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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 announcements dated 28 June 2019, 2 October 2019, 31 December 2019 and 1 April 2020 (the “**Previous Quarterly Update Announcements**”), and (iii) the announcements dated 27 June 2019 and 13 May 2020 in relation to certain legal proceedings against a number of subsidiaries of the Group (the “**Legal Update Announcements**”). 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.

As disclosed in the Previous Quarterly Update Announcements, an agreement had been signed for the disposal of 49% equity stake of a non-core subsidiary. As of the date of this announcement, this transaction has not completed yet owing to the outstanding release of equity pledge by a bank with respect to certain banking facility.

The Group is continuing its active and constructive discussions with certain local governments on: 1) the potential handover of some land parcels of the Group to the government in return for compensation; and 2) potential relocation and redevelopment of a project of the Group with relocation compensation from the government. As of the date of this announcement, no legally binding agreement has been reached in respect of the above.

The Group also engages in negotiations with potential investors to raise additional funding for the purpose of the repayment of certain bank loans and other indebtedness and for general working capital purpose of the Group. As of the date of this announcement, no legally binding agreement has been reached in respect of the above.

The Company will keep the shareholders of the Company (“**Shareholders**”) and the public informed of the progress of the above.

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.

On 12 May 2020, the Board has appointed Emperor Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as the financial adviser to the Company on matters relating to the resumption of trading in the shares of the Company on the Stock Exchange.

In respect of the outstanding financial results, Crowe is still in the process of carrying out the audit work for the year ended 31 December 2018. However, as most of the operations and management of the Company were located in Mainland China, the outbreak of COVID-19 pandemic and the subsequent travel restriction has significantly affected the audit works so that the progress of audit was slower than expected. The Company will fully assist Crowe in order to complete the audit of Annual Results and publish the announcement for the Annual Results as soon as practicable. 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. The Company is also in the course of preparing the relevant works required in relation to the publication of the interim results for the six months ended 30 June 2019, the annual results for the year ended 31 December 2019 and the interim results for the six months ended 30 June 2020.

On 29 June 2020, the Board resolved to form an independent investigation committee consisting of three independent non-executive Directors of the Company, namely Mr. He Jingyong, Dr. Ng Wai Kuen and Mr. Zhang Lu Fu (the “**Committee**”) for conducting an investigation (the “**Investigation**”) into the Allegations in respect of Guangzhou Haitao and recommend appropriate remedial actions, if necessary. The Board has engaged Crowe (HK) Risk Advisory Limited (“**Crowe Advisory**”), an independent risk advisory consultant to assist the Investigation. The Board has also engaged Crowe Advisory as internal control consultant to ensure the Company has in place adequate internal controls and procedures to comply with the Listing Rules.

For the requirements of the other resumption guidance, the Company is taking all 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 announcement dated 13 May 2020, judgements for the Zhongshan Haitao case and the Guangzhou Liangang case have been released while for Guangzhou Haitao case, there is no material development. The Company will keep the Shareholders and the public informed of the progress of the Guangzhou Haitao case as and when appropriate.

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
Huang Qing
Chairman and Executive Director

Hong Kong, 30 June 2020

As at the date of this announcement, the executive directors of the Company are Ms. Huang Qing, Mr. Tsui Wai Kin, Mr. Wu Changbiao, Mr. Xu Huagen and Ms. Xu Liuqi, and the independent non-executive directors of the Company are Mr. He Jingyong, Dr. Ng Wai Kuen and Mr. Zhang Lu Fu.