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中滔環保

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)

QUARTERLY UPDATE ANNOUNCEMENT

This announcement is made by the board of directors (the “**Board**”) of CT Environmental Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.24A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to (i) the announcements of the Company dated 29 March 2019, 1 April 2019, 25 April 2019, 25 June 2019 and 13 November 2019 (the “**Prior Announcements**”) in relation to, among other things, the suspension of trading in the shares of the Company (“**Shares**”) on the Stock Exchange pending the publication of the annual results of the Company and its subsidiaries for the year ended 31 December 2018 (the “**Annual Results**”), the reasons for such delay in publication and resumption guidance issued by the Stock Exchange, (ii) quarterly update announcement dated 28 June 2019 and 2 October 2019 (the “**Previous Quarterly Update Announcement**”), and (iii) the announcement dated 27 June 2019 in relation to certain legal proceedings against a number of subsidiaries of the Group (the “**Legal Update Announcement**”). Unless otherwise stated, capitalised term used in this announcement shall have the same meaning as those defined in the above relevant announcements.

BUSINESS OPERATIONS

The Group is a professional environmental plan and solution provider, which offers one-stop centralized and customized environmental protection services. The Group is engaged in services in the whole chain, inclusive of industrial wastewater treatment, industrial water supply, general and industrial solid waste treatment and hazardous waste disposal and treatment, urban and domestic waste detoxification, and environmental inspection. The Group had continued its normal business operations since the suspension of the trading of the Shares and save as disclosed below, there is no major change in the business operations of the Group since the suspension of the trading of the Shares.

On 18 December 2019, the Company entered into an agreement sell the equity interest representing the remaining 50% equity interest in a subsidiary which holds most of the investment projects of the Group in Guangxi Autonomous Region at a consideration of RMB610,000,000. The completion of the above disposal is expected to be on and before 10 January 2020. The Directors expect that the net proceeds from the disposal of approximately RMB609,000,000 will help to reduce the level of debt and the future finance costs of the Group thereby strengthening the capital structure and the cash position of the Group.

As disclosed in the Previous Quarterly Update Announcement, the Company is either considering or negotiating with various independent third parties in relation to disposal of certain non-core assets and non-core subsidiaries in order to improve the cashflow position.

As disclosed in the Previous Quarterly Update Announcement, an agreement had been signed for the disposal of 49% equity stake of a non-core subsidiary but the transaction has not completed yet owing to the outstanding release of equity pledge by a bank with respect to certain banking facility. The Group will continue to put efforts in order to reach similar agreements for other non-core subsidiaries.

UPDATE ON RESUMPTION PROGRESS

The Stock Exchange has set out the below resumption guidance in June 2019 and November 2019:

- (a) conduct an appropriate investigation into the Allegations, announce the findings and take appropriate remedial actions;

- (b) publish all outstanding financial results and address any audit modifications;
- (c) announce all material information for the Company's shareholders and other investors to appraise the Company's position;
- (d) demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules;
- (e) demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which will pose a risk to investors and damage market confidence; and
- (f) demonstrate that all Directors meet a standard of competence commensurate with their position as directors of a listed issuer.

For (b) above, the auditors of the Company, Crowe (HK) CPA Limited ("**Crowe**"), was just newly appointed on 17 October 2019 and is in the process of carrying out the audit work for the year ended 31 December 2018. The Company will publish further announcement in due course to inform the shareholders of the Company on the date of the release of the Annual Results. For the requirements of the other resumption guidance, the Company is taking necessary steps to fulfil such requirements and will keep inform the public on the progress as and when appropriate.

OTHER UPDATES

As disclosed in the Legal Update Announcement, a number of legal proceedings had been made against three subsidiaries of the Group (namely, Guangzhou Haitao, Guangzhou Liangang and Zhongshan Haitao), alleged that these subsidiaries (and some of the executive Directors) has been involved in criminal offences.

As of the date of this announcement, the hearing of the proceedings against Zhongshan Haitao and Guangzhou Haitao had been completed and are now waiting for the judgments to be issued. There is no information as to the expected date of the issue of such judgements while there is no material development regarding the status on the Guangzhou Liangang case.

The Company will keep the shareholders of the Company and the public informed of the progress of all the legal proceedings mentioned above as and when appropriate.

On 17 October 2019, RSM Hong Kong (“**RSM**”) has resigned as the auditors of the Company while Crowe has been appointed as the new auditors of the Company to fill the casual vacancy following the resignation of RSM and to hold office until the conclusion of the next annual general meeting of the Company. More details of the change in auditors were disclosed in the announcement dated 17 October 2019.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2019. Trading in the Shares will remain suspended until further notice.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares and other securities of the Company.

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

Hong Kong, 31 December 2019

As at the date of this announcement, the executive Directors are Mr. Tsui Cham To, Mr. Tsui Wai Kin, Mr. Lu Xiao'an, Mr. Xu Juwen, Mr. Liang Zhenjie, Ms. Xu Liuqi and Mr. Yuan Guanghua, and the independent non-executive Directors are Mr. He Jingyong, Dr. Ng Wai Kuen, Mr. Yu Chung Leung and Mr. Zhang Lu Fu.