C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED (Incorporated in Bermuda with Registration Number 35842)

DISCREPANCIES BETWEEN AUDITED FINANCIAL RESULTS AND UNAUDITED FINANCIAL RESULTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2013

The Board of Directors ("Board") of C&G Environmental Protection Holdings Limited (the "Company" and together with its subsidiaries, the "Group") refers to the announcement on 27 February 2014 on the unaudited financial results for the year ended 31 December 2013 ("Unaudited Results").

With reference to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Board wishes to announce and clarify the differences between the audited financial results ("Audited Results") and the Unaudited Results of the Group for the financial year ended 31 December 2013.

Upon completion of the audit for the financial statements by the Group's external joint auditors, RSM Nelson Wheeler and RSM Chio Lim ("Independent Auditors"), the financial results of the Group were adjusted to include an impairment loss on the value added tax ("VAT") receivables amounting to HK\$20,598,000. As at 31 December 2013, the Group has recognised the VAT receivables of approximately HK\$20,875,000 arising from the acquisition of machines by various subsidiaries of the Group from a contractor. The amount was recognised at 17% of the costs of the machines acquired. However, the Group has only received an insignificant amount of the relevant VAT invoices from the contractor. Without the VAT invoices, the Group is unable to claim deduction of these input VAT receivables from the future output VAT payables. In view of the uncertainty on the collectability of these invoices which affect the recoverability of the VAT receivables, impairment losses of HK\$20,598,000 was made on the VAT receivables balance and exchange differences of HK\$277,000 was recognised.

Further, there is a reclassification of debit balance of other tax of HK\$3,000 from current tax liabilities to other receivables.

	Group Re		
	Audited	Unaudited as announced on 27.2.2014	Variance
(Loss)/profit before tax (HK\$'000)	(7,153)	13,445	(20,598)
Loss after tax (HK\$'000)	(22,776)	(2,178)	(20,598)
Loss per share (HK cents)	(2.34)	(0.22)	(2.12)
Net asset value per ordinary share based on issued share capital at the end of the year (HK cents)	179.06	181.21	(2.15)

Summary of the adjustments are as follows:

Details of the adjustments to the Consolidated Statement of Comprehensive Income and the Statement of Financial Position are set out in the Appendices 1 and 2.

By Order of the Board

Lin Yan Executive Chairman

4 April 2014

Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2013:

	Audited	Unaudited as announced on 27.2.2014	Variance
Revenue	HK\$'000 522,607	HK\$'000 522,607	-
Cost of Sales	(325,311)	(325,311)	-
Gross profit	197,296	197,296	-
Other income	42,751	42,751	-
Administrative expenses	(92,898)	(92,898)	-
Other operating (expenses)/income	(20,383)	215	(20,598)
Profit from operation	126,766	147,364	(20,598)
Finance costs	(133,919)	(133,919)	-
Loss before tax	(7,153)	13,445	(20,598)
Income tax expenses	(15,623)	(15,623)	-
Loss for the year attributable to the owners of the Company	(22,776)	(2,178)	(20,598)
Other comprehensive income, net of tax: Items that maybe reclassified to profit or loss: Exchange differences on translating foreign operations	53,024	53,301	(277)
Total comprehensive income for the year attributable to the owners of the Company	30,248	51,123	(20,875)
	HK cents	HK cents	
Loss per share - Basic - Diluted	(2.34) N/A	(0.22) N/A	(2.12)

Statement of Financial Position as at 31 December 2013

Non-current assets 10,113 113 10,113 113 10,113 10,113 10,113 10,113 10,113 10,113 113 1130 1136 1,136 1,13		Audited HK\$'000	Unaudited as announced on 27.2.2014 HK\$'000	Variance HK\$'000	
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Non-current assets				
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Current assetsInventories $7,743$ $7,743$ $-7,743$ Trade receivables $140,901$ $140,901$ $-140,901$ Gross amounts due from customers for contract $237,335$ $237,335$ $-237,335$ WorkOther deposits and prepayments $21,726$ $21,726$ $21,726$ Pledged bank deposits $44,044$ $44,044$ $-44,044$ $-44,044$ $-44,044$ Bank and cash balances $54,930$ $-54,930$ $-54,930$ TOTAL ASSETS $5,041,924$ $5,062,796$ $(20,872)$ Capital and reserves $1,645,026$ $1,665,901$ $(20,875)$ Equity attributable to owners of the Company $1,742,328$ $1,742,328$ $(20,875)$ Non-current liabilities $1,984,086$ $1,984,086$ -6 Finance lease payables $1,136$ $1,136$ $-24,257$ $24,257$ Captered tax liabilities $97,059$ $97,059$ $-2,106,538$ $-2,106,538$ Trade payables $42,434$ $42,434$ $-24,257$ $-24,257$ Accruals and other payables $345,159$ $345,159$ $-345,159$ $-345,159$ Advanced payment received $317,075$ $317,075$ $-317,075$ $-317,075$ Deferred income $1,097$ -257 257 257 257 Current liabilities $345,159$ $345,159$ $-345,059$ $-32,059$ Interest-bearing borrowings $345,159$ $345,159$ $-345,059$ Advanced payment received $317,075$ $317,075$ $-317,075$ D	Intangible assets	4,041,219	4,041,219	-	
Current assets $7,743$ $7,733$ $237,335$	Investment in a joint venture	71	71	-	
Inventories 7,743		4,051,403	4,051,403	-	
Trade receivables $140,901$ $140,901$ $-$ Gross amounts due from customers for contract work $237,335$ $237,335$ $-$ Other deposits and other receivables $483,842$ $504,714$ $(20,872)$ Trade deposits and prepayments $21,726$ $21,726$ $-$ Pledged bank deposits $44,044$ $44,044$ $-$ Bank and cash balances $990,521$ $1,011,393$ $(20,872)$ TOTAL ASSETS $5,041,924$ $5,062,796$ $(20,872)$ Capital and reservesShare capital Reserves $97,302$ $97,302$ $-$ Equity attributable to owners of the Company $1,645,026$ $1,665,901$ $(20,875)$ Non-current liabilities Finance lease payables $1,136$ $1,136$ $-$ Deferred income $24,257$ $24,257$ $24,257$ $-$ Current liabilities Finance lease payables $97,059$ $97,059$ $97,059$ $-$ Current liabilities Accruals and other payables $42,434$ $42,434$ $-$ Gross amounts due to customers for contract work $345,159$ $345,159$ $-$ Advanced payment received Deferred income $317,075$ $317,075$ $-$ Deferred income 257 257 $-$ Finance lease payables 257 257 $-$ Interest-bearing borrowings $432,369$ $432,369$ $-$	Current assets				
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Bank and cash balances 54,930 54,930 - TOTAL ASSETS 990,521 1,011,393 (20,872) TOTAL ASSETS 5,041,924 5,062,796 (20,872) Capital and reserves Share capital 97,302 97,302 - Reserves 1,645,026 1,665,901 (20,875) Equity attributable to owners of the Company 1,742,328 1,742,328 (20,875) Non-current liabilities 1,1742,328 1,742,328 (20,875) Performed income 1,984,086 1,984,086 - Performed income 24,257 24,257 - Deferred income 24,257 24,257 - Deferred tax liabilities 97,059 97,059 9 Trade payables 42,434 42,434 - Gross amounts due to customers for contract work 345,159 345,159 - Advanced payment received 317,075 317,075 - Deferred income 1,097 1,097 - Finance lease payables 257 25	Trade deposits and prepayments	21,726	21,726	-	
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Share capital Reserves $97,302$ $1,645,026$ $97,302$ $1,665,901$ $-$ 	TOTAL ASSETS	5,041,924	5,062,796	(20,872)	
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Interest-bearing borrowings 1,984,086 1,984,086 - Finance lease payables 1,136 1,136 - Deferred income 24,257 24,257 - Deferred tax liabilities 97,059 97,059 - Z,106,538 2,106,538 2,106,538 - Current liabilities Trade payables 42,434 42,434 - Gross amounts due to customers for contract 53,001 53,001 - work 4 42,434 - - Accruals and other payables 345,159 345,159 - Advanced payment received 317,075 317,075 - Deferred income 1,097 1,097 - Finance lease payables 257 257 - Interest-bearing borrowings 432,369 432,369 -	Equity attributable to owners of the company	1,742,020	1,742,020	(20,073)	
Interest-bearing borrowings 1,984,086 1,984,086 - Finance lease payables 1,136 1,136 - Deferred income 24,257 24,257 - Deferred tax liabilities 97,059 97,059 - Z,106,538 2,106,538 2,106,538 - Current liabilities Trade payables 42,434 42,434 - Gross amounts due to customers for contract 53,001 53,001 - work 4 42,434 - - Accruals and other payables 345,159 345,159 - Advanced payment received 317,075 317,075 - Deferred income 1,097 1,097 - Finance lease payables 257 257 - Interest-bearing borrowings 432,369 432,369 -	Non-current liabilities				
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Deferred income 24,257 24,257 - Deferred tax liabilities 97,059 97,059 - 2,106,538 2,106,538 - - Current liabilities Trade payables 42,434 42,434 - Gross amounts due to customers for contract 53,001 53,001 - work 42,434 42,434 - - Accruals and other payables 345,159 345,159 - Advanced payment received 317,075 317,075 - Deferred income 1,097 1,097 - Finance lease payables 257 257 - Interest-bearing borrowings 432,369 432,369 -				-	
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Current liabilitiesTrade payables42,43442,434-Gross amounts due to customers for contract53,00153,001-work345,159345,159-Accruals and other payables345,159317,075-Advanced payment received317,075317,075-Deferred income1,0971,097-Finance lease payables257257-Interest-bearing borrowings432,369432,369-	Deferred tax liabilities	97,059	97,059	-	
Trade payables42,43442,434-Gross amounts due to customers for contract53,00153,001-work345,159345,159-Accruals and other payables345,159345,159-Advanced payment received317,075317,075-Deferred income1,0971,097-Finance lease payables257257-Interest-bearing borrowings432,369-		2,106,538	2,106,538	-	
Gross amounts due to customers for contract work53,00153,001-Accruals and other payables345,159345,159-Advanced payment received317,075317,075-Deferred income1,0971,097-Finance lease payables257257-Interest-bearing borrowings432,369-	Current liabilities				
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Advanced payment received 317,075 317,075 - Deferred income 1,097 1,097 - Finance lease payables 257 257 - Interest-bearing borrowings 432,369 - -	work	53,001	53,001	-	
Deferred income1,0971,097-Finance lease payables257257-Interest-bearing borrowings432,369-	Accruals and other payables	345,159	345,159	-	
Finance lease payables257257-Interest-bearing borrowings432,369-			317,075	-	
Interest-bearing borrowings 432,369 -		,	-	-	
				-	
Current tax liabilities 1 662 2				-	
	Current tax liabilities	1,666	1,663	3	
1,193,058 1,193,055 3					
Total liabilities 3,299,596 3,299,593 3				-	
TOTAL EQUITY AND LIABILITIES 5,041,924 5,062,796 (20,872)	TOTAL EQUITY AND LIABILITIES	5,041,924	5,062,796	(20,872)	