<u>301,096</u>
Total comprehensive income for the year	<u>(668,819)</u>	<u>982,519</u>
Attributable to:		
Owners of the Company	(667,675)	983,576
Non-controlling interests	<u>(1,144)</u>	<u>(1,057)</u>
	<u>(668,819)</u>	<u>982,519</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 2018 HK\$'000	Audited 2017 HK\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,648,956	3,496,201
Prepaid land lease payments	322,243	335,443
Intangible assets	1,505,434	1,703,829
Goodwill	119,480	170,240
Investments in associates	9,561	8,629
Investment in a joint venture	892	3,790
Contract assets	302,313	324,715
Other receivables	321,498	611,521
Deferred tax assets	8,190	8,584
Total non-current assets	5,238,567	6,662,952
Current assets		
Inventories	42,904	22,191
Trade and other receivables	740,012	1,757,957
Contract assets	21,577	30,938
Pledged bank deposits	2,739	–
Deposits with a bank with original maturity date over three months	961	91,987
Bank and cash balances	269,424	518,960
Assets classified as held for sale	1,077,617	2,422,033
Total current assets	2,785,024	2,422,033

	Unaudited 2018 HK\$'000	Audited 2017 HK\$'000
LIABILITIES		
Current liabilities		
Trade and other payables	1,326,493	741,632
Bank loans	2,578,449	1,881,461
Current tax liabilities	<u>49,068</u>	<u>130,423</u>
	3,954,010	2,753,516
Liabilities directly associated assets classified as held for sale	<u>184,694</u>	—
Total current liabilities	<u>4,138,704</u>	2,753,516
Net current liabilities	<u>(1,353,680)</u>	(331,483)
Total assets less current liabilities	<u>3,884,887</u>	6,331,469
Non-current liabilities		
Bank loans	216,658	1,580,398
Deferred income	22,020	17,613
Deferred tax liabilities	<u>245,144</u>	<u>268,114</u>
Total non-current liabilities	<u>483,822</u>	1,866,125
NET ASSETS	<u><u>3,401,065</u></u>	<u><u>4,465,344</u></u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	157,920	157,920
Other reserves	<u>3,241,429</u>	<u>4,304,564</u>
	3,399,349	4,462,484
Non-controlling interests	<u>1,716</u>	<u>2,860</u>
TOTAL EQUITY	<u><u>3,401,065</u></u>	<u><u>4,465,344</u></u>

REASONS FOR DELAY FOR PUBLICATION OF ANNUAL RESULTS

The Company could not publish the audited 2018 Annual Results in accordance with Rule 13.49(1) of the Listing Rules due to the following reasons:

- (1) The Group's working capital position and cashflow position had deteriorated in 2018 and the auditor is in doubt as to whether the financial statements can be prepared on a going concern basis. Throughout the audit, the Group has been attempting to address the auditor's concern by sourcing alternative funding commitment and formulating the disposal of the Group's assets. However, as at the date of this announcement, no legally binding agreement has been reached for the above.
- (2) Several allegations were made against the Group by the Ministry of Ecology and Environment of the People's Republic of China (the “**PRC**”) on 19 October 2018 (the “**Incident**”). It was stated that Guangzhou Haitao Environmental Protection Technology Company Limited (“**Guangzhou Haitao**”), a wholly-owned subsidiary of the Company, was involved in illegal disposal of sludge, fraudulent receipt of fees for disposal of sludge and suspected forgery of the seals of state authorities (the “**Allegations**”).

From the auditor's perspective, the Allegations have invited additional fraud risk consideration, for which substantial audit work was added on to ascertain whether the Incident is an one-off and isolated case for Guangzhou Haitao only and whether similar incidents had happened to the other subsidiaries of the Company. Up to the date of this announcement, the auditor had not yet reached a conclusion to enable them to form an opinion on the Group's financial statements with the current audit evidence obtained.

Based on the unaudited financial information of Guangzhou Haitao for the year ended 31 December 2018 as extracted from the unaudited consolidated financial statements, the revenue and loss after tax of Guangzhou Haitao amounted to approximately RMB109.3 million and approximately RMB7.8 million respectively while the net assets amounted to approximately RMB538.5 million.

Shareholders and potential investors of the Company should note that the 2018 Annual Results has not been audited by the auditor of the Company and might be subject to potential adjustments during the ongoing audit process, the audited 2018 Annual Results may be substantially deviated from the unaudited 2018 Annual Results. The audit committee of the Company had reviewed the unaudited financial information of the Group published in this announcement.

Due to the reasons stated in this announcement, the Company is not able to provide a timetable for publication of the audited 2018 Annual Results. The Company will actively follow-up the concerns raised by the auditor and aim to publish the audited 2018 Annual Results as soon as practicable. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules in this regard.

GENERAL

Trading in the shares of the Company will continue to be suspended until further notice.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

By Order of the Board
CT Environmental Group Limited
Tsui Cham To
Chairman

Hong Kong, 25 April 2019

As at the date of this announcement, the executive directors of the Company are Mr. Tsui Cham To, Mr. Lu Xiao'an, Mr. Liang Qilin, Mr. Liang Zhenjie, Mr. Xu Juwen and Mr. Zhao Keyin and the independent non-executive directors are Mr. He Jingyong, Dr. Ng Wai Kuen, Mr. Yu Chung Leung and Mr. Zhang Lu Fu.