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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)**

**MAJOR TRANSACTION AND  
EXEMPTED CONNECTED TRANSACTION –  
DISPOSAL OF 50% EQUITY INTEREST  
IN THE TARGET COMPANY**

**THE AGREEMENT**

On 18 December 2019 (after trading hours), Agile Eco, the Company and the Target Company, entered into the Agreement, pursuant to which, among other things, Agile Eco conditionally agreed to purchase and the Company conditionally agreed to sell the Equity Interest, representing the remaining 50% equity interest in the Target Company, subject to the terms and conditions of the Agreement, at the aggregate consideration of RMB610,000,000.

Pursuant to the terms of the Agreement, Completion is expected to be on and before 10 January 2020. Upon Completion, the Company will cease to have any equity interest in the Target Company and thus the Target Company will cease to be a subsidiary of the Company upon Completion. Accordingly, the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Transaction exceeds 25% but is less than 75%, the Transaction constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, no Shareholder (including Mr. Tsui and Keen Vast) nor any of their respective close associates has any material interest in the Transaction. As such, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the entering into the Agreement and the Transaction. As at the date of this announcement, Mr. Tsui and Keen Vast, holding approximately 53.19% of the issued share capital of the Company, have provided a written Shareholders' approval on entering into the Agreement and the Transaction. Therefore, no general meeting will be convened for approving the entering into the Agreement and the Transaction pursuant to Rule 14.44 of the Listing Rules.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, further details relating to the Agreement and the Transactions is required to be despatched to the Shareholders within 15 business days (as defined in the Listing Rules) after the publication of this announcement.

As at the date of this announcement, as the Target Company is owned as to over 10% by Agile Eco, Agile Eco is therefore a connected person of the Company at the subsidiary level under the Listing Rules. As such, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that (a) Agile Eco is a connected person of the Company at the subsidiary level; (b) the Board has approved the Transaction; and (c) the independent non-executive Directors have confirmed that the terms of the Transaction are fair and reasonable, and that the Transaction is entered into on normal commercial terms or better, and is in the interests of the Company and its Shareholders as a whole, the Transaction is subject to the reporting and announcement requirements, but is exempt from circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

## **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 and potential investors of the Company should note that the Agreement and the Transaction are subject to a number of conditions which may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

Reference is made to the announcements of the Company dated 29 November 2018, 19 December 2018, 8 January 2019, 11 January 2019, 31 January 2019, 15 March 2019 and 12 April 2019 in relation to the major disposal of 50% equity interest in the Target Company, the transaction of which was completed on 8 January 2019. Subsequent to the transaction, the Board is pleased to announce that on 18 December 2019 (after trading hours), Agile Eco, the Company and the Target Company, entered into the Agreement, pursuant to which, among other things, Agile Eco conditionally agreed to purchase and the Company conditionally agreed to sell the Equity Interest, representing the remaining 50% equity interest in the Target Company, subject to the terms and conditions of the Agreement, at the aggregate consideration of RMB610,000,000.

## **THE AGREEMENT**

The principal terms of the Agreement are set out below:

### **Date:**

18 December 2019

### **Parties:**

- (1) Agile Eco, as purchaser
- (2) the Company, as vendor
- (3) the Target Company

## Subject Matter of the Agreement

Agile Eco conditionally agreed to purchase and the Company conditionally agreed to sell the Equity Interest at a total consideration of RMB610,000,000.

## Conditions Precedent

Completion is subject to fulfilment of the following conditions precedent:

- (1) prior to the payment of the first instalment of the consideration in an amount of RMB190,000,000 by Agile Eco (the “**First Instalment**”), (a) Agile Eco and the Company shall complete all preparation and execution of amendments to registration details of the Transaction with the relevant administration for industry and commerce; and (b) the Company shall provide executed in blank telegraphic transfer form(s) or cheque(s) stamped by certain subsidiaries of the Company (including Xizhou, Guangzhou Haitao, Guangzhou Xintao and Guangzhou Yinglong) for use of bank transfer by Agile Eco;
- (2) the Company shall procure Industrial and Commercial Bank of China Limited Guangzhou Xintang branch (中國工商銀行股份有限公司廣州新塘支行) (“**ICBC**”) to release the share charge over the Equity Interest of the Target Company created by the Company as chargor in favor of ICBC as chargee (the “**Share Charge**”) and complete the registration of the release with the relevant administration for industry and commerce within three (3) business days after the payment of the second instalment of the consideration in an amount of RMB260,000,000 by Agile Eco (the “**Second Instalment**”);
- (3) Upon (i) the execution of Cooperation Agreement by the Company, Agile Eco and ICBC; and (ii) the payment of the third instalment of the consideration in an amount of RMB160,000,000 by Agile Eco (the “**Third Instalment**”), the Company shall procure the release of the mortgage over the Land as security within 10 business days and assure that the Land shall be free from any encumbrance on its title; and
- (4) the Company shall assure that the Equity Interest shall be free from any order or other proceedings where encumbrance is created, and no such order or proceedings is pending, threatened or expected.

## **Consideration**

The consideration of the Transaction is RMB610,000,000.

The consideration was determined between the Company and Agile Eco after arm's length negotiations with reference to, among other things, the paid-in capital and the capital reserve, together with the cost of fund of the Group in relation to its investment in the Target Group in an amount of approximately RMB1,024,371,200 of the Target Company.

The consideration shall be payable by bank transfer by Agile Eco in the following manners:

- a) the First Instalment will be paid to the bank account designated by the Company within five (5) business days after the fulfilment of the condition precedent stated in paragraph (1) above. At the same time, the Company shall repay the respective loans due to Yulin Xintao and Bobai Yantao by repaying RMB170,000,000 to the bank account designated by Yulin Xintao and RMB20,000,000 to the bank account designated by Bobai Yantao;
- b) the Second Instalment will be paid to the bank account designated by the Company within three (3) business days after the fulfilment of (a) above; and
- c) the Third Instalment will be paid to the bank account designated by the Company by 10 January 2020.

## **Completion**

Subject to the fulfilment of all of the conditions precedent, Completion shall occur on the date of completion of the registration of the transfer of the Equity Interest with the relevant administration for industry and commerce.

## Termination

The Agreement shall be terminated:

- a) by written mutual agreement between the parties;
- b) in the event that any one of the conditions precedent stated in paragraphs (2) and (3) above, the repayment of loans from Yulin Xintao and Bobai Yantao and the registration of the Equity Interest with the relevant administration for industry and commerce has not fulfilled; or
- c) by other termination events which may occur pursuant to the Agreement or in accordance with relevant PRC laws.

Termination of the Agreement shall not affect the rights and remedies of the party against the defaulting party.

## INFORMATION OF THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC. As at the date of this announcement, it is owned as to 50% by the Company and 50% by Agile Eco and is a subsidiary of the Company. It is mainly engaged in business services in the PRC.

The unaudited total assets value and net assets value of the Target Company as at 31 October 2019 were approximately RMB1,027,908,020 and RMB1,022,546,120 respectively. The unaudited net losses of the Target Company for the two years ended 31 December 2017 and 31 December 2018 are set out below:

	<b>For the year ended 31 December 2017 RMB</b>	<b>For the year ended 31 December 2018 RMB</b>
Net loss before and after tax	215,604	193,849

## **INFORMATION OF AGILE ECO**

Agile Eco is a limited liability company established in Hong Kong. It is an indirect wholly-owned subsidiary of Agile Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3383) and is mainly engaged in real property development business in the PRC. Agile Eco and its subsidiaries are mainly engaged in solid waste treatment, environmental remediation and water, including hazardous waste treatment, domestic waste treatment, kitchen waste treatment, sludge treatment, soil environment remediation, water environment remediation, sewage treatment, water supply, etc.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Agile Group Holdings Limited and its ultimate beneficial owners are Independent Third Parties of the Company. As at the date of this announcement, as the Target Company is owned as to over 10% by Agile Eco, Agile Eco is therefore a connected person of the Company at the subsidiary level under the Listing Rules.

## **INFORMATION OF THE GROUP**

The Company was incorporated in Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. It is an investment holding company. 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.

Xizhou is a limited liability company incorporated in Hong Kong. It is an indirect wholly-owned subsidiary of the Company and is mainly engaged in investment holding.

Guangzhou Haitao is a limited liability company incorporated in the PRC. It is an indirect wholly-owned subsidiary of the Company and is mainly engaged in the provision of wastewater treatment services and sludge treatment services.

Guangzhou Xintao is a limited liability company incorporated in the PRC. It is an indirect wholly-owned subsidiary of the Company and is mainly engaged in the provision of wastewater treatment service.

Guangzhou Yinglong is a limited liability company incorporated in the PRC. It is an indirect wholly-owned subsidiary of the Company and is mainly engaged in the provision of wastewater treatment services.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

Reference is made to the announcements of the Company dated 29 November 2018, 19 December 2018, 8 January 2019, 11 January 2019, 31 January 2019, 15 March 2019 and 12 April 2019 in relation to the major disposal of 50% equity interest in the Target Company, the transaction of which was completed on 8 January 2019. Subsequent to the transaction, the parties have entered into the Agreement in transferring the Equity Interest in the Target Company from the Company to Agile Eco, representing the entire remaining Equity Interest held by the Company.

The Directors consider that the Transaction is a good opportunity 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. The Transaction will also be able to partly address the auditor's concerns on whether the financial statements of the Company can be prepared on a going concern basis as stated in our announcement dated 25 April 2019. Improvement of the cash position of the Group will enable the Group to capture business growth which may arise in the long run. The Transaction enables the Group to reallocate its resources for future investment and development of waste treatment and other environmental protection services.

Upon Completion, the Group would continue to be principally engaged in the provision of one-stop centralized and customized environmental protection services.

The Directors (including the independent non-executive Directors) is of the view that, given the consideration of the Transaction was determined between the Company and Agile Eco after arm's length negotiations with reference to, among other things, the paid-in capital and the capital reserve, together with the cost of fund of the Group in relation to its investment in the Target Group, the consideration of the Transaction is fair and reasonable.

Accordingly, the Directors (including the independent non-executive Directors) consider that the Transaction is conducted on normal commercial terms, which are fair and reasonable and in the interests of the shareholders as a whole.



## **USE OF PROCEEDS**

The Directors expect that the net proceeds from the Transaction, after deducting the expenses and taxes directly attributable thereto, will be approximately RMB609,000,000, which will mainly be used for the partial repayment of banking facility of ICBC, the repayments for advances from Yulin Xintao and Bobai Yantao and general working capital.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Transaction exceeds 25% but is less than 75%, the Transaction constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, no Shareholder (including Mr. Tsui and Keen Vast) nor any of their respective close associates has any material interest in the Transaction. As such, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the entering into the Agreement and the Transaction. As at the date of this announcement, Mr. Tsui and Keen Vast, holding approximately 53.19% of the issued share capital of the Company, have provided a written Shareholders' approval on entering into the Agreement and the Transaction. As such, no general meeting will be convened for approving the entering into the Agreement and the Transaction pursuant to Rule 14.44 of the Listing Rules.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, further details relating to the Agreement and the Transactions is required to be despatched to the Shareholders within 15 business days (as defined in the Listing Rules) after the publication of this announcement.

As at the date of this announcement, as the Target Company is owned as to over 10% by Agile Eco, Agile Eco is therefore a connected person of the Company at the subsidiary level under the Listing Rules. As such, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that (a) Agile Eco is a connected person of the Company at the subsidiary level; (b) the Board has approved the Transaction; and (c) the independent non-executive Directors have confirmed that the terms of the Transaction are fair and reasonable, and that the Transaction is entered into on normal commercial terms or better, and is in the interests of the Company and its Shareholders as a whole, the Transaction is subject to the reporting and announcement requirements, but is exempt from circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

## **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 and potential investors of the Company should note that the Agreement and the Transaction are subject to a number of conditions which may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

“Agile Eco”	Agile Eco Technology (Hong Kong) Limited (雅居樂生態環保科技(香港)有限公司), a company incorporated in Hong Kong
“Agreement”	the equity transfer agreement dated 18 December 2019 entered into by and among Agile Eco as purchaser, the Company as vendor and the Target Company in relation to the transfer of Equity Interest from the Company to Agile Eco
“Board”	the board of Directors

“Bobai Yantao”	Guangxi Bobai County Yantao Environmental Protection Technology Company Limited* (廣西博白縣研滔環保科技有限公司), a company established in the PRC and an indirect subsidiary of the Company as at the date of this announcement and will cease to be a subsidiary upon Completion
“Company”	CT Environmental Group Limited (中滔環保集團有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 1363)
“Completion”	completion of the Transaction
“Cooperation Agreement”	the side agreement dated 18 December 2019 incidental to the Agreement entered into by and among Agile Eco, the Company and the Target Company in relation to the funding arrangement of the Transaction.
“Equity Interest”	the 50% equity interest in the Target Company
“Group”	the Company and its subsidiaries
“Guangzhou Haitao”	Guangzhou Haitao Environmental Protection Technology Company Limited (廣州海滔環保科技有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Guangzhou Xintao”	Guangzhou Xintao Wastewater Treatment Company Limited (廣州新滔水質淨化有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Guangzhou Yinglong”	Guangzhou Yinglong Wastewater Treatment Company Limited (廣州盈隆污水處理有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Keen Vast”	Keen Vast Holdings Limited, a company incorporated in the British Virgin Islands, which is owned as to 98% by Mr. Tsui and directly holds 53.18% of the issued share capital of the Company as at the date of the announcement
“Land”	a piece of land in which Yulin Xintao has the land use rights and which was mortgaged to a bank as a security of a loan of Guangzhou Haitao
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tsui”	Mr. Tsui Cham To, the executive Director and chairman of the Company, who also directly and indirectly holds 53.19% of the issued share capital of the Company as at the date of this announcement
“PRC”	the People’s Republic of China, which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Xintao Investment Co, Ltd. (新滔投資有限公司), a company established in the PRC and a subsidiary of the Company as at the date of this announcement
“Target Group”	Target Company, together with its subsidiaries

“Transaction”	the transaction in relation to the disposal of the Equity Interest of the Company and acquisition by Agile Eco pursuant to the terms and conditions of the Agreement
“Xizhou”	Xizhou Enterprises Hong Kong Limited (西洲實業香港有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Yulin Xintao”	Yulin Xintao Environmental Protection Technology Company Limited* (玉林市新滔環保科技有限公司), a company established in the PRC and an indirect subsidiary of the Company as at the date of this announcement and will cease to be a subsidiary upon Completion
“%”	per cent.

On behalf of the Board  
**CT Environmental Group Limited**  
**Tsui Cham To**  
*Chairman*

Hong Kong, 18 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.*

\* *For identification only*