

C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED

Second Quarter Results and Dividend Announcement for the Period Ended 30 June 2019

The Board of Directors are pleased to announce the consolidated results of the Group for the three months ended 30 June 2019. The figures presented below have not been audited.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Three months ended 30 June			Six months ended 30 June		
	2019 HK\$'000	2018 HK\$'000	% Increase / (Decrease)	2019 HK\$'000	2018 HK\$'000	% Increase / (Decrease)
Revenue	-	-	N.M	-	-	N.M
Cost of sales	-	-	N.M	-	-	N.M
Gross profit/(loss)	-	-	N.M	-	-	N.M
Other income	-	-	N.M	-	-	N.M
Administrative expenses	(523)	(694)	-24.64	(899)	(1,176)	-23.55
Loss from operations	(523)	(694)	-24.64	(899)	(1,176)	-23.55
Finance costs	-	-	N.M	-	-	N.M
Loss before taxation from continuing operations	(523)	(694)	-24.64	(899)	(1,176)	-23.55
Income tax expense	-	-	N.M	-	-	N.M
Loss from continuing operations attributable to the owners of the Company	(523)	(694)	-24.64	(899)	(1,176)	-23.55
Loss from discontinuing operations attributable to the owners of the Company	-	-		-	-	#DIV/0!
Net Loss	(523)	(694)		(899)	(1,176)	
Other comprehensive income, net of tax:						
Total other comprehensive income, net of taxation	-	-	N.M	-	-	N.M
Total comprehensive loss for the year attributable to the owners of the Company	(523)	(694)	-24.64	(899)	(1,176)	-23.55

1 (a)(ii) Explanatory Notes:

Other income/(loss) comprises:	The Company		The Group	
	Continuing / Discontinued operations			
	Three months ended 30 June	Three months ended 30 June	Six months ended 30 June	Six months ended 30 June
	2019	2018	2019	2018
	HKD'000	HKD'000	HKD'000	HKD'000
Other Income	-	-	-	-
Profit/(Loss) before tax is arrived at after charging/(crediting)	The Company		The Group	
	Continuing / Discontinued operations			
	Three months ended 30 June	Three months ended 30 June	Six months ended 30 June	Six months ended 30 June
	2019	2018	2019	2018
	HKD'000	HKD'000	HKD'000	HKD'000
Depreciation and amortisation	-	-	-	-
Interest on bank loans	-	-	-	-

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Company	
	30.06.2019	31.12.2018
	HK\$'000	HK\$'000
Current assets		
Other receivables	-	-
Bank and cash balances	18	54
TOTAL ASSETS	18	54
Capital and reserves		
Share capital	97,776	97,776
Reserves	(100,546)	(99,647)
Equity attributable to owners of the Company	(2,770)	(1,871)
Current liabilities		
Accruals and other payables	2,788	1,925
TOTAL LIABILITIES	2,788	1,925
TOTAL EQUITY AND LIABILITIES	18	54

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Amount repayable in one year or less, or on demand

As at 30 June 2019		As at 31 December 2018	
Secured (HK\$'000)	Unsecured (HK\$'000)	Secured (HK\$'000)	Unsecured (HK\$'000)
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 30 June 2019		As at 31 December 2018	
Secured (HK\$'000)	Unsecured (HK\$'000)	Secured (HK\$'000)	Unsecured (HK\$'000)
Nil	Nil	Nil	Nil

Details of any collateral

Not applicable

1(c)(i) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Company		The Company	
	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
CASH FLOW FROM OPERATING ACTIVITIES				
Loss before tax				
- Continuing operation	(523)	(694)	(899)	(1,176)
- Discontinued operation	-	-	-	-
Operating loss before working capital changes	(523)	(694)	(899)	(1,176)
Decrease/(increase) in other deposits and other receivables	-	-	-	-
Decrease/(Increase) in amount due from ultimate holding company	-	560	-	560
Increase/(decrease) in accruals and other payables	534	212	863	75
Cash (used in)/generated from operations	11	78	(36)	(541)
Net cash (used in) / generated from operating activities	11	78	(36)	(541)
NET INCREASE IN CASH AND CASH EQUIVALENTS	11	78	(36)	(541)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	7	22	54	641
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	18	100	18	100
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS				
Bank and cash balances	18	100	18	100

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company					Attributable to owners of the Company HK\$'000
	Share capital	Contributed surplus	Share-based payment reserve	Retained earnings	Total reserve	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Company						
For the three months ended						
30 June 2019						
At 1 April 2019	97,776	74,382	29	(173,705)	(99,294)	(2,247)
Total comprehensive income for the financial year	-	-	-	(523)	(523)	(523)
At 30 June 2019	<u>97,776</u>	<u>74,382</u>	<u>29</u>	<u>(174,228)</u>	<u>(99,817)</u>	<u>(2,770)</u>
For the three months ended						
30 June 2018						
At 1 April 2018	97,776	74,382	29	(171,674)	(97,263)	(216)
Total comprehensive income for the financial year	-	-	-	(694)	(694)	(694)
At 30 June 2018	<u>97,776</u>	<u>74,382</u>	<u>29</u>	<u>(172,368)</u>	<u>(97,957)</u>	<u>(910)</u>
For the six months ended						
30 June 2019						
At 1 January 2019	97,776	74,382	29	(173,329)	(98,918)	(1,871)
Total comprehensive income for the financial year	-	-	-	(899)	(899)	(899)
At 30 June 2019	<u>97,776</u>	<u>74,382</u>	<u>29</u>	<u>(174,228)</u>	<u>(99,817)</u>	<u>(2,770)</u>
For the six months ended						
30 June 2018						
At 1 January 2018	97,776	74,382	29	(171,192)	(97,510)	266
Total comprehensive income for the financial year	-	-	-	(1,176)	(1,176)	(1,176)
At 30 June 2018	<u>97,776</u>	<u>74,382</u>	<u>29</u>	<u>(172,368)</u>	<u>(98,686)</u>	<u>(910)</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Par value HK\$	Number of shares	Issued and paid-up share capital HK\$
Issued and fully paid-up ordinary shares and balances as at 30 June 2018	0.10	977,755,354	97,775,535
	Par value HK\$	Number of shares	Issued and paid-up share capital HK\$
Issued and fully paid-up ordinary shares and balances as at 1 January 2019 and 30 June 2019	0.10	977,755,354	97,775,535

Note:

The Board of Directors of the Company was authorized to allot and issue new ordinary shares ("new shares") from time to time in the capital of the Company to the exercise of options under the Employee Share Option Scheme ("CG ESOS"), to the vesting of awards under the Performance Share Plan ("CG PSP") and Restricted Share Plan ("CG RSP").

(i) CG ESOS

There was no outstanding share options under CG ESOS as at 30 June 2019 and 2018.

(ii) CG PSP

There was no outstanding share options under CG ESOS as at 30 June 2019 and 2018.

(iii) CG RSP

There was no share vested during Q2 2018. As at 30 June 2019, the number of outstanding shares under CG PSP was 200,000 (30 June 2018: 200,000)

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Par value HK\$	Number of shares	Issued and paid-up share capital HK\$
Issued and fully paid-up ordinary shares and balances as at 1 January 2019 and 30 June 2019	0.10	977,755,354	97,775,535

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation adopted in the preparation of financial statements for the year ended 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.
(a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).**

	Three months ended		Six months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	HKD cents	HKD cents	HKD cents	HKD cents
Loss per Share				
- Basic (1)				
Continuing operations	(0.05)	(0.07)	(0.09)	(0.12)
Discontinued operations	N/A	0.00	0.00	0.00
- Diluted (2)				
Continuing operations	N/A	N/A	N/A	N/A
Discontinued operations	N/A	N/A	N/A	N/A

Explanatory notes:

1. Basic earnings per share ("EPS") is calculated based on the profit attributable to shareholders for the period ended 30 June 2019 and 30 June 2018 and the weighted average number of shares for the period ended 30 June 2019 was 977,755,354 (2018: 977,755,354).

2. No diluted earnings per share for continuing operations were presented as the diluted potential ordinary shares were anti-dilutive during the periods ended 30 June 2019 and 30 June 2018.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) Current financial period reported on; and
(b) Immediately preceding financial year.**

	The Company 30.06.2019	The Company 31.12.2018
Net asset value (HKD'000)	-2,770	-1,871
Number of issued shares	977,755,354	977,755,354
Net asset value per share (HKD cents)	(0.28)	(0.19)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Operating Results of the Group

8.1 Continuing operations

8.1.1 Revenue

Not applicable.

8.1.2 Gross (loss)/profit

Not applicable.

8.1.3 Other income

Not applicable.

8.1.4 Administrative expenses

	Three months ended	Three months ended	Increase / (Decrease)	
	30 June 2019	30 June 2018		
	HK\$'000	HK\$'000	HK\$'000	%
Exchange loss	2	4	(2)	-50%
Legal and Professional	182	194	(12)	-6%
Bank charges	1	1	-	0%
Other expense	81	96	(15)	0%
Staff cost and welfare	254	380	(126)	-33%
Travelling	3	19	(16)	-84%
	523	694	(155)	-22%

Administrative expenses decreased 22% in Q2 2019, due to the decrease in the staff cost. The legal and professional cost mainly comprised the SGX listing fee and company secretarial fee.

8.2 Discontinued operations

Not applicable.

8.3 Financial Position of the Group

ASSETS

8.3.1 Bank and cash balances

For details of the cash movement, please refer to the Statement of Cash Flows and the explanation notes below.

LIABILITIES

8.3.2 Accruals and other payables

The accruals and other payable mainly comprised accrued audit fee and professional fee.

8.4 Statement of Cash Flows

Net cash generated from operating activities

The Group recorded a net cash outflow in operating activities for this quarter for general expense.

Net cash used in investing activities

There is no net cash used in investing activities in this quarter.

Net cash used in financing activities

There is no net cash used in financing activities in this quarter.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The current results are in line with the Company's commentary on previous quarter outlook in paragraph 10 of its previous quarterly results announcement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

After the completion of the disposal subsidiaries, the Company will cease to have any operating business and will be deemed to be a cash company under Rule 1018 of the Listing Manual ("Rule 1018"). The Company intends to maintain its listing status on the SGX-ST as a cash company following the completion of the abovementioned Proposed Transactions to seek a suitable new business to be injected.

On 31 May 2018, the Company has entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Param Mitra Coal Resources Pte. Limited. (the "Vendor"), pursuant to which the Company shall acquire all of the issued and paid-up share capital in 1) Param Mitra Coal Resources One Pte. Limited ("PMCR1"), (2) Param Mitra Coal Resources Two Pte. Limited. ("PMCR2"), (3) Dragon Power Investments Limited. ("DPIL"), (4) Unity Holding Business Singapore Pte. Ltd. ("UHBS") and where applicable, the Target Company Additional Shares (as defined below) where any of PMCR1, PMCR2, UHBS and DPIL ("PMCR Target Companies") and their subsidiaries ("PMCR Target Group" and each a "PMCR Target Group Company") undertakes fund-raising activity pursuant to which the investor shall be allotted and issued shares in the PMCR Target Group ("Target Company Additional Shares"), (collectively the "PMCR Sale Shares") from the Vendor and the PMCR Shareholder Loans (the "Proposed Transaction").

The Proposed Transaction, if undertaken and completed, is expected to result in a reverse takeover of the Company under Rule 1015 of the Listing Manual (the "Listing Rules") of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Proposed Transaction is at the stage of due diligence. The PMCR Target Group's qualified person and independent valuer, RPM Global, is working with the PMCR Target Group to finalise the JORC report by the end of August 2019. The VALMIN report is estimated to be finalised no more than 60 days after finalisation of the JORC report.

The Company is currently in discussion with the Vendor to enter into a supplemental Sale and Purchase Agreement ("Supplemental SPA") given that the Long-Stop Date of the Sale and Purchase Agreement had lapsed on 31 May 2019. The Company will update shareholders once the Supplemental SPA has been entered into between the Company and the Vendor (collectively, the "Parties"). While the Company and the Vendor are still working towards to complete the acquisition, due to the aforementioned delay and ongoing due diligence work, it is likely that the completion of the acquisition will be delayed beyond 31 October 2019. The Parties would update on a revised schedule after assessment and discussion.

The Company will update the shareholders by making further announcements according to the Listing Manual.

Shareholders are advised to exercise caution in trading their CGE Shares as the Proposed Transaction is subject to numerous conditions and there is no certainty or assurance as at the date of this announcement that the Proposed Transaction will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Transaction. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

11. If a decision regarding dividend has been made:—

(a) Whether an interim (final) ordinary dividend has been declared (recommended).

None.

(b) (i) Amount per share and (ii) previous corresponding period.

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no general mandate obtained from shareholders on Interested Person Transactions.

14. Negative confirmation pursuant to Rule 705(5).

Confirmation by the Board We, Lam Chik Tsan and Tam Sau Fung being two Directors of C&G Environmental Protection Holdings Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the 2Q FY2019 financial statements to be materially false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720(1).

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Lam Chik Tsan
Director

Tam Sau Fung
Director

13 August 2019