

C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED

First Quarter Results and Dividend Announcement for the Period Ended 31 March 2017

The Board of Directors are pleased to announce the consolidated results of the Group for the three months ended 31 March 2017. 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 31 Mar		
	2017	2016	%
	HK\$'000	HK\$'000	Increase /
		(Restated)	(Decrease)
Revenue	-	-	N.M
Cost of sales	-	-	N.M
Gross profit/(loss)	-	-	N.M
Other income	-	-	N.M
Administrative expenses	(945)	(229)	312.66
Loss from operations	(945)	(229)	312.66
Finance costs	-	-	N.M
Loss before taxation from continuing operations	(945)	(229)	312.66
Income tax expense	-	-	N.M
Loss from continuing operations attributable to the owners of the Company	(945)	(229)	312.66
Loss from discontinuing operations attributable to the owners of the Company	(12,405)	(6,150)	101.71
Net Loss	(13,350)	(6,379)	
Other comprehensive income, net of tax:			
Items that may be reclassified to profit or loss:			
Reclassification of foreign currency translation reserve on disposal of subsidiaries	-	(3,641)	-100.00
Available-for-sale financial assets: Fair value losses	-	(281,186)	-100.00
Total other comprehensive loss that will be reclassified to profit or loss, net of taxation	-	(284,827)	-100.00
Total other comprehensive loss, net of taxation	-	(284,827)	-100.00
Total comprehensive loss for the year attributable to the owners of the Company	(13,350)	(291,206)	-95.42

1 (a)(ii) Explanatory Notes:

Other income/(loss) comprises:		
The Group		
	Three months ended 31 March	Three months ended 31 March
Continuing operations		
	2017	2016
	HKD'000	HKD'000
Other Income	-	-
Profit/(Loss) before tax is arrived at after charging/(crediting)		
The Group		
	Three months ended 31 March	Three months ended 31 March
Continuing operations		
	2017	2016
	HKD'000	HKD'000
Depreciation and amortisation	-	-
Interest on bank loans	-	-
Other income/(loss) comprises:		
The Group		
	Three months ended 31 March	Three months ended 31 March
Discontinued operations		
	2017	2016
	HKD'000	HKD'000
Other Income	-	2,384
The Group		
	Three months ended 31 March	Three months ended 31 March
Discontinued operations		
	2017	2016
	HKD'000	HKD'000
Depreciation and amortisation	-	251
Interest on bank loans	-	1,215
Interest on finance lease	-	13

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 Group and the company	
	31.03.2017	31.12.2016
	HK\$'000	HK\$'000
Current assets		
Other receivables	-	882,487
Bank and cash balances	41,981	62
	41,981	882,549
TOTAL ASSETS	41,981	882,549
Capital and reserves		
Share capital	97,776	97,776
Reserves	(56,152)	734,934
Equity attributable to owners of the Company	41,624	832,710
Current liabilities		
Accruals and other payables	357	49,839
	357	49,839
Total liabilities	357	49,839
TOTAL EQUITY AND LIABILITIES	41,981	882,549

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 31 March 2017		As at 31 December 2016	
Secured (HK\$'000)	Unsecured (HK\$'000)	Secured (HK\$'000)	Unsecured (HK\$000)
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31 March 2017		As at 31 December 2016	
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.

	Three months ended 31 March	
	2017	2016
	HK\$'000	HK\$'000
		(restated)
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax		
- Continuing operation	(945)	(229)
- Discontinued operation	(12,405)	(6,150)
Adjustments for:		
Depreciation and amortisation	-	251
Interest expenses	-	1,228
Operating loss before working capital changes	(13,350)	(4,900)
Decrease in inventories	-	574
Decrease in trade receivables	-	11,838
Decrease/(increase) in other deposits and other receivables	882,487	(8,674)
Decrease in trade deposits and prepayments	-	(534)
Increase in amount due from ultimate holding company	(49,216)	-
Increase in trade payables	-	7,221
(Decrease)/increase in accruals and other payables	(266)	11,610
Effect on exchange rate changes	-	(3,643)
Cash generated from operations	819,655	13,492
Interest paid	-	(1,228)
Net cash generated from operating activities	819,655	12,264
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for construction work for Construction projects	-	(19,134)
Purchase of fixed assets	-	(389)
Net cash to investing activities	-	(19,523)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(777,736)	-
(Repayment to)/borrow from ultimate holding company and a related company	-	5,469
(Increase)/decrease in pledged bank deposits	-	8,757
Repayment of finance lease payables	-	(43)
Net cash (used in) / generated from financing activities	(777,736)	14,183
NET INCREASE IN CASH AND CASH EQUIVALENTS	41,919	6,924
Effect on foreign exchange rate changes	-	(10,226)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	62	13,406
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	41,981	10,104
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	41,981	10,104

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							Total reserve	Attributable to owners of the Company
	Share capital	Share premium	Contributed surplus	Share-based payment reserve	Foreign currency translation reserve	Available-for-sale reserve	Retained earnings		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group									
For the three months ended									
31 March 2017									
At 1 January 2017	97,776	-	890,668	29	-	-	(155,763)	734,934	832,710
Dividend paid	-	-	-	-	-	-	(777,736)	(777,736)	(777,736)
Share based payment	-	-	-	-	-	-	-	-	-
Transfer to contributed surplus	-	-	-	-	-	-	-	-	-
Share issued upon exercise of share options and share awards	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	-	-	(13,350)	(13,350)	(13,350)
Loss for the year	-	-	-	-	-	-	(13,350)	(13,350)	(13,350)
Other comprehensive income:									
Reclassification of foreign currency translation reserve on disposal of subsidiaries	-	-	-	-	-	-	-	-	-
Available-for-sale financial assets:									
Fair value gains	-	-	-	-	-	-	-	-	-
Total other comprehensive income, net of taxation	-	-	-	-	-	-	-	-	-
At 31 March 2017	97,776	-	890,668	29	-	-	(946,849)	(56,152)	41,624
For the three months ended									
31 March 2016									
At 1 January 2016	97,776	188,517	702,151	29	62,831	(17,739)	496,122	1,431,911	1,529,687
Dividend paid	-	-	-	-	-	-	-	-	-
Share based payment	-	-	-	-	-	-	-	-	-
Share issued upon exercise of share options and share awards	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	(3,641)	(281,186)	(6,379)	(291,206)	(291,206)
Loss for the year	-	-	-	-	-	-	(6,379)	(6,379)	(6,379)
Other comprehensive income:									
Reclassification of foreign currency translation reserve on disposal of subsidiaries	-	-	-	-	(3,641)	-	-	(3,641)	(3,641)
Available-for-sale financial assets:									
Fair value gains	-	-	-	-	-	(281,186)	-	(281,186)	(281,186)
Total other comprehensive income, net of taxation	-	-	-	-	(3,641)	(281,186)	-	(284,827)	(284,827)
At 31 March 2016	97,776	188,517	702,151	29	59,190	(298,925)	489,743	1,140,705	1,238,481
Company									
For the three months ended									
31 March 2017									
At 1 January 2017	97,776	-	890,668	29	-	-	(155,763)	734,934	832,710
Dividend paid	-	-	-	-	-	-	(777,736)	(777,736)	(777,736)
Share-based payment	-	-	-	-	-	-	-	-	-
Share issued upon exercise of share options and share awards	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	-	-	(13,350)	(13,350)	(13,350)
At 31 March 2017	97,776	-	890,668	29	-	-	(946,849)	(56,152)	41,624
For the three months ended									
31 March 2016									
At 1 January 2016	97,776	188,517	702,151	29	125,747	-	(9,367)	1,007,077	1,104,853
Dividend paid	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	-	-	-
Share issued upon exercise of share options and share awards	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	-	-	(229)	(229)	(229)
At 31 March 2016	97,776	188,517	702,151	29	125,747	-	(9,596)	1,006,848	1,104,624

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 31 March 2016	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 2017 and 31 March 2017	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 31 March 2017 and 2016.

(ii) CG PSP

There was no outstanding share options under CG ESOS as at 31 March 2017 and 2016.

(iii) CG RSP

There was no share vested during Q1 2017. As at 31 March 2017, the number of outstanding shares under CG PSP was 200,000 (31 March 2016: 342,000)

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 2017 and 31 March 2017	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 2016.

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	
	31 March 2017	31 March 2016
	HKD cents	HKD cents
Loss per Share		
- Basic (1)		
Continuing operations	(0.10)	(0.02)
Discontinued operations	(1.27)	(0.63)
- Diluted (2)		
Continuing operations	N/A	N/A
Discontinued operations	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 31 March 2017 and 31 March 2016 and the weighted average number of shares for the period ended 31 March 2017 was 977,755,354 (2016: 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 31 March 2017 and 31 March 2016.

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 Group and the Company	
	31.03.2017	31.12.2016
Net asset value (HKD'000)	41,624	832,710
Number of issued shares	977,755,354	977,755,354
Net asset value per share (HKD cents)	4.26	85.17

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 31 Mar	Three months ended 31 Mar	Increase / (Decrease)	
	2017	2016		
	HK\$'000	HK\$'000	HK\$'000	%
Exchange loss	81	2	79	3950%
Legal and Professional	282	222	60	27%
Bank charges	4	4	-	0%
Staff cost and welfare	565	1	564	56400%
Travelling	13	-	13	N.M.
	945	229	716	313%

Administrative expenses increased 313% from HK\$0.2million in Q1 2016 to HK\$0.9million in Q1 2017, due to the increasing of HK\$0.6 million staff cost and welfare after the transfer arrangement from the staff in subsidiaries which disposed in Year 2016 to the Company in this year and HK\$0.1million exchange different losses.

8.2 Discontinued operations

On 17 August 2016, the Group had through its wholly-owned subsidiary, C&G Environmental Protection (Hong Kong) Company Limited and Huang Yong Pu (the "Purchaser"), had entered into a share sale and purchase agreement in relation to dispose of its principal operating and wholly-owned subsidiary, Sun Harbour (Asia) Engineering Company Limited (formerly known as C&G (Asia) Engineering Company Limited) which is engaged in investment holding and its subsidiary is engaged in the business of engineering, procurement and construction and project management services and specializes in waste disposal and management, sustainable energy technology and environmental protection projects. The aggregate consideration for the disposal is the sum of HK\$2million.

On 26 August 2016, the Group has through its wholly-owned subsidiary, C&G HK entered into C&G Thai SPA with New Sky to dispose of its principal operating and wholly-owned subsidiary, C&G Thailand through the sale of 75,184,000 entire issued and paid-up ordinary shares of C&G Thailand owned by the Company ("C&G Thai Sale Shares"), for a consideration of RMB187,654,229. In addition to the aforesaid consideration, New Sky had also agreed to assume and discharge, for and on behalf of C&G Thailand (a) all the debts recorded in the books of C&G Thailand (including but not limited to inter-company loans and advances made by the Group to C&G Thailand of approximately THB1,327.9 million (equivalent to RMB248.6 million) as at 29 February 2016 amounting to approximately THB1,668.2 million (equivalent to RMB312.3 million); and (b) all payables arising from all uncompleted construction contracts entered into by C&G Thailand on or before 29 February 2016, on or before the completion date of the C&G Thai SPA.

In connection with the Proposed Disposal of the C&G Thailand, the Company had also on 26 August 2016 entered into a conditional sale and purchase agreement ("C&G International SPA") with Ahead Auto Limited ("Ahead Auto") pursuant to which the Company had agreed to dispose of all its group companies (other than C&G Thailand) through the sale of 85,868,000 issued and paid-up ordinary shares of par value of US\$1.00 each ("C&G International Sale Shares") in the capital of C&G Environmental Protection International Limited ("C&G International") owned by the Company, comprising the entire issued and paid-up share capital of C&G International, on the terms and subject to the conditions of the C&G International SPA (the "Proposed Disposal of All Group Companies (other than C&G Thailand)"), for an aggregate purchase consideration of HK\$600,000,000.

Loss from discontinuing operations of HK\$12.4 million are the foreign exchange difference arose from the receipt of the receivables amount of HK\$882.5 million of the above Proposed Disposal Transactions.

8.3 Financial Position of the Group

ASSETS

8.3.1 Intangible assets

Not applicable.

8.3.2 Available-for-sale financial assets

Not applicable.

8.3.3 Inventories

Not applicable.

8.3.4 Trade receivables

Not applicable.

8.3.5 Gross amounts due from/to customers for contract work

Not applicable.

8.3.6 Other deposits and other receivables

Other receivables represented the outstanding consideration from Ahead Auto Limited and New Sky Energy (Thailand) Company Limited.

8.3.7 Amount due from ultimate holding company

Not applicable.

8.3.8 Pledged bank deposits

Not applicable.

8.3.9 Bank and cash balances

Bank and cash balances increased by HK\$41.9 million as at 31 March 2017 For details of the cash movement, please refer to the Statement of Cash Flows and the explanation notes in page 10.

LIABILITIES

8.3.10 Trade payables

Not applicable.

8.3.11 Accruals and other payables

	The Group and the Company			Changes
	31.3.2017	31.12.2016		
	HK\$'000	HK\$'000		
Due to the ultimate holding company	-	49,216		-100.0%
Others	357	623		-42.7%
	357	49,839		-99.3%

8.3.12 Finance lease payables

Not applicable.

8.3.13 Interest-bearing borrowings

Not applicable.

Financial Position of the Company

8.3.14 Due from subsidiaries

Not applicable.

8.3.15 Pledged bank deposits

Not applicable.

8.3.16 Due to subsidiaries

Not applicable.

8.4 Statement of Cash Flows

Net cash generated from operating activities

The Group recorded a net cash inflow in operating activities for the period mainly because of settlement of sale consideration receivables.

Net cash used in investing activities

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

Net cash used in financing activities

Net cash used in financing activities in this quarter mainly represented the payment of dividend.

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.

The Company is currently considering various options available to the Company after it becomes a cash company and Shareholders will be informed in due course once a definitive decision has been made. Although the Company will be actively pursuing the acquisition of a new business following completion of the Proposed Transactions, there is no assurance that this will be achieved or that it will be achieved within the timeframes prescribed in Rule 1018(2) of the Listing Manual and there is a risk that the Company may be delisted if it is unable to meet the applicable requirements for the listing of a new business.

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 1Q FY2017 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

15 May 2017