



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: China Environment Ltd.

Security: China Environment Ltd.

Meeting details:

Date: 24 May 2019

Time: 9.00 a.m.

Venue: Cassia Room, Level 2 , Metropolitan YMCA, 60 Stevens Road, Singapore 257854

Company Description

China Environment Ltd. (China Environment) is a Singapore-based investment holding company. The Company is a provider of industrial waste gas treatment systems in the People's Republic of China (PRC), and has manufacturing facilities at Longyan City, Fujian Province and at Bengbu City, Anhui Province. The Company is engaged in the design, construction, as well as research and development of industrial waste gas treatment systems. China Environment is involved in the design and production of air pollution control and treatment systems, which eliminate dust particulates, removes sulfur dioxide and mono-nitrogen oxide from industrial waste gas treatment process. The Company's main products include Electrostatic Precipitators (ESP), Electrostatic Lentoid Precipitators (ESLP), bag houses, hybrid dust collectors, desulphurization system and De-NO_x system.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=50U)

Q1. In the message to shareholder, the chairman provided a brief summary of the group's recent troubles and highlighted the settlement agreement with the group's former executive chairman. While the settlement sum of \$1.2 million was acknowledged to be "*significantly smaller amount compared to the original amount claimed by the company*", it will discharge the group against all present and future claims and legal proceedings in relation to the dispute with the former executive chairman and allow the group "*to re-focus its resources towards corporate recovery*".

The group is said to be looking for a new business.

- (i) Would the board help shareholders understand the current financial position of the group?** On 20 September 2018, the company disclosed that the settlement sum of \$1.2 million has been utilised to make payments to lawyers, other professional service providers, staff, directors and Firstlink Investments Corporation Ltd.
- (ii) Specifically, does the board have an estimate of the current net equity/(liability) position of the group? What is the level of cash available to the group?**
- (iii) When would the up-to-date consolidated audited financial statements be ready?**
- (iv) Who is leading the group's search for a new business? Is the group leveraging professionals, such as investment banks or business consultants, to deal-source appropriate investments for the group?**
- (v) Would the board help shareholders understand the scope of its search, including the geographical area and the industries/sectors being considered?**
- (vi) What is the experience of the board in deal-sourcing and deal structuring?**

Q2. The company has not reported its quarterly results since August 2016 (for the six months ended 30 June 2016). In the annual report for the financial year ended 31 December 2015, in Note 36 (pages 106 to 122 – Events occurring after reporting period), the company has disclosed 19 major events since January 2016.

- (i) For the benefit of all shareholders, can the board clearly state the group's existing operations and subsidiaries?**
- (ii) What is the level of control and oversight of the subsidiaries by management and by the board?**
- (iii) Is the board in control of the subsidiaries' company seals?**

- (iv) As disclosed in Note 36, there are existing disputes with its subsidiaries. The company may have lost control of its subsidiaries. **Specifically, who is leading the negotiation with Anhui Dongyuan Environmental Protection Co., Ltd?**
- (v) **What are the audit committee’s plans to improve the internal controls and risk management system? When would an internal auditor be appointed?**
- (vi) **As the trading of the company’s shares have been suspended since June 2016, what are the efforts by the board to lift the trading suspension? What are the milestones to be achieved before the trading of the shares can resume?**

Q3. The board currently consists of three directors, two of whom were appointed after January 2019. The independent directors, Mr. Koit Ven Jee and Mr. Lee Chia Sin, were appointed on 11 January 2019 and 2 April 2019 respectively.

Mr. Norman Winata, as executive chairman, was appointed on 29 March 2016.

As noted in the Corporate Governance report, all three directors are relatively young and have no prior experience as a director of a listed company in Singapore.

Name of retiring Director	Norman Winata	Koit Ven Jee	Lee Chia Sin
Date of appointment	29/03/2016	11/01/2019	02/04/2019
Date of last re-appointment	NA	NA	NA
Age	37	35	41
Country of principal residence	Singapore	Singapore	Singapore
Any prior experience as a director of an issuer listed on the Exchange?	No	No	No
If Yes, please provide details of prior experience.	NA	NA	NA
If No, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange	Has not attended	Has not attended	The director will be attending training on the role and responsibilities of a director of a listed issuer
Please provide details of relevant experience and the nominating committee’s reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	Mr Norman Winata has held senior management position in company in Singapore. The Group will provide briefing and orientation on its business activities.	Mr Koit has been working in a compliance related role in a SGX-Listed Company for the past 6 years	NA
Note: N.A. – Not Applicable			

(Source: adapted from Company annual report)

- (i) Would the board help shareholders understand the search and nomination process for directors, especially independent directors?**
- (ii) Can the company help shareholders understand if the current board has the necessary experience and expertise to discharge their fiduciary duties and responsibilities fully given that all three board members are first-time directors and the company is in a transition?**

The company has stated that it will not be sending Mr. Norman Winata and Mr. Koit Ven Jee for training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange even though the two directors have no prior experience.

- (iii) Would the board agree that having prior management experience is not a substitute for experience/training on the roles and responsibilities of a director? Would the company consider sending the directors to appropriate training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange?**