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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 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 the announcements of the Company dated 29 March 2019, 1 April 2019, 25 April 2019 and 25 June 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. Unless otherwise stated, capitalised term used in this announcement shall have the same meaning as those defined in the Prior 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.

As of the date of this announcement, the day-to-day operations of the Group have not been affected by the Allegations and the suspension of trading. For the sake of improvement of cashflow position, 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. Up to the date of this 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. The Group will continue to put efforts in order to reach similar agreements for other non-core subsidiary. The Group is also in the process of negotiation with banks for additional funding support albeit the existence of trading suspension.

UPDATE ON RESUMPTION PROGRESS

As disclosed in the announcement dated 25 April 2019, the reasons for delay in the publication of the Annual Results was: 1) the deteriorated cashflow position causing a doubt as to whether the financial statements can be prepared on a going concern basis; and 2) the additional fraud risk consideration created by the Allegations to Guangzhou Haitao and whether the Incident is a one-off and isolated case.

As mentioned in the section headed “Business Operations” in this announcement, the Group strive to improve the cashflow position. However, the whole exercise had not completed and the Group will continue to explore ways to improve the working capital position.

Guangzhou Haitao had engaged an independent internal control consultant to conduct an internal control review on the Allegations and to prepare a report adopting the agreed-upon procedure (“**AUP Report**”) specification. The scope of engagement also covered certain other subsidiaries of the Company to assess if the Incident is a one-off and isolated case. As of the date of this announcement, the AUP Report has not yet been finalized. It is expected the AUP Report will be available for review by the audit committee of the Company on or before mid of July 2019.

Since the improvement of cashflow position is subjected to the progress of the financing plan as mentioned above while the AUP report is not yet finalized, the Board is yet to determine the timeline for fulfillment of the requirements contained in the resumption guidance.

OTHER UPDATES

The Company had published the unaudited management accounts for the year ended 31 December 2018 together with the reasons of delay of the publication of the Annual Results. Please refer to the announcement dated 25 April 2019 for more details.

The Group had also published information regarding various legal proceedings against a number of subsidiaries of the Company, alleged that these subsidiaries (and some of the executive Directors) has involved in criminal offences during the daily operations. Please refer to the announcements dated 25 April 2019 and 27 June 2019 for more details.

On 24 June 2019, the Company received a letter from the Stock Exchange setting out the resumption guidance. Please refer to the announcement dated 25 June 2019 for more details.

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, 28 June 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. Yuan Guanghua and the independent non-executive directors of the Company are Mr. He Jingyong, Dr. Ng Wai Kuen, Mr Yu Chung Leung and Mr. Zhang Lu Fu.