

Issuer: C&G Environmental Protection Holdings Limited
Security: C&G Environmental Protection Holdings Limited

Meeting details:

Date: 25 April 2018

Time: 2.00 p.m.

Venue: Studio 2, 3rd Level (Lobby Level), Concorde Hotel Singapore, 100 Orchard Road, Singapore 238840

Q1. On 29 March 2018, the company announced that the independent auditor, Mazars LLP, had, without qualifying its audit opinion, included in the Independent Auditor's Report a material uncertainty related to going concern in the audited financial statements of the Company for the financial year ended 31 December 2017.

Following the disposal of the businesses, the company paid out HK\$816.3 million in FY2017.

The last special dividend was paid out in Q4 2017 that saw the company use up HK\$38.55 million for the dividends out of the company's cash balance of HK\$39.58 million. As at 31 December 2017, the closing cash and bank balance was HK\$641,000.

As a result, the independent auditor has highlighted a material uncertainty related to going concern in the audited financial statements.

- a) **Can the board explain if they had considered the cash flow requirements needed by the company to continue as a going concern and to fund the extra professional fees for any potential transactions to acquire a new business?**
- b) **Does the board consider it prudent to let the cash and bank balance of the company drop to HK\$641,000 and have the independent auditor flag out a material uncertainty related to going concern?**
- c) **Can the directors confirm that the company is not insolvent?**
- d) In the Directors' Statement, the directors have declared that, in their opinion, at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due. **Can the directors justify and provide the basis of their opinion?**

Q2. On 28 December 2017, the company announced that it has entered into a non-binding term sheet that will lead to a reverse takeover of the company under Rule 1015 of the Listing Manual if the proposed transaction is undertaken and completed.

As disclosed in the announcement, the Target Group is primarily focused on mining and trading of thermal coals sourced from various coal mines in Indonesia. The Target Group is promoted by the Sindhu Family, being promoters of the Sainik-Aryan group of companies in India. The Sainik-Aryan Group is an established and vertically integrated coal energy group majority owned and managed by the Sindhu family.

- a) On 28 March 2018, the company announced a fourth extension of the deadline for the execution of a Definitive Agreement to 30 April 2018. **Can the board update shareholders on the progress of the due diligence and the key issues that remain outstanding? When does the board expect the Definitive Agreement to be entered into?**
- b) **What is the track record and experience of the directors and key management personnel in negotiating and entering into a transaction of this scale?**
- c) **Can shareholders understand the board/key management's expertise and experience of the coal industry and in particular, coal mining in Indonesia? How do the board and management evaluate and value the business?**
- d) There is growing demand for cleaner coal, specifically high-calorific, low-sulphur and low-ash coal. **How well equipped is the board in valuing a coal mining business that has significant regulatory and environmental risks**

Q3. Given that the company is currently a cash company with no operating business, how many employees are left in the company to help in the search for a new business? **Can the company provide a breakdown of the administrative costs, including a further breakdown of staff cost and welfare cost?** Total administrative costs amounted to approximately HK\$3.8 million. **With just HK\$641,000 in cash and bank balance as at 31 December 2017, how can the company pay its staff and meet its financial obligations?**