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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)

**INSIDE INFORMATION
SUSPECTED MISAPPROPRIATION OF FUNDS BY
FORMER CHAIRMAN AND
FORMER EXECUTIVE DIRECTOR**

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 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).

The Board hereby reports that the Company had reported to Hong Kong Police Force on 12 July 2021 the suspected misappropriation of funds of the Group by Mr. Tsui Cham To (“**Mr. Tsui**”), the former chairman and former executive director of the Company who had resigned on 8 April 2020.

During the audit process of the Company for the financial years ended 31 December 2018 and 2019, members of the then audit committee of the Company (the “**Then Audit Committee**”) were informed by the Company’s auditors of their observation of unusual transfer of significant amounts of funds from the Group to the bank accounts maintained in the name of Mr. Tsui and his controlled companies in Hong Kong and the mainland China on various occasions without proper authorization since 2018 (the “**Suspected Misappropriation**”).

Having gathered the relevant information and consulted the Company’s former legal advisers, members of the Then Audit Committee, who were also members of the then independent investigation committee which was composed of the then independent non-executive directors of the Company appointed an external investigation agent (the “**External Investigation Agent**”) to further investigate the Suspected Misappropriation in mid-November 2020. In early December 2020, the External Investigation Agent issued the investigation report on the Suspected Misappropriation (the “**Investigation Report**”) which was shortly reported to the then members of the Board. During the Board meeting held in early December 2020, the recommendations of the External Investigation Agent under the Investigation Report were reported to the then members of the Board, which, among others, included making enquiries or issuing demand letter to Mr. Tsui for repayment of the said funds and taking legal actions, such as by raising claims against Mr. Tsui or reporting the Suspected Misappropriation to Hong Kong Police Force. The then members of the Board considered that at that point of time, it should take appropriate follow-up actions, including legal actions by firstly issuing demand letter to Mr. Tsui in an attempt to trace back the said funds. The Board would then consider further actions after receiving Mr. Tsui’s initial response to such demand letter(s).

After the resignation of Ms. Huang Qing (“**Ms. Huang**”) as a director of the Company on 19 April 2021, the current members of the Board engaged legal advisers to advise on the Suspected Misappropriation and take legal actions against Mr. Tsui for repayment of the said funds. Having considered the legal advice from the current legal advisers and resolved in the Board meeting held on 1 June 2021, the Company reported the Suspected Misappropriation to Hong Kong Police Force on 12 July 2021.

As at the date of this announcement, most of the funds under the Suspected Misappropriation have not been repaid to the Group. The Company will keep its shareholders and investors informed of any significant development in this matter and will make further announcement(s) as and when appropriate in accordance with 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 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
Lu Zhiji
Chairman and Executive Director

Hong Kong, 16 July 2021

As at the date of this announcement, the executive directors of the Company are Mr. Lu Zhiji (Chairman), Mr. Cheung Siu Fai, Mr. Wu Changbiao and Mr. Chung Yuk Lun; and the independent non-executive directors of the Company are Mr. Fong Wai Ho, Ms. Lai Pik Chi Peggy and Mr. Wang Zhigao.