

# **TARGET**

## **Intelligence Report**

---

**VOLUME XXI No. 271**

**T U E S D A Y**

**December 10, 2019**

---

**CT ENVIRONMENTAL GROUP LTD:**

**MR TSUI CHAM TO FOUND NO HONEY IN MACAU – CLEARLY**

Since the exclusive report, penned by **TARGET** () on Tuesday, November 5, 2019 (Volume XXI, Number 242 of 2019), further information has come to light that is likely to put the fox into the henhouse, to express it mildly,

Aside from Mr Tsui Cham To (), the Chairman of CT Environmental Group Ltd () (Code: 1363, Main Board, The Stock Exchange of Hongkong Ltd), having been sued three times in the High Court of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**, during the past three months, for more than \$HK387 million, Management has been forced to admit that its Chairman is being investigated in respect of alleged fraud in the PRC, proper, being separate and distinct from the HKSAR.

On Friday, November 22, 2019, just 17 days after the publication of **TARGET** Intelligence Report, Volume XXI, Number 242 of 2019, CT Environmental Group Ltd informed its shareholders of the following:

***‘SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO  
ADDITIONAL RESUMPTION GUIDANCE AND***

## **CONTINUED SUSPENSION OF TRADING**

*‘This announcement is made by the board of directors (the “**Board**” or “**Directors**”) of CT Environmental Group Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).*

*‘Reference is made to the announcement of the Company dated 13 November 2019 regarding certain additional resumption guidance from the Stock Exchange for the Company (the “**November 2019 Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the November 2019 Announcement.*

### **‘CIRCUMSTANCES LEADING TO ADDITIONAL RESUMPTION GUIDANCE**

*‘On 8 November 2019, the Company received a letter from the Stock Exchange setting out certain additional resumption guidance arising from certain concerns raised by the Stock Exchange.*

*‘As previously announced, the Group has engaged an independent internal control consultant to conduct an internal control review on the Allegations and to prepare the AUP (Agreed Upon Procedure) Report. The AUP Report, in its advanced form, revealed a number of internal control weaknesses on the workflow of sludge treatment process and internal authorization procedures. Such deficiencies on the internal control system raised the concerns: 1) that the Directors might have failed to put in place adequate internal controls over the Company’s financial and operational matters to safeguard its assets and protect the interest of its shareholders; 2) on whether the Directors have discharged their fiduciary duties of skill, care and diligence regarding the adequacy of the Company’s internal controls and procedures over its financial and operational matters; and 3) whether the Directors meet the standard of competence commensurate with their position as directors of a listed issuer as required under Rule 3.09.*

*‘Due to the above, the Stock Exchange requested the below additional resumption guidance: 1) demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules; and 2) demonstrate that all Directors meet a standard of competence commensurate with their position as directors of a listed issuer to fulfil duties of skill, care and diligence as required under Rules 3.08 and 3.09.*

*‘On 27 June 2019, the Company announced that the PRC enforcement authority has commenced legal proceedings against certain subsidiaries of the Group. Two executive Directors, namely, Tsui Cham To (“**Mr. Tsui**”) and Xu Juwen (), were also the defendants of some of the legal proceedings with alleged fraud. This raised concerns to the Stock Exchange on management integrity that might pose a risk to investors and damage market confidence, particularly given Mr. Tsui remains the Company’s chairman and controlling shareholder as of the date of this announcement.*

*‘Due to the above, the Stock Exchange requested the Company, as an additional resumption guidance, to 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.*

## **‘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.’*

### **HKSAR High Court Action, Number 2240 of 2019**

On ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com). **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*