



**Securities Investors Association (Singapore)**

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

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

**Meeting details:**

Date: 23 April 2019

Time: 2.30 p.m.

Venue: Shibuya Room, 137 Cecil Street, #04-01 Hengda Building, Singapore 069537

**Company Description**

C&G Environmental Protection Holdings Limited does not have significant operations. Previously, it was involved in the investment and operation of waste-to-energy power plants. The company was formerly known as C & G Industrial Holdings Limited and changed its name to C&G Environmental Protection Holdings Limited in May 2010. The company was incorporated in 2004 and is headquartered in Kwun Tong, Hong Kong. C&G Environmental Protection Holdings Limited is a subsidiary of C&G Holdings (Hong Kong) Limited.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=D79](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=D79))

1. The company has been deemed a cash company under Rule 1018 of the Listing Manual since December 2016.

On 5 June 2018, the company announced that it had entered into a conditional sale and purchase agreement (“SPA”) dated 31 May 2018 with Param Mitra Coal Resources Pte. Limited (“Vendor”) to acquire mining rights over concession areas covering an aggregate of approximately 7,243 hectares in a Reverse Takeover (RTO) transaction.

The milestones to complete the RTO include:

- complete and circulate the JORC Report and Valuation Report to Initial Public Offerings professionals by 31 March 2019;
- submit Section (A) of the Listing Admissions Pack to SGX-ST by 30 June 2019; and
- complete the Proposed Transaction pursuant to Rule 1018(2) of the Listing Manual by 31 October 2019

**(i) Would the board help shareholders understand the costs required to complete the JORC Report, Valuation Report and the Listing Admissions Pack?**

**(ii) Does the company have the financial resources to complete the proposed transaction?** The independent auditors have highlighted a material uncertainty related to going concern. As of 31 December 2018, the company was in a net current liabilities and capital deficiency position of HKD1,870,867.

**(iii) What is the experience of the company/board in valuing mining assets and businesses?**

**(iv) How was the “Minimum CGE Shareholder Value” of S\$8 million determined?**

**(v) In addition, the proposed RTO transaction involves a base consideration of \$400 million and an “Additional consideration” if applicable. The base consideration was determined even before the independent qualified person’s valuation report was issued. Can the board justify the basis of the \$400 million base consideration?**

2. On 7 March 2019, the company announced the cessation of Mr Ng Li Yong as non-executive independent director. The reason for cessation was “to pursue other personal interests and devote more time to his other commitments.”

The company responded to a SGX query on 14 March 2019 stating that it is aware that the company is not in compliance with the Listing Rules with regard to board composition. The company is in the process identifying and seeking suitable replacements.

**(i) Has the board reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments, especially as the company is proposing to acquire a mine?**

- (ii) What is causing the delay to the appointment of additional independent director(s) to the board?**
- (iii) Can the board elaborate further on the search and nomination process for directors, especially independent directors?** The company has stated that “candidates are identified through various sources. (page 14)” **Is there a formal search and nomination process to help the company access the appropriate candidate pool?**

3. On 15 October 2018, the company announced that the Exchange had granted the company an extension of time till 31 October 2018 to finalise the appointment of the independent financial advisor (IFA) for the proposed RTO. The main reason for the extension application was that the vendor had met and engaged in discussions with various potential IFAs for the proposed RTO and needed more time to make its decision.

- (i) Can the board explain the rationale of having the vendor play a critical role in the choice of the IFA?**
- (ii) What is the role of the board in the selection of the IFA? How is the board evaluating the IFA?**
- (iii) Can the board disclose the scope of work intended for the IFA?**

No further announcements have been made by the company but in the response to SGX queries dated 9 April 2019, the company has stated the following:

*The independent financial advisor (“IFA”) will be appointed shortly after the finalization of the JORC reserve report which is expected to take place on or before 30 April 2019. The IFA will be appointed from one of the shortlisted IFAs following discussions over the last few months.*

- (iv) What is the reason for the delay in the appointment of the IFA?**
- (v) Is there any reason the appointment of the IFA is linked to the finalisation of the JORC reserve report?**

A copy of the questions for the Annual Report for the financial year ended 31 December 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=C&G%20Environmental%20Protection%20Holdings%20Ltd&cid=6539,4596>

The company’s response could be found here: -----