



**C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED**

(Incorporated in Bermuda on 24 September 2004)

(Company Registration No. 35842)

**ANNUAL REPORT 2017**



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## CONTENTS

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Corporate Profile	2
Chairman's Statement	3
Board of Directors	5
Corporate Information	8
Corporate Governance Report	10
Directors' Statement	24
Independent Auditors' Report to the Members of C&G Environmental Protection Holdings Limited	29
Statement of Profit or Loss and Other Comprehensive Income	35
Statement of Financial Position	36
Statement of Changes in Equity	37
Statement of Cash Flows	38
Notes to the Financial Statements	40
Statistics of Shareholdings	82
Notice of Annual General Meeting	84

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## CORPORATE PROFILE

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On 30 December 2016, C&G Environmental Protection Holdings Limited (“the Company”) completed the disposal of its principal operating subsidiaries, C&G Environmental Protection (Thailand) Company Limited (“CGEPT”) and C&G Environmental Protection International Limited (“CGEPIL”) (the “Disposal”). Following the completion of the Disposal, the Company became a cash company under Rule 1018 of the Listing Manual. The Company does not have any subsidiary since 30 December 2016.

The Company has on 28 December 2017 announced that it has entered into a term sheet (the “Term Sheet”) with Param Mitra Coal Resources Pte. Limited (the “Vendor”), pursuant to which the Company shall acquire the entire 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”), and (3) Dragon Power Investments Limited (“DPIL”) and 76% of the issued and paid-up share capital in (4) Unity Holding Business Singapore Pte. Ltd. (“UHBS”) (collectively, the “Target Companies”) together with its subsidiaries (the “Proposed Transaction”).

The Company has written to the SGX-ST on 29 December 2017 to seek approval for an extension of time under Rule 1018(2) of the Listing Manual for the Company to complete the Proposed Acquisition. By way of letter dated 23 March 2018, SGX-ST has granted the Company an extension of time to 31 May 2018 (“Extension Date”), to sign the Definitive Agreement and finalise the appointment of the financial adviser in respect of the Proposed Transaction. Following the signing of a Definitive Agreement, the Company intends to make a further application to the SGX-ST for extension of time pursuant to Rule 1018(2) of the Listing Manual to complete the Proposed Transaction.

Shareholders and potential investors are advised to exercise caution in trading the shares in the Company as there is no assurance that the Definitive Agreement will be entered into, the terms and conditions of the Proposed Transaction will not differ from that set out in the Term Sheet, or the Proposed Transaction will be undertaken at all.

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## CHAIRMAN'S STATEMENT

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Dear Valued Shareholder,

On behalf of the Board of Directors (“Board”), I am pleased to present C&G Environmental Protection Holdings Limited’s (“C&G”) annual report for the financial year ended 31 December 2017 (“FY2017”).

### **2017 HIGHLIGHTS**

Following the disposal of its subsidiaries on 30 December 2016, the Company is deemed to be a cash company, and there was no revenue recognised in FY2017. Cash dividend of approximately HK\$816.3 was declared and distributed in FY2017. The Company recorded expenses of HK\$3.7 million in FY2017 for the daily working capital and the loss from discontinued operations of HK\$12.4 million as a result of the exchange loss arising from the receipt of the consideration for the Disposal. The asset of the Company comprised of cash and cash equivalents of HK\$0.6 million.

### **PROPOSED TRANSACTION**

I wrote last year that the Company was exploring options to maximise value for shareholders, including a reverse takeover. The Company has on 28 December 2017 entered into a term sheet (the “Term Sheet”) with Param Mitra Coal Resources Pte. Limited (the “Vendor”), pursuant to which the Company shall acquire the entire 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”), and (3) Dragon Power Investments Limited (“DPIL”) and 76% of the issued and paid-up share capital in (4) Unity Holding Business Singapore Pte. Ltd. (“UHBS”) (collectively, the “Target Companies”) together with its subsidiaries (the “Proposed Transaction”).

The Company and the Vendor are still in the process of negotiating and finalising the Definitive Agreement and are conducting appropriate due diligence to ensure compliance with the Listing Manual.

With this Proposed Transaction, the Company hopes to satisfy the Singapore Exchange Securities Limited (the “SGX-ST”) requirements for a new listing. The Proposed Transaction, if it proceeds to completion, is expected to result in a Reverse Takeover of the Company, subject to the approval of the SGX-ST and the approval of the shareholders of the Company at an Extraordinary General Meeting to be convened. As announced on 23 March 2018, the Company has been granted by SGX-ST, an extension of time until 31 May 2018 (the “Extension”) to sign the Definitive Agreement and finalise the appointment of the financial adviser in respect of the Proposed Transaction. The Company will provide updates to the SGX-ST and the shareholders of the Company via announcements to be released on the SGXNET on material developments to the Proposed Transaction.

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## CHAIRMAN'S STATEMENT

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### IN APPRECIATION

I would like to take this opportunity to thank my fellow Board members for their committed contributions, support and services to the Company. My sincere thanks is also extended to the former Board member, Mr. Alfred Cheong Keng Chuan who has resigned during the year for his contribution to the Group. On behalf of the Board, I would like to express my gratitude and appreciation to our valued shareholders and business associates for your unwavering support to the Company through this period of transition.

Yours sincerely,

**Mr. Lam Chik Tsan**

*Executive Chairman and Group Chief Executive Officer*

29 March 2018

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## BOARD OF DIRECTORS

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### **Lam Chik Tsan, 43**

Executive Chairman and Group Chief Executive Officer  
Graduated from Shishi Hanjiang Secondary School in 1990  
Member of National Committee of the Chinese People's Political Consultative Conference

Date of first appointment as director: 25 September 2015

Date of last re-election as director: N/A

Length of service: 2 years 3 months

(as at 31 December 2017)

### **Present directorship in other listed companies**

Nil

### **Present principal commitments (other than directorships in other listed companies)**

Executive Director of C&G Holdings (Hong Kong) Limited  
Executive Director of C&G Trading (Hong Kong) Limited  
Executive Director of Toptex Investment (Hong Kong) Limited  
Executive Director of Xiamen C&G Group Company Limited

### **Directorships in other listed companies held over the preceding three years**

Nil

### **Background**

Mr. Lam Chik Tsan is the founder of C&G Environmental Protection Holdings Limited (Formerly known as CG Technologies Holdings Limited). Prior to founding our Group, Mr. Lam worked in Shishi Hanjing Liandai Hualian Knitting Factory as an apprentice from August 1990 to August 1991. From August 1991 to December 1996, Mr. Lam held various position in Shishi Hanjian Knitting Co., Ltd., a company owned by his father, rising through the ranks from technician to marketing manager and subsequently assistant general manager.

In January 1997, Mr. Lam founded Xiamen Xianggu Xingangcheng Import Export Co., Ltd where he was the director in charge of the company's yarn and chemical fibre import and export business. In October 1998, Mr. Lam found Xiamen C&G Group Co. Ltd., an investment holding company. In 2000, Mr. Lam founded the Group by establishing Longyan Chemical Fiber.

Mr. Lam has rich management experience and strong business network. Mr. Lam is currently a member of National Committee of the Chinese People's Political Consultative Conference.

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## BOARD OF DIRECTORS

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### **Tam Sau Fung, 39**

Executive Director and Group Deputy Chief Executive Officer  
Graduated from Hong Kong Polytechnic University in 2001  
Member of the Hong Kong Institute of Certified Public Accountants  
Date of first appointment as director: 22 May 2015  
Date of last re-election as director: N/A  
Length of service: 2 years 7 months  
(as at 31 December 2017)

### **Served on the following Board Committees**

- Audit Committee – Member
- Nominating Committee – Member
- Remuneration Committee – Member

### **Present directorship in other listed companies**

Nil

### **Present principal commitments (other than directorships in other listed companies)**

Nil

### **Directorships in other listed companies held over the preceding three years**

Nil

### **Background**

Tam Sau Fung joined the Group in August 2010 as the Group Financial Controller. In May 2015, Ms Tam was appointed as the Executive Director and Group Deputy Chief Executive Officer to monitor the Group's management and accounting function.

Prior to joining the Group, she was the Financial Controller of China New Town Development Company Limited, a company dually listed on the main board of The Stock Exchange Securities Trading Limited and The Stock Exchange of Hong Kong Limited from 2008 to 2010.

Ms. Tam also worked as an auditor from international accounting firm, PricewaterhouseCoopers, in Hong Kong for seven years.



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## BOARD OF DIRECTORS

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### **Ng Li Yong, 46**

Bachelor of Law, University of Kent, United Kingdom

Postgraduate Diploma in Singapore Law, National University of Singapore

Member of Law Society of Singapore and Singapore Academy of Law

Date of first appointment as director: 13 May 2013

Date of last re-election as director: 25 April 2017

Length of service: 4 years and 8 months

(as at 31 December 2017)

#### **Served on the following Board Committees:**

- Audit Committee – Member
- Nominating Committee – Member
- Remuneration Committee – Chairman

#### **Present Directorships in other listed companies**

Accrelist Ltd. (formerly known as WE Holdings Ltd.)

#### **Present Principal Commitments (other than directorships in other listed companies)**

Director of WNLEX LLC, Advocates & Solicitors

#### **Directorships in other listed companies held over the preceding three years**

Nil

#### **Background and experience**

Ng Li Yong is a lawyer with more than 10 years of experience and is currently a director of WNLEX LLC, a full service law practice. His area of practice includes corporate, commercial and intellectual property.

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## CORPORATE INFORMATION

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### **Board of Directors**

Mr. Lam Chik Tsan

*(Executive Chairman and Group Chief Executive Officer)*

Ms. Tam Sau Fung

*(Executive Director and Group Deputy Chief Executive Officer)*

Mr. Ng Li Yong

*(Independent Director)*

### **Company Secretary**

Mr. Lee Wei Hsiung, ACIS

### **Assistant Company Secretary**

Codan Services Limited

### **Registered Office**

Clarendon House

2 Church Street, Hamilton HM 11

Bermuda

Registration Number: 35842

### **Head Office and Principal Place of Business**

Office F 23/F

MG Tower

133 Hoi Bun Road

Kwun Tong

Kowloon

Hong Kong

<http://www.cg-ep.com/>

### **Singapore Share Transfer Agent**

Tricor Barbinder Share Registration Services

(a division of Tricor Singapore Pte. Ltd.)

80 Robinson Road, #02-00

Singapore 068898

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## CORPORATE INFORMATION

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### **Bermuda Share Registrar**

Codan Services Limited  
Clarendon House  
2 Church Street, Hamilton HM 11  
Bermuda

### **Principal Bankers**

Bank of China (Hong Kong) Limited

### **Independent Auditors**

Mazars LLP  
Public Accountants and Chartered Accountants  
135 Cecil Street  
#10-01 MYP Plaza  
Singapore 069536  
Partner-in-charge:  
Mr. Tan Chee Tyan  
With effect from financial year ended  
31 December 2014

### **Investor Relations**

Ms Tam Sau Fung  
Executive Director and Group Deputy Chief Executive Officer  
Office F 23/F  
MG Tower  
133 Hoi Bun Road  
Kwun Tong  
Kowloon  
Hong Kong  
T: (852) 2219 8555

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# CORPORATE GOVERNANCE REPORT

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## CORPORATE GOVERNANCE

C&G Environmental Protection Limited (the “Company”) recognizes the importance of good corporate governance and the offering of high standards of accountability to shareholders.

This statement sets out the Company’s corporate governance framework and practices in compliance with the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”). Where there have been deviations from the Code, appropriate explanations are provided. The Company will continue to assess its need in its current capacity as a cash company and implement appropriate measures accordingly, to ensure compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

### A. BOARD MATTERS

#### **Principle 1: Board’s Conduct of its Affairs**

The Board has the responsibility for the overall management of the Group. It establishes the corporate strategies of the Group, sets direction and goals for the executive management. It supervises the executive management and monitors performance of these goals to enhance shareholders’ value. The Board is responsible for the overall corporate governance of the Group.

The Board has identified a number of areas for which the Board has direct responsibility for decision-making. Interested Persons Transactions and the Group’s internal control procedures are also reviewed by the Board. Major investments and funding decisions are approved by the Board.

The Board also meets to consider the following corporate matters:

- Approval of quarterly and year end result announcements;
- Approval of the Annual Reports and Accounts;
- Convening of Shareholder’s Meetings;
- Approval of Corporate Strategies; and
- Material Acquisitions and disposal of assets.

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## CORPORATE GOVERNANCE REPORT

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To facilitate effective management, certain functions of the Board have been delegated to various Board Committees, namely Audit, Nominating and Remuneration Committees. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly reviewed by the Board.

The Board conducts regular scheduled meetings on a quarterly basis and as when necessary to address any specific significant matters that may arise. To ensure meetings are held regularly with maximum director participation, the Company's Bye-laws allow for the telephone and video-conferencing meetings.

Below is the attendance of the Directors at meetings of the Board and its committees in 2017:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	4	4	1	1
No. of meetings attended				
Lam Chik Tsan	4	NA	NA	NA
Tam Sau Fung	4	4	1	1
Alfred Cheong Keng Chuan <sup>^</sup>	4	4	1	1
Ng Li Yong	4	4	1	1

NA Not a member

<sup>^</sup> Resigned as the Lead Independent Director and ceased to be the Chairman of the Audit Committee and Nominating Committee and a member of the Remuneration Committee on 22 December 2017

Directors are provided with continuing education in areas such as changes in financial reporting standards, corporate governance, as well as receive regular updates on relevant new laws and regulations, and evolving commercial risks and business conditions from the Company's relevant advisors. New directors, upon appointment, will be provided with a formal letter setting out the Directors' duties and responsibilities. They will undergo a comprehensive orientation programme including management presentations on the businesses, strategic plans and objectives of the Company and its Group. Directors also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operation.

### **Principle 2: Board Composition and Balance**

The Board of Directors comprises 3 directors, one of whom is an independent director. The Directors of the Company as at the date of this statement are:

- (i) Mr Lam Chik Tsan (Executive Chairman and Group Chief Executive Officer)
- (ii) Ms Tam Sau Fung (Executive Director and Group Deputy Chief Executive Officer)
- (iii) Mr Ng Li Yong (Non-Executive and Independent Director)

The Board, after taking into account that the Company ceased to have any operating business following completion of the Disposal and had since become a cash company under Rule 1018 of the SGX-ST Listing Manual, is satisfied that its current size is adequate and appropriate for effective decision making. Nevertheless, the Company will undertake the necessary board changes as soon as practicable. As a team, the Board collectively provides core competencies in the areas of legal, accounting, finance, business and management experience.

Key information regarding the Directors is given in “Board of Directors on page 5 to page 7.

There is no alternate director on the Board.

### **Principle 3: Chairman and Chief Executive Officer**

Mr Lam Chik Tsan is the Executive Chairman and Group Chief Executive Officer. Although the roles of the chairman and chief executive officer are not separated, the Audit Committee (“AC”), Remuneration Committee (“RC”) and Nominating Committee (“NC”) are chaired by independent directors until the resignation of the Lead Independent Director on 22 December 2017. The performance and remuneration of the Executive Chairman and Chief Executive Officer are reviewed periodically by the NC and RC. Mr Alfred Cheong Keng Chuan was the Lead Independent Director of the Company and was available to shareholders should they have concerns which cannot be resolved through the normal channel of the Chairman or for which such contact was inappropriate until his resignation on 22 December 2017. As such, for 2017, the Board believes that there are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is independent and based on collective decision-making without Mr Lam Chik Tsan being able to exercise considerable concentration of power or influence. The Board will seek to make changes to its composition such that independent directors make up at least half of the Board as soon as practicable.

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## CORPORATE GOVERNANCE REPORT

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As the Executive Chairman and Group Chief Executive Officer, Mr Lam Chik Tsan has full responsibilities over the business directions and operational decisions of the Group and is also responsible for the effective workings of the Board, ensuring the integrity and effectiveness of its governance process.

### **Principle 4: Board Membership**

#### *Nominating Committee*

The Nominating Committee (“NC”) currently comprises two members. The members of the NC are:

- Mr Ng Li Yong  
*Non-Executive and Independent Director*
- Ms Tam Sau Fung  
*Executive Director and Group Deputy Chief Executive Officer*

In view that the Company is currently a cash company and the NC performs minimal functions, the Board is of the view that the Company, in its current capacity as a cash company, does not warrant having to appoint additional non-executive director to fill the vacancy in the NC. Nevertheless, the Board will continue to assess the need for such appointment on a periodic basis.

The NC’s principal functions are as follows:

- (a) recommend to the Board on all board appointments and re-appointments;
- (b) determine independence of the Directors annually, and as and when circumstances require;
- (c) determine whether or not a Director is able to and has been adequately carrying out his duties as Director of the Company;
- (d) evaluate the performance and effectiveness of the Board as a whole;
- (e) review of training and professional development programs for the Board; and
- (f) review of Board succession plans.

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## CORPORATE GOVERNANCE REPORT

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The NC reviews the independence of each director annually. Each independent director is required to complete a Director's Independence Form annually to confirm his independence based on the guidelines as set out in the Code. The directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code. The NC and the Board consider Mr Ng Li Yong to be an Independent Director.

There is currently no Director who has served on the Board beyond nine (9) years from the date of appointment.

With respect to the appointment of any new Director to the Board, candidates are identified through various sources and the NC reviews the expertise and experience of the candidates, interviews the short-listed candidates and recommends the most suitable candidate(s) to the Board for approval.

The Bye-laws of the Company require that any director appointed by the Board shall retire at the next annual general meeting of the Company. Accordingly, the Directors submit themselves for re-nomination and re-election at regular intervals of at least once every 3 years.

Ms Tam Sau Fung is retiring as a Director at the forthcoming annual general meeting of the Company pursuant to the Bye-laws of the Company. The NC and the Board had nominated her for re-election as a Director.

At present, the Board does not intend to set a maximum number of listed company board representations a Director may hold as it is of the view that the effectiveness of a Director should be evaluated by a qualitative assessment of his contributions to the Company's affairs taking into account his other commitments including his directorships in other listed companies. The NC considers that the multiple board representations held presently by some Directors do not impede their respective performance in carrying out their duties to the Company.

Details of the Directors' academic and professional qualifications and directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments are set out on pages 5 to 7 of this Annual Report.

Information regarding the Directors' shareholdings in the Company and related corporations is set out on page 25 of this Annual Report.



### **Principle 5: Board Performance**

The NC uses objective and appropriate quantitative and qualitative criteria to assess the performance of individual directors, and the Board as a whole. Assessment parameters include the attendance records of the directors at Board or Committee meetings, the level of participation at such meetings, the quality of Board processes and the business performance of the Group. The performance of a Director is taken into account in the review of his re-election.

In view that the Company is currently a cash company and the Board Committees perform minimal functions, the Board, together with the NC, is of the view that an assessment of the Board as a whole and each Director is sufficient and it would not be necessary to conduct an assessment of the Board Committees for FY2017.

The Board as a whole and each individual had met their performance objective in FY2017.

### **Principle 6: Access to Information**

The Board has separate and independent access to senior management and the company secretary at all times. Requests for information from the Board are dealt with promptly by management. The Board is informed of all material events and transactions as and when they occur. The management provides the Board with quarterly reports of the Company's performance. The management also consults with Board members regularly whenever necessary and appropriate. The Board is issued with board papers timely and prior to Board meetings.

The Company Secretary attends all board meetings. The Company Secretary administers, attends and prepares minutes of Board meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively and the Company's Memorandum of Association and Bye-Laws and the relevant rules and regulations applicable to the Company are complied with. The appointment and removal of the Company Secretary are subject to the Board's approval.

Board members are aware that they, either individually or as a group, in the furtherance of their duties, can take independent professional advice, if necessary, at the Company's expense.

### B. REMUNERATION MATTERS

#### **Principle 7: Procedures for Developing Remuneration Policies**

The Remuneration Committee (“RC”) currently comprises two members, chaired by the Independent Director. The members of the RC are:

- Mr Ng Li Yong (Chairman)  
*Non-Executive and Independent Director*
- Ms Tam Sau Fung  
*Executive Director and Group Deputy Chief Executive Officer*

In view that the Company is currently a cash company and the RC performs minimal functions, the Board is of the view that the Company, in its current capacity as a cash company, does not warrant having to appoint additional non-executive director to fill the vacancy in the RC. Nevertheless, the Board will continue to assess the need for such appointment on a periodic basis.

The functions of the RC are to review and recommend the remuneration packages of the Executive Directors, CEO and key executives of the Company, oversee and review the administration of the Employee Share Option Scheme, Performance Share Plan and Restricted Share Plan, and to review the appropriateness of compensation for Non-Executive Directors including but not limited to Directors’ fees and allowances.

The payment of fees to Non-Executive Directors is subject to approval at the annual general meeting of the Company. No director is involved in deciding his own remuneration.

#### **Principle 8: Level and Mix of Remuneration**

In setting the remuneration packages of the Executive Directors, the RC takes into account the respective performances of the Group and the individual. In its deliberation, the RC takes into consideration, remuneration packages and employment conditions within the industry and benchmarked against comparable companies.

Non-Executive Directors are paid a basic fee and an additional fee for serving on any of the committees. The Chairman of each of these committees is compensated for his additional responsibilities. Such fees are approved by the shareholders of the Company at the annual general meeting of the Company.

## CORPORATE GOVERNANCE REPORT

### Principle 9: Disclosure on Remuneration

The annual remuneration of non-executive Directors payable for 2017 is as follows:

Non-Executive Director	Position Held	Director's Fee
Mr Alfred Cheong Keng Chuan ^	Board member, Lead Independent Director, AC Chairman, NC Chairman and RC member	S\$55,411
Mr Ng Li Yong	Board member, RC Chairman, AC member and NC member	S\$50,000

^ Resigned as the Lead Independent Director on 22 December 2017

In view of the competitive pressures in the talent market, the remuneration paid to the CEO, Executive Director and the top five key management personnel are not fully disclosed. In 2017, the level of mix of the annual remuneration of the CEO and Executive Director, and each of the top 5 members of Senior Management (who are not also Directors), in bands of S\$250,000, are set out below:

Name	Remuneration	Fringe			Total
	Band	Salary	Bonus	Benefits	
	S\$	%	%	%	%
<b>Executive Directors</b>					
Lam Chik Tsan (CEO)	Below S\$250,000	100%	–	–	100%
Tam Sau Fung	Below S\$250,000	100%	–	–	100%
<b>Top 5 Key Executives</b>					
Yim Ka Chi +	Below S\$250,000	100%	–	–	100%

+ Resigned as the Group Financial Controller on 15 January 2018

Other than the 2 Executive Directors, the Key Executives of the Company comprises only Mr Yim Ka Chi and the total remuneration paid to him the financial year ended 31 December 2017 was approximately HK\$781,000.

The Company does not have any employee who is an immediate family member of a Director or CEO whose remuneration exceeds S\$50,000 during the year.

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## CORPORATE GOVERNANCE REPORT

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The C&G Environmental Protection Holdings Employee Share Option Scheme, Performance Share Plan and Restricted Share Plan (collectively known as the “Scheme”) were implemented on 24 April 2013 primarily to reward and retain Executive Directors, Non-Executive Directors and employees whose services are vital to the Group’s success. It is administered by the RC. Details of the Scheme are set out in the Directors’ Statement on page 25 to page 26.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the executive directors and key management personnel in exceptional circumstances of misstatement of financial statements or of misconduct resulting in financial loss to the Company. Notwithstanding, this does not preclude the Company’s right to reclaim in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Company.

### C. ACCOUNTABILITY AND AUDIT

#### **Principle 10: Accountability**

In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Group’s performance, position and prospects.

The Management currently provides the Board with a continual flow of relevant information on a timely basis so that it may effectively discharge its duties. The Board members are also provided with up-to-date financial reports and other information on the Group’s performance for effective monitoring and decision making.

During FY2017, the Company has provided monthly valuation of its assets and utilisation of cash pursuant to Rule 1018(1)(b) of the Listing Manual of the SGX-ST.

#### **Principle 11: Risk Management and Internal Controls**

The Board recognises that no internal control system will preclude all errors and irregularities. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The controls are to provide reasonable, but not absolute, assurance to safeguard shareholders’ investments and the Group’s assets. The Board regularly reviews the effectiveness of all internal controls, including financial, operational, compliance and information technology controls, and risk management system.

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## CORPORATE GOVERNANCE REPORT

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Based on the internal controls established and maintained by the Group, work performed by the external auditors and reviews performed by Management and the Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls and risk management systems, addressing financial, operational, compliance and information technology risks, were adequate as at 31 December 2017 within the current scope of the Group's business operations.

The Company has also adopted an enterprise risk management framework to enhance its risk management capabilities.

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and Board.

The Board receives assurance from the Group Chief Executive Officer and Group Deputy Chief Executive Officer that:

- (1) the financial records have been properly maintained;
- (2) the financial statements give a true and fair view of the Company's operations and finances; and
- (3) an effective risk management and internal control systems have been put in place.

### **Principle 12: Audit Committee**

The Audit Committee ("AC") currently comprises two members. The members of the AC are:

- Mr Ng Li Yong  
*Non-Executive and Independent Director*
- Ms Tam Sau Fung  
*Executive Director and Group Deputy Chief Executive Officer*

In view that the Company is currently a cash company and the AC performs minimal functions, the Board is of the view that the Company, in its current capacity as a cash company, does not warrant having to appoint additional non-executive director to fill the vacancy in the AC. Nevertheless, the Board will continue to assess the need for such appointment on a periodic basis.

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## CORPORATE GOVERNANCE REPORT

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The functions of the AC are as follows:

- (a) review with the internal and external auditors of the Company, their audit plan, evaluation of the internal accounting controls, audit report and ensures co-operation is given by the Company's management to the internal and external auditors;
- (b) review the interim and annual financial statements and the Auditors' report on the Company's annual financial statements before they are presented to the Board;
- (c) review with the management, external and internal auditors the adequacy and effectiveness of the company's internal controls, business and service systems and practices;
- (d) review related and interested party transactions;
- (e) consider the appointment and re-appointment of the external auditors; and
- (f) approve the hiring, removal, evaluation and compensation of the internal audit function.

The AC has the power to conduct or authorize investigations into any matters within the AC's scope of responsibility. The AC is authorized to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC is kept abreast by the Management and the external auditors of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

The AC has full access to and co-operation of the Company's management and has full discretion to invite any director or executive officer to attend the meetings, and has been given reasonable resources to enable it to discharge its functions. The AC meets with the external and internal auditors, without the presence of the management at least once a year. Ad-hoc meetings may be carried out from time to time, as circumstances require.

The aggregate amount of fees paid to the external auditors amounted to approximately HK\$174,000 for audit services. The external auditors did not provide any non-audit services for the financial year ended 31 December 2017.

In appointing the audit firm for the Group, the Company has complied with Rules 712, 715 and 716 of the Listing Manual of the SGX-ST.

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## CORPORATE GOVERNANCE REPORT

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The Company has in place a whistle-blowing policy which provides well-defined and accessible channels in the Group through which employees may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters within the Group.

### **Principle 13: Internal Audit**

As the Company is currently a cash company and does not have any operating business following the completion of the disposal, the AC is of the view that the Company, in its current capacity as a cash company, does not warrant having an in-house internal audit function or to outsource its internal audit function. Nonetheless, the Company has in place a system of risk management and internal controls which have been endorsed by the AC and approved by the Board. Management and the Board will review the adequacy and integrity of the Company's internal controls systems and report directly to the AC on any material non-compliance and internal control weakness, and will recommend improvements, where necessary. The AC will oversee and monitor the implementation of any improvements thereto.

The Board is of the view that the present level of internal control is appropriate for a cash company. The Board will continue to review such internal control systems at least on an annual basis. The AC and Board will also continue to assess the need for a separate internal audit function on a periodic basis.

## **D. COMMUNICATIONS WITH SHAREHOLDERS**

### **Principle 14: Shareholder Rights**

### **Principle 15: Communications with Shareholders**

### **Principle 16: Conduct of Shareholder Meetings**

In line with continuous obligations of the Company pursuant to the Singapore Exchange's Listing Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to shareholders on a timely basis through:

- SGXNET announcements and news release
- Annual Report prepared and issued to all shareholders

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## CORPORATE GOVERNANCE REPORT

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The Company does not practise selective disclosure, and is mindful of the remedial action required to make public disclosure as soon as practicable, should there be an event of inadvertent disclosure.

At the Company's annual general meetings, shareholders are given the opportunity to voice their views and ask Directors or Management questions regarding the Company. If shareholders are unable to attend the meeting, the Company's Bye-laws allow a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. The Company is not implementing absentia voting methods such as voting via mail, facsimile or email until security, integrity and other pertinent issues are satisfactory resolved.

Separate resolutions on each distinct issue are proposed at general meetings for approval. All resolutions were put to vote by poll at the last Annual General Meeting held on 25 April 2017. Minutes of general meetings which include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, were prepared and made available to shareholders upon request.

The Board members and chairpersons of the Audit, Remuneration and Nominating Committees are present and available to address shareholders' questions at general meetings. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Company has previously established a formal dividend policy in March 2011 to distribute at least 20% of the Group's operating net profit (excluding all the one-off items, if any) as dividend for the next three financial years commencing from financial year ended 31 December 2011, as determined by the Board, and subject to:

- the requirements of the Bermuda Companies Act and shareholders' approval;
- any banking or other funding covenants by which the Company is bound from time to time; and
- the investment and operating requirements of the Company.

The Board would consider a new dividend policy according to its financial and business development requirements at an appropriate time.

No final dividend was declared for the financial year ended 31 December 2017 considering that the Company is presently a cash company with no operating business. Notwithstanding, the Company has declared 3 Interim Special Dividend in 2017, amounting to an aggregate payout of HK\$816,286,000.



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## **CORPORATE GOVERNANCE REPORT**

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### **E. DEALING IN SECURITIES**

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST, the Group issues quarterly reminders to its Directors, officers and employees on the restrictions in dealing in the Company's securities during the period commencing (i) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (ii) one month before the announcement of full year results, and ending on the date of such announcements.

Directors, officers and employees are also reminded not to trade in the Company's securities at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Company's securities on short-term considerations.

### **F. MATERIAL CONTRACTS**

There was no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director, or controlling shareholder.

### **G. INTERESTED PERSONS TRANSACTIONS**

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and those transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

There are no interested person transactions between the Company or its subsidiaries and any of its interested persons subsisting at the end of the financial year ended 31 December 2017.

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## DIRECTORS' STATEMENT

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The directors of the Company are pleased to submit this statement to the members together with the audited financial statements of the Company for the financial year ended 31 December 2017.

### 1. Opinion of the directors

In the opinion of the directors,

- i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and
- ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### 2. Directors

The directors of the Company in office at the date of this statement are:

#### **Executive Directors**

Lam Chik Tsan (*Executive Chairman & Group Chief Executive Officer*)

Tam Sau Fung (*Executive Director & Group Deputy Chief Executive Officer*)

#### **Non-Executive and Independent Director**

Ng Li Yong

### 3. Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of whose objects was to enable directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 5 below.

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## DIRECTORS' STATEMENT

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#### 4. Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors shareholdings, an interest in the share capital of the Company as stated below:

Name of directors and respective company in which interest are held	Direct interests		Deemed interests	
	At 1.1.2017	At 31.12.2017	At 1.1.2017	At 31.12.2017
<b>The Company</b> No. of ordinary shares of HK\$0.10 each				
Lam Chik Tsan	–	–	774,537,355	774,537,355
Tam Sau Fung	798,000	798,000	–	–

The directors' interests as at 21 January 2018 were the same as those at 31 December 2017.

#### 5. Share options

On 24 April 2013, the shareholders of the Company approved and adopted an Employee Share Option Scheme (the "CG ESOS"), a Performance Share Plan (the "CG PSP") and a Restricted Share Plan (the "CG RSP"). The CG ESOS, CG PSP and CG RSP will provide eligible participants, such as the executive directors and employees of the Group who are not controlling shareholders or their associates, with an opportunity to participate in the equity of the Group. The aggregate number of new shares over which options may be granted under the CG ESOS, the aggregate number of new shares to be issued under the CG PSP and the CG RSP, on any date shall not exceed 10% of the total number of issued shares of the Company (excluding Treasury Shares, if any) on the day preceding the date of the relevant grant. The number of options and number of shares to be granted to the eligible participants, exercise price, exercise period and the timing of such grant are to be determined at the absolute discretion of the Remuneration Committee.

The CG ESOS, CG PSP and CG RSP are administered by the Remuneration Committee whose members are:

Ng Li Yong  
Tam Sau Fung

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## DIRECTORS' STATEMENT

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### 5. Share options (Continued)

A member of the Remuneration Committee who is also a participant of the CG ESOS, CG PSP and CG RSP must not be involved in its deliberation in respect of the options and shares granted or to be granted to him.

During the financial years ended 31 December 2017 and 2016, the Company did not grant any share options under CG ESOS, CG PSP and CG RSP.

During the financial year ended 31 December 2017, the Company forfeited Nil shares (2016: 142,000 shares) under CG RSP.

Details of shares granted to CG RSP participants, who received shares pursuant to the vesting of awards granted under the CG RSP which, in aggregate, represent 5% or more of (1) the total number of new shares available under the CG RSP and (2) the total number of existing shares purchased for delivery of awards released under the CG RSP during the financial year ended 31 December 2017 are as follows:

Name of CG RSP participant	Aggregate number of shares comprised in awards granted during the financial year under review ('000)	Aggregate number of shares comprised in awards granted which have exercised/forfeited during the financial year		
		Aggregate number of shares comprised in awards granted since the commencement of the CG RSP to the end of the financial year under review ('000)	Aggregate number during the financial year under review and in respect of such awards, the proportion of shares issued or transferred upon the release of the vested awards ('000)	Aggregate number of shares comprised in awards granted which have not been released as at the end of the financial year under review ('000)
Tam Sau Fung	200	200	-	200

Non-executive directors, controlling shareholders of the Company and their associates are not eligible to participate in the CG ESOS, CG PSP and CG RSP. Detailed terms of the CG ESOS, CG PSP and CG RSP have been set out in Note 14 to the financial statements.

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## DIRECTORS' STATEMENT

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### 6. Audit Committee

The Audit Committee ("AC") comprises the following directors:

Ng Li Yong

Tam Sau Fung

The AC performs the functions specified in the Listing Manual of the SGX-ST and the Code of Corporate Governance. The functions performed are as follows:

- (a) Review with the internal and external auditors of the Company, their audit plan, evaluation of the internal accounting controls (applicable for internal auditors), audit report and ensures co-operation is given by the Company's management to the internal and external auditors;
- (b) Review the interim and annual financial statements and the Auditors' report on the Company's annual financial statements before they are presented to the Board;
- (c) Review with the management and the internal auditors the adequacy and effectiveness of the Company's internal controls, business and service systems and practices;
- (d) Review related and interested party transactions;
- (e) Consider the appointment and re-appointment of the external auditors; and
- (f) Approve the hiring, removal, evaluation and compensation of the internal audit function.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC is kept abreast by the management and the external auditors of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

The AC has full access to and co-operation of the Company's management and has full discretion to invite any director or executive office to attend the meetings, and has been given reasonable resources to enable it to discharge its functions. The AC meets with the external and internal auditors, without the presence of the management at least once a year. Ad-hoc meetings may be carried out from time to time, as circumstances require.

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## DIRECTORS' STATEMENT

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**6. Audit Committee (Continued)**

The Company has in place a whistle-blowing policy which provides well-defined and accessible channels in the Group through which employees may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters within the Group.

**7. Auditors**

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

**Lam Chik Tsan**  
*Executive Chairman*  
& *Group Chief Executive Officer*

**Tam Sau Fung**  
*Executive Director &*  
*Group Deputy Chief Executive Officer*

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED**

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**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

**Opinion**

We have audited the financial statements of C&G Environmental Protection Holdings Limited (the "Company") which comprise the statement of financial position of the Company as at 31 December 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies from page 35 to 81.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

**Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED

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### **Material Uncertainty Related to Going Concern**

As at 31 December 2017, consequent to the disposal of all operating subsidiaries in the previous financial years, the Company remains as a cash company without any operations. Notwithstanding the fact that the Company is in a net current asset and net asset position of HKD266,000, the Company's continuing operations also incurred a net loss and net operating cash outflow of HKD3,753,000 for the financial year ended 31 December 2017. In accordance to ISA 570 Going Concern, these are conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on:

- i) the successful completion of the proposed reverse takeover (Note 21); and
- ii) the generation of positive cash flows subsequent to the completion of the proposed reverse takeover.

If the Company were unable to continue in operational existence resulting from their inability to fulfil the conditions above, the Company may be unable to discharge their liabilities in the normal course of business and adjustments may be required to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. No such adjustments have been made to the financial statements.

### **Overview**

#### ***Audit Approach***

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

#### ***Materiality***

As in all our audits, we exercised our professional judgment in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.



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# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED

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## Overview (Continued)

### *Area of focus*

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgments and estimates to be made by directors.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters include the aforementioned salient areas of focus in our audit and do not represent all the risks identified by our audit. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other than the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our report.

### **Other information**

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED

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## **Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED**

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**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED**

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**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Tan Chee Tyan.

**MAZARS LLP**

*Public Accountants and Chartered Accountants*

Singapore

29 March 2018

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	2017 HK\$'000	2016 HK\$'000
Revenue		–	–
Cost of sales		–	–
<b>Gross profit</b>		–	–
Other income		–	–
Administrative expenses		(3,753)	(4,324)
<b>Loss before taxation from continuing operations</b>	5	(3,753)	(4,324)
Income tax expense	6	–	–
Loss from continuing operations attributable to owners of the Company		(3,753)	(4,324)
Loss for the year from discontinued operations attributable to owners of the Company	8	(12,405)	(647,561)
<b>Loss for the financial year</b>		(16,158)	(651,885)
<b>Other comprehensive income:</b>			
<b>Components of other comprehensive income that will be reclassified to profit or loss, net of taxation</b>			
Foreign currency translation reserve derecognised upon disposal of subsidiaries		–	(62,831)
Available-for-sale financial assets:			
Fair value loss		–	(205,798)
Fair value loss derecognised on disposal of subsidiaries		–	223,537
<b>Total other comprehensive loss that will be reclassified to profit or loss, net of taxation</b>		–	(45,092)
<b>Total other comprehensive loss, net of taxation</b>		–	(45,092)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>(16,158)</b>	<b>(696,977)</b>
		<i>HK Cents</i>	<i>HK Cents</i>
<b>Loss per share from continuing operations</b>			
– Basic and diluted	7	(0.38)	(0.44)
<b>Loss per share from discontinued operations</b>			
– Basic and diluted	7	(1.27)	(66.23)

*The accompanying notes form an integral part of and should be read in conjunction with these financial statements.*

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	Company	
		2017	2016
		HK\$'000	HK\$'000
<b>Non-current assets</b>			
Investment in subsidiaries	9	–	–
<b>Current assets</b>			
Other deposits and other receivables	10	–	882,487
Bank balances	11	641	62
		<u>641</u>	<u>882,549</u>
<b>TOTAL ASSETS</b>		<b><u>641</u></b>	<b><u>882,549</u></b>
<b>Capital and reserves</b>			
Share capital	12	97,776	97,776
Reserves	13	(97,510)	734,934
		<u>266</u>	<u>832,710</u>
<b>Equity attributable to owners of the Company</b>		<b><u>266</u></b>	<b><u>832,710</u></b>
<b>Current liabilities</b>			
Accruals and other payables	15	375	49,839
		<u>375</u>	<u>49,839</u>
<b>Total liabilities</b>		<b><u>375</u></b>	<b><u>49,839</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>641</u></b>	<b><u>882,549</u></b>

*The accompanying notes form an integral part of and should be read in conjunction with these financial statements.*

**STATEMENT OF CHANGES IN EQUITY FOR THE  
FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Share- based payment reserve HK\$'000	Foreign currency translation reserve HK\$'000	Available- for-sale reserve HK\$'000	Retained earnings HK\$'000	Total reserves HK\$'000	Attributable to owners of the Company HK\$'000
Balance at 1 January 2016	97,776	188,517	702,151	29	62,831	(17,739)	496,122	1,431,911	1,529,687
Transfer to contributed surplus	-	(188,517)	188,517	-	-	-	-	-	-
Total comprehensive loss for the financial year	-	-	-	-	(62,831)	17,739	(651,885)	(696,977)	(696,977)
Loss for the financial year	-	-	-	-	-	-	(651,885)	(651,885)	(651,885)
Other comprehensive income:									
Derecognition of foreign currency translation reserve on disposal of subsidiaries	-	-	-	-	(62,831)	-	-	(62,831)	(62,831)
Available-for-sale financial assets:									
Fair value loss	-	-	-	-	-	(205,798)	-	(205,798)	(205,798)
Fair value changes recycled to profit or loss on disposal of subsidiaries	-	-	-	-	-	223,537	-	223,537	223,537
Total other comprehensive income, net of taxation	-	-	-	-	(62,831)	17,739	-	(45,092)	(45,092)
Balance at 31 December 2016	<u>97,776</u>	<u>-</u>	<u>890,668</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>(155,763)</u>	<u>734,934</u>	<u>832,710</u>
Balance at 1 January 2017	97,776	-	890,668	29	-	-	(155,763)	734,934	832,710
Loss for the financial year/Total comprehensive loss for the financial year	-	-	-	-	-	-	(16,158)	(16,158)	(16,158)
Dividends paid (Note 16)	-	-	(816,286)	-	-	-	-	(816,286)	(816,286)
Balance at 31 December 2017	<u>97,776</u>	<u>-</u>	<u>74,382</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>(171,921)</u>	<u>(97,510)</u>	<u>266</u>

*The accompanying notes form an integral part of and should be read in conjunction with these financial statements.*

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**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation		
– Continuing operations	(3,753)	(4,324)
– Discontinued operations	(12,405)	(647,561)
	(16,158)	(651,885)
Adjustments for:		
Depreciation and amortisation	–	17,770
Interest expenses	–	4,149
Loss on disposal of discontinued operation	–	514,650
Loss on disposal of joint venture	–	71
Interest income	–	(176)
Unwinding of unamortised upfront fee on interest-bearing borrowings	–	6,446
	(16,158)	(108,975)
Operating loss before working capital changes	(16,158)	(108,975)
Decrease in inventories	–	1,997
Increase in trade receivables	–	(118,412)
Decrease in other deposits and other receivables	–	60,379
Increase in trade deposits and prepayments	–	(48,567)
Decrease in amount due from ultimate holding company	–	167,989
Decrease in trade payables	(248)	(14,884)
Increase in accruals and other payables	–	254,424
Effect of foreign exchange rate changes	–	(2,721)
	(16,406)	191,230
Cash (used in)/generated from operations	(16,406)	191,230
Interest paid	–	(4,149)
	(16,406)	187,081
Net cash (used in)/generated from operating activities	(16,406)	187,081

*The accompanying notes form an integral part of and should be read in conjunction with these financial statements.*



**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	2017 HK\$'000	2016 HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for construction work for BOT projects		–	(17,530)
Net cash inflow from disposal of subsidiaries	9	882,487	203,858
Purchase of fixed assets		–	(748)
Proceeds from disposal of fixed assets		–	95
Interest received		–	176
		882,487	185,851
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(816,286)	–
Repayment to ultimate holding company and a related company		(49,216)	(251,968)
Decrease in pledged bank deposits		–	32,160
Repayment of finance lease payables		–	(276)
Repayment of interest-bearing borrowings		–	(166,192)
		(865,502)	(386,276)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		579	(13,344)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>			
		62	13,406
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>			
	11	641	62

Reconciliation of liabilities arising from financing activity:

	<b>Cash movement</b>		
	<b>1 January 2017 HK\$'000</b>	<b>Repayment HK\$'000</b>	<b>31 December 2017 HK\$'000</b>
<b>Other payables</b>			
Amount due to ultimate holding company	49,216	(49,216)	–

*The accompanying notes form an integral part of and should be read in conjunction with these financial statements.*

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**1. GENERAL INFORMATION**

The Company (Registration number 35842) is incorporated in Bermuda with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business is Office F, 23/F., MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. The Company's shares are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The principal activity of the Company was that of an investment holding company. The principal activities of its disposed subsidiaries are set out in Note 9 to the financial statements.

Upon completion of disposal of all the subsidiaries as at 30 December 2017, the Group ceased to exist as the Company was no longer a parent which controls any entities. As of 31 December 2017, the Company does not own nor operate any business and is a cash company under Rule 1018 of the Listing Manual.

In the opinion of the directors of the Company, as at 31 December 2017, C&G Holdings (Hong Kong) Limited, a company incorporated in Hong Kong, is the immediate holding and ultimate holding company and Mr. Lam Chik Tsan is the ultimate controlling party of the Company.

The financial statements of the Company for the financial year ended 31 December 2017 were authorised for issue by the Board of Directors on 29 March 2018.

**1.1 Going concern**

As at 31 December 2017, consequent to the disposal of all operating subsidiaries in the previous financial years, the Company remains as a cash company without any operations. Notwithstanding the fact that the Company is in a net current asset and net asset position of HKD266,000, the Company's continuing operations also incurred a net loss and net operating cash outflow of HKD3,753,000 for the financial year ended 31 December 2017. In accordance to ISA 570 Going Concern, these are conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**1. GENERAL INFORMATION (Continued)**

**1.1 Going concern (Continued)**

The ability of the Company to continue as a going concern is dependent on:

- (i) the successful completion of the proposed reverse takeover (Note 21); and
- (ii) the generation of positive cash flows subsequent to the completion of the proposed reverse takeover.

If the Company is unable to continue in operational existence resulting from their inability to fulfil the conditions above, the Company may be unable to discharge their liabilities in the normal course of business and adjustments may be required to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. No such adjustments have been made to the financial statements.

**2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

In the current financial year, the Company has adopted all the new and revised International Financial Reporting Standards (“IFRSs”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017. IFRSs comprise International Financial Reporting Standards (“IFRS”); International Accounting Standards (“IAS”); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Company’s accounting policies, presentation of the Company’s financial statements and has no material effect on the amounts reported for the current or prior financial years.

***IAS 7 Amendments to IAS 7: Disclosure Initiative***

Consequent to the adoption of these amendments, the Group has disclosed additional information to enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and noncash changes. Comparative information has not been presented. This disclosure has been included in the Statement of Cash Flows.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)**

*IFRSs and IFRIC issued but not yet effective*

At the date of authorisation of these financial statements, the following IFRS, IAS and IFRIC that were issue but not yet effective:

		<b>Effective date (annual periods beginning on or after)</b>
IFRS 1	Amendments resulting from Annual Improvements 2014-2016 Cycle (removing short-term exemptions)	1 January 2018
IFRS 2	Amendments to IFRS 2: Classification and measurement of share-based payment Transaction	1 January 2018
IFRS 3	Amendments resulting from Annual Improvements 2015-2017 Cycle (remeasurement of previously held interest)	1 January 2019
IFRS 4	Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 insurance contracts	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 11	Amendments resulting from Annual Improvements 2015-2017 Cycle (remeasurement of previously held interest)	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 15	Amendments to IFRS 15: Effective date of IFRS 15	1 January 2018
IFRS 15	Amendments to IFRS 15: Clarifications to IFRS 15	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021
IAS 12	Amendments resulting from Annual Improvements 2015-2017 Cycle (income tax consequences of dividends)	1 January 2019
IAS 19	Amendments regarding plan amendments, curtailments or settlements	1 January 2019
IAS 23	Amendments resulting from Annual Improvements 2015-2017 Cycle (borrowing costs eligible for capitalisation)	1 January 2019
IAS 28	Amendments to IAS 28: Long-term interests in Associates and Joint Ventures	1 January 2019
IAS 40	Amendments to IAS 40: Transfers of Investment Property	1 January 2018
IFRIC 22	Foreign currency Transactions and Advance Consideration	1 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)**

*IFRSs and IFRIC issued but not yet effective (Continued)*

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Company does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Other than the following standards, management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Company in the period of their initial adoption.

**IFRS 9 Financial Instruments**

IFRS 9 supersedes IAS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are classified into financial assets measured at (i) fair value through profit or loss; (ii) amortised cost; or (iii) fair value through other comprehensive income, depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, or as otherwise designated as such upon initial recognition, if allowed.

Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the entity will have a choice to recognise the gains and losses in other comprehensive income if the financial assets are measured at fair value through other comprehensive income.

There have been no changes in the de-recognition requirements of financial assets and liabilities, nor the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)**

**IFRS 9 Financial Instruments (Continued)**

A new forward-looking impairment model based on expected credit losses, which replaces the incurred loss model in IAS 39, determines the recognition of impairment provisions as well as interest revenue. An entity will recognise (at a minimum of) 12 months of expected credit losses in profit or loss for financial assets measured at amortised cost or fair value through other comprehensive income, unless in the circumstance when there is a significant increase in credit risk after initial recognition which requires the entity to recognise lifetime expected credit losses on the affected assets.

The Company has assessed the potential impact of IFRS 9 and concluded that there is no impact on the financial statements of the Company in the period of their initial adoption.

**3. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with IFRSs and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in Note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

**(a) Foreign currency transactions and translation**

**(i) *Functional and presentation currency***

The financial statements of the Company are measured and presented in Hong Kong dollar (HK\$), which is also the Company's functional currency, and all values presented are rounded to the nearest thousand ("HK\$'000"), unless otherwise indicated.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(a) Foreign currency transactions and translation (Continued)**

*(ii) Transactions and balances in the financial statements*

Foreign currency transactions are translated into the entity's respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(b) Leases**

The Company as lessee

**(i) Operating leases**

Leases that do not substantially transfer to the Company all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

**(ii) Finance leases**

Leases that substantially transfer to the Company all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets over the shorter of the lease term and their estimated useful lives.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date – the date on which the Company commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

The Company's loans and receivables comprise trade and other receivables, amount due from subsidiaries, pledged bank deposits and bank and cash balances.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) Financial instruments (Continued)**

**Financial assets (Continued)**

**Impairment of financial assets**

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) Financial instruments (Continued)**

**Financial assets (Continued)**

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

**Financial liabilities and equity instruments**

Classification as debt or equity

Financial liabilities and equity instruments issued by Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

*Ordinary share capital*

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) Financial instruments (Continued)**

**Financial liabilities and equity instruments (Continued)**

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

Other financial liabilities

Trade and other payables, amount due to subsidiaries and finance lease payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

**(d) Dividends**

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

**(e) Cash and cash equivalents**

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Discontinued operations**

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit or loss is re-presented as if the operation had been discontinued from the start of the comparative period.

**(g) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

*Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method.

*Dividend income*

Dividend income is recognised when the shareholder's right to receive the payment has been established.

**(h) Employee benefits**

**(i) Employee leave entitlements**

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Employee benefits (Continued)**

*(ii) Pension obligations*

The Company contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Company and employees are calculated as a percentage of employees' basic salaries. The retirement scheme cost charged to profit or loss represents contributions payable by the Company to the funds.

*(iii) Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Company can no longer withdraw the offer of those benefits and when the Company recognises restructuring costs and involves the payment of termination benefits.

**(i) Share-based payments**

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. At the end of each financial year, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the equity-settled share options reserve.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Income tax**

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Income tax (Continued)**

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

**(k) Related parties**

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Related parties (Continued)**

- (b) An entity is related to the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors are considered key management personnel.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(l) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

**(m) Contingencies**

A contingent liability is:

- (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (ii) a present obligation that arises from past events but is not recognised because:
  - (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (b) the amount of the obligation cannot be measured with sufficient reliability.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Contingencies (Continued)**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingencies are not recognised on the statement of financial position of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

**(n) Events after the reporting period**

Events after the reporting period that provide additional information about the Company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

**(o) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company of executive directors and the chief.

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**4.1 Critical judgements made in applying the Company's accounting policies**

The management is of the opinion that there are no critical judgements involved that have any significant effect on the amounts recognised in the financial statements, and no estimates and assumptions that have any significant risk of causing a material adjustment to the carrying amounts of asset and liabilities within the next financial year.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)**

**4.2 Key sources of estimation uncertainty**

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Impairment of other receivables*

The Company assesses its loans and receivables on a continuous basis for any objective evidence of impairment by considering factors, including the ageing profile, the creditworthiness and the past collection history of each debtor. If the financial conditions of these debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amount of the Company's other receivables as at 31 December 2017 were Nil (2016: HK\$882,487,000).

**5. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS**

The Company's loss for the year attributable to the owners of the Company is stated after charging the following:

	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000
Auditors' remuneration		
Auditors of the Company	174	400
Directors' fees		
Directors of the Company	598	600
Legal and professional fees	771	3,032
Staff costs	1,847	–
	<u>1,847</u>	<u>–</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**6. INCOME TAX EXPENSE**

Reconciliation of effective tax rate is as follows:

	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000
Loss before income tax	(16,158)	(651,885)
Tax at the applicable tax rate of 16.5% (2016: 16.5%)	(2,666)	(107,561)
Tax effect of income that is not taxable	–	(2,194)
Tax effect of different tax rates of subsidiaries	–	109,290
Tax effect of tax losses not recognised	2,666	465
	<u>–</u>	<u>–</u>
Income tax expense	<u>–</u>	<u>–</u>

**7. LOSS PER SHARE**

The calculation of basic loss per share for the year is based on the following data:

	Company					
	Continuing operations		Discontinued operations		Total	
	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the financial year	<u>(3,753)</u>	<u>(4,324)</u>	<u>(12,405)</u>	<u>(647,561)</u>	<u>(16,158)</u>	<u>(651,885)</u>
					<b>2017</b>	<b>2016</b>
Weighted average number of ordinary shares in issue during the financial year					<u>977,755,354</u>	<u>977,755,354</u>

For the purpose of calculating the diluted loss per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options and share awards into ordinary shares, with the potential ordinary shares weighted for the period outstanding.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**7. LOSS PER SHARE (Continued)**

The effects of the adjustment for dilutive effect of the CG ESOS, CG PSP and CG RSP on the weighted average number of ordinary shares in issue are as follows:

	<b>2017</b>	<b>2016</b>
Weighted average number of:		
Ordinary shares used in the calculation of		
basic loss per share	977,755,354	977,755,354
Potential ordinary shares issuable under:		
– Share awards under CG RSP	200,000	200,000
Weighted average number of ordinary shares in		
issue and potential ordinary shares assuming		
full conversion	977,955,354	977,955,354

**8. DISCONTINUED OPERATIONS**

**Financial year ended 31 December 2016**

- i) On 17 August 2016, the Group had through its wholly-owned subsidiary, C&G Environmental Protection (Hong Kong) Company Limited (“C&G HK”) and Huang Yong Pu (“Huang”), entered into a share sale and purchase agreement in relation to the disposal of its principal operating and wholly-owned subsidiary, Sun Harbour (Asia) Engineering Company Limited (formerly known as C&G (Asia) Engineering Company Limited). The aggregate consideration for the disposal was HK\$2.0 million. The loss on disposal amounted to HK\$32.2 million.

The disposal was completed on 29 August 2016 upon the share transfer to Huang and the consideration has been received as of 31 December 2016.

- ii) On 26 August 2016, the Group has through its wholly-owned subsidiary, C&G HK entered into a sales and purchase agreement with New Sky Energy (Thailand) Company Limited (“New Sky”) to dispose of its wholly-owned subsidiary, C&G Environmental Protection (Thailand) Co. Ltd (“C&G Thailand”), through the sale of 75,184,000 of the entire issued and paid-up ordinary shares of C&G Thailand, for a consideration of HK\$557.9 million (RMB500 million). The gain on disposal amounted to HK\$294.7 million.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**8. DISCONTINUED OPERATIONS (Continued)**

**Financial year ended 31 December 2016 (Continued)**

- ii) The aforesaid consideration of HK\$557.9 million was to be settled in the following manner:

	<b>2016</b> HK\$'000
Total consideration	557,945
a) all the debts recorded in the books (inclusive of related company balances) of C&G Thailand as of 29 February 2016	(281,309)
b) payables arising from construction contracts entered into by C&G Thailand on or before 29 February 2016	(67,235)
c) directly attributable costs to be borne by the Group	<u>(7,848)</u>
Net cash consideration to be received in the Group	<u><u>201,553</u></u>

Pursuant to the sales and purchase agreement, the consideration shall be paid by New Sky within 15 business days from the closing date (i.e. date when the conditions precedent has been fulfilled). Due to regulatory requirements in China on cross-border fund remittance, New Sky has sought to extend the deadline for repayment till 31 March 2017 at no interest charged. The Group has agreed to the said request.

Details of the outstanding consideration receivable as at 31 December 2016 are as follows:

	<b>2016</b> HK\$'000
Total consideration	557,945
Less:	
a) amounts received to repay the debts recorded in the books of C&G Thailand	(156,085)
b) amounts received/offset for payables arising from construction contracts	(67,235)
c) directly attributable costs to be borne by the Group	(7,848)
d) cash receipts during the financial year	<u>—</u>
Outstanding consideration receivable	<u><u>326,777</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**8. DISCONTINUED OPERATIONS (Continued)**

**Financial year ended 31 December 2016 (Continued)**

iii) On 26 August 2016, the Company had entered into a conditional sale and purchase agreement (“C&G International SPA”) with Ahead Auto Limited (“Ahead Auto”) pursuant to which the Company 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 (“C&G International Sale Shares”) of C&G Environmental Protection International Limited (“C&G International”) owned by the Company, for an aggregate purchase consideration of HK\$600.0 million. The loss on disposal amounted to HK\$777.2 million.

Pursuant to the sales and purchase agreement, the consideration shall be paid by New Sky within 10 business days from the date when the conditions precedent has been fulfilled. The Group has agreed to Ahead Auto’s request for an extension of the deadline for repayment to be 15 business days after New Sky has fully settled the outstanding consideration receivable.

Details of the outstanding consideration receivable 31 December 2016 are as follows:

	<b>2016</b> HK\$’000
Total cash consideration	600,000
Less:	
Partial receipts during the financial year	(44,290)
Outstanding consideration receivable	555,710

On 2 December 2016, the proposed disposal of C&G Thailand and C&G International was approved by the shareholders via the Group’s Special General Meeting.

The disposal of C&G Thailand was completed on 28 December 2016 and the disposal of C&G International was completed on 30 December 2016 respectively when control of the affected entities was transferred to the Purchasers upon the transfer of shares.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**8. DISCONTINUED OPERATIONS (Continued)**

**Financial year ended 31 December 2016 (Continued)**

The results of the discontinued operations are as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000
<b>Revenue</b>	–	99,061
Costs of sales	–	(61,512)
	<hr/>	<hr/>
<b>Gross profit</b>	–	37,549
Other income	–	12,627
Administrative expenses	(12,405)	(178,938)
	<hr/>	<hr/>
<b>Loss from discontinued operations</b>	(12,405)	(128,762)
Finance costs	–	(4,149)
	<hr/>	<hr/>
<b>Loss before taxation</b>	(12,405)	(132,911)
Income tax expense	–	–
	<hr/>	<hr/>
<b>Loss for the year</b>	(12,405)	(132,911)
Loss on disposal of discontinued operations	–	(514,650)
	<hr/>	<hr/>
	<b>(12,405)</b>	<b>(647,561)</b>
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**8. DISCONTINUED OPERATIONS (Continued)**

**Financial year ended 31 December 2016 (Continued)**

The details of the loss on disposal of discontinued operations during the financial year is analysed as follows:

	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000
Total consideration	–	1,159,945
Less:		
Net assets derecognised (Note 9)	–	(1,513,889)
Cumulative available for sale reserve relating to discontinued operations recycled to profit or loss	–	(223,537)
Cumulative exchange differences relating to discontinued operations recycled to profit or loss	–	62,831
	<u>–</u>	<u>62,831</u>
Loss on disposal presented in discontinued operations	<u>–</u>	<u>(514,650)</u>

The loss on disposal was recognised in “profit for the year from discontinued operations attributable to owners of the Company” in the statement of profit or loss and other comprehensive income.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**8. DISCONTINUED OPERATIONS (Continued)**

**Cash flows of discontinued operations**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000
Operating	(12,405)	1,105,781
Investing	–	(36,574)
Financing	–	(961,443)
	<hr/>	<hr/>
Net cash outflows	<u>(12,405)</u>	<u>107,764</u>

**Loss per share**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
Loss per share from discontinued operations attributable to owners of the Company (HK cents):		
Basic and diluted	<u>(66.23)</u>	<u>(12.38)</u>

The basic and diluted loss per share from discontinued operations are calculated by dividing the profit from discontinued operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic loss per share computation and weighted average number of ordinary shares for diluted loss per share computation respectively. The loss and share data are presented in Note 7 to the financial statements.

**9. INVESTMENT IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000
Unquoted equity investments, at cost	<u>–</u>	<u>–</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**9. INVESTMENT IN SUBSIDIARIES (Continued)**

The details of the subsidiaries are as follows:

Name	Place of incorporation/ registration and operation	Issued and paid up/ registered capital	Effective equity held by the Company		Principal activities
			2017	2016	
<b>Held directly by the Company</b>					
C&G Environmental Protection International Limited (“C&G EPIL”)	BVI	85,868,000/200,000,000 ordinary shares of US\$1 each	–	–	Investment holding
<b>Held through C&amp;G EPIL</b>					
C&G Environmental Protection (Hong Kong) Company Limited (“C&G Hong Kong”)	Hong Kong	10,000 ordinary shares of HK\$1 each	–	–	Investment holding
<b>Held through C&amp;G Hong Kong</b>					
C&G Environmental Protection (Thailand) Company Limited (“C&G Thailand”)	Thailand	55,541,000 shares of THB5 each and 19,643,000 shares of THB3.29 each	–	–	Construction, operation and management of waste-to-energy power plant
C&G Energy Management (Thailand) Company Limited (“C&G Thailand EM”)	Thailand	2,000,000 shares of THB5 each	–	–	Provision of operation and maintenance services to waste-to-energy power plants
C&G (Asia) Engineering Company Limited (“C&G Asia”)	Hong Kong	1 share/10,000 shares of HK\$1 each	–	–	Inactive
C&G Green Energy (Hong Kong) Company Limited (“C&G Green Energy”)	Hong Kong	1 share/10,000 shares of HK\$1 each	–	–	Inactive
C&G Industrial Services (Hong Kong) Company Limited (“C&G Industrial Services”)	Hong Kong	1,000 share/1,000 shares of HK\$1 each	–	–	Inactive
<b>Held through C&amp;G Green Energy</b>					
C&G Green Energy (Shenzhen) Company Limited (“C&G Green Energy SZ”)	The PRC	Registered capital of RMB10,000,000	–	–	Provision of consultancy services and general trading of environmental equipment
<b>Held through C&amp;G Asia</b>					
New Sky (Thailand) Company Limited (“NSTH”)	Thailand	12,800,000 shares of THB5 each	–	–	Construction, operation and management of waste-to-energy power plant

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**9. INVESTMENT IN SUBSIDIARIES (Continued)**

**Disposal of subsidiaries in the previous financial year**

In the previous financial year, the Company disposed its entire interest in all subsidiaries for a total consideration of approximately HK\$1,159,945,000.

*Carrying amounts of the assets and liabilities as at the date of disposal are as follows:*

	<b>Carrying amount 2016 HK\$'000</b>
<b>Non-current assets</b>	
Fixed assets	3,527
Intangible asset	390,063
Available-for-sale financial asset	1,050,128
	1,443,718
<b>Current assets</b>	
Inventories	13,968
Trade and other receivables	865,599
Bank and cash balances	42,609
	922,176
<b>Current liabilities</b>	
Trade payables and other payables	851,378
Finance lease payable	627
	852,005
<b>Net assets disposed (Note 8)</b>	<b>1,513,889</b>
	<b>2016 HK\$'000</b>
Net cash inflow arising on disposal:	
Cash received to date	246,467
Cash and cash equivalent of subsidiaries disposed	(42,609)
	203,858

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**10. OTHER RECEIVABLES**

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000
Consideration receivable	–	882,487

The carrying amounts of other deposits and other receivables are denominated in the following currencies:

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000
RMB	–	326,777
HKD	–	555,710
	–	882,487

At 31 December 2016, other receivables represent the outstanding disposal consideration receivable from New Sky Energy (Thailand) Company Limited and Ahead Auto Limited consequent to the disposal of subsidiaries. The amount was fully received in the current financial year.

**11. BANK BALANCES**

The carrying amounts of bank balances are denominated in the following currencies:

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000
RMB	626	14
HKD	5	31
USD	–	11
SGD	10	6
	641	62

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**12. SHARE CAPITAL**

	<b>Company Ordinary shares (of HK\$0.10 each) (‘000)</b>	<b>HK\$’000</b>
<b>Authorised share capital</b>		
At 1 January 2016 and 31 December 2016 and 2017	2,000,000	200,000
<b>Issued and fully paid:</b>		
At 1 January 2016 and 31 December 2016	977,755	97,776
At 1 January 2017 and 31 December 2017	977,755	97,776

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**Capital management**

The Company’s primary objectives when managing capital are to safeguard the Company’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Company actively and regularly review and manage its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Company monitor capital with reference to its debt position. The Company’s strategy were to maintain the equity and debt in a balanced position and ensure there was adequate working capital to service its debt obligation. The Company’s gearing ratio, being the Company’s total liabilities over its total assets, as at 31 December 2017 was 31.3% (2016: 5.6%). In order to maintain or adjust the ratio, the Company may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or raise new debt financing to reduce debt.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**12. SHARE CAPITAL (Continued)**

**Capital management (Continued)**

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 2016.

The gearing ratio at 31 December 2017 and 2016 were as follows:

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000
Total liabilities	375	49,839
Total assets	641	882,549
Gearing ratio	<u>58.5%</u>	<u>5.6%</u>

According to the Rule 723 of the Listing Manual of the SGX-ST, at least 10% of the Company's shares should be held in the hands of public. In the opinion of directors, the Company has complied with the Rule 723.

The Company is not subject to any other externally imposed capital requirements for the financial years ended 31 December 2017 and 2016.

**13. RESERVES**

**(a) Nature and purpose of reserves**

**(i) Share premium**

During financial year ended 31 December 2017, the share premium was also reduced by HK\$188,517,000 and transferred to contributed surplus as authorised by a special resolution passed at the special general meeting of the Company on 2 December 2016, and effective on 3 December 2017.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**13. RESERVES (Continued)**

**(a) Nature and purpose of reserves (Continued)**

**(ii) *Share-based payment reserve***

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options and share rewards granted to employees of the Company recognised in accordance with the accounting policy adopted for equity-settled share-based payments in Note 3(i) to the financial statements.

**(iii) *Foreign currency translation reserve***

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 3(d) to the financial statements. In the previous financial year, subsequent to the completion of disposal of all subsidiaries, the foreign currency translation reserve has been reclassified to retained earnings.

**(iv) *Contributed surplus***

Contributed surplus of the Company arose as a result of the restructuring exercise on 3 March 2005 to rationalise the structure of the Company in preparation for the listing of the Company's shares on the SGX-ST, and represents the difference between the consolidated net asset value of subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefore.

Under the Companies Act of Bermuda (as amended), the contributed surplus of the Company is available for distribution to shareholders, provided that the Company is, after the payment of dividends out of the contributed surplus, able to pay its liabilities as they become due; or the realisable value of the Company's assets would thereby not be less than the aggregate of its liabilities, issued share capital and reserves.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**14. EQUITY-SETTLED SHARE OPTION SCHEME**

**(a) Employee share option scheme**

On 24 April 2013, the shareholders of the Company approved and adopted a share options scheme known as the CG ESOS. The CG ESOS is administered by a committee appointed by the board of director of the Company (the “Committee”). The CG ESOS will provide eligible participants who are employees of the Group and who are not non-executive directors and controlling shareholders or their associates, with an opportunity to participate in the equity of the Group. The aggregate number of shares over which the Committee may grant options on any date shall not exceed 10% of the issued shares of the Group on the day preceding the date of the relevant grant. The number of options to be granted to the eligible participants, exercise period and the timing of such grant are to be determined at the absolute discretion of the Committee. The exercise prices are set at the market prices which is equivalent to the average of the last dealt prices of the shares for five consecutive market days immediately preceding the date of their grant. The CG ESOS shall continue to be in force at the discretion of the Committee subject to maximum period of 10 years commencing from the approval date of the CG ESOS at the general meeting, provided always that the proposed CG ESOS may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the CG ESOS, any outstanding options made to CG ESOS participants prior to such expiry or termination will continue to remain valid.

During the financial year, there is no movement and options at the end of the year.

**(b) Performance share plan**

Under the rules of the CG ESOS, the above share options granted and accepted by grantee could only be exercised after the first anniversary of the date of grant and in accordance with the vesting schedule and the conditions, if any, to be determined by the Committee at the date of offer of the relevant options, and all expiring on the tenth anniversary of such date of grant or otherwise set out in the CG ESOS.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**14. EQUITY-SETTLED SHARE OPTION SCHEME (Continued)**

**(b) Performance share plan (Continued)**

On 24 April 2013, the shareholders of the Company approved a performance share plan known as the CG PSP. The CG PSP is administered by the Committee. The CG PSP will provide eligible participants who are employees of the Group and who are not non-executive directors and controlling shareholders or their associates, with an opportunity to participate in the equity of the Group. The awards granted under the CG PSP represent the right of a PSP participant to receive fully paid shares free of charge upon achieving prescribed performance targets. The aggregate number of shares over which the Committee may grant options on any date shall not exceed 10% of the issued shares of the Group on the day preceding the date of the relevant grant. The number of shares to be granted to the eligible participants, the performance targets, the prescribed vesting periods, the extent to which shares shall be released at the end of the vesting period, the extent to which shares shall be released on the prescribed performance targets being satisfied upon the expiry of the vesting period, and the timing of such grant are to be determined at the absolute discretion of the Committee. The CG PSP shall continue to be in force at the discretion of the Committee subject to maximum period of 10 years commencing from the approval date of the CG PSP at the general meeting, provided always that the CG PSP may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the CG PSP, any outstanding award made to CG PSP participants prior to such expiry or termination will continue to remain valid.

Details of the shares outstanding under CG PSP during the year are as follows:

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>Number of</b>	<b>Number of</b>
	<b>shares</b>	<b>shares</b>
	<b>'000</b>	<b>'000</b>
Outstanding at the beginning of the year	–	–
Exercised during the year	–	–
Forfeited during the year	–	–
	<hr/>	<hr/>
Outstanding at the end of the year	<u>–</u>	<u>–</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**14. EQUITY-SETTLED SHARE OPTION SCHEME (Continued)**

**(c) Restricted share plan**

On 24 April 2013, the shareholders of the Company approved a restricted share plan known as the CG RSP. The CG RSP is administered by the Committee. The CG RSP will provide eligible participants who are employees of the Company and who are not non-executive directors and controlling shareholders or their associates, with an opportunity to participate in the equity of the Group. The awards granted under the CG RSP represent the right of a RSP participant to receive fully paid shares free of charge upon achieving prescribed vesting conditions, including services condition. The aggregate number of shares over which the Committee may grant options on any date shall not exceed 10% of the issued shares of the Group on the day preceding the date of the relevant grant. The number of shares to be granted to the eligible participants, the prescribed vesting conditions, the prescribed vesting periods, the extent to which shares shall be released at the end of the vesting period, the extent to which shares shall be released on the prescribed vesting conditions being satisfied upon the expiry of the vesting period, and the timing of such grant are to be determined at the absolute discretion of the Committee. The CG RSP shall continue to be in force at the discretion of the Committee subject to maximum period of 10 years commencing from the approval date of the CG RSP at the general meeting, provided always that the CG RSP may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the CG RSP, any outstanding award made to CG RSP participants prior to such expiry or termination will continue to remain valid.

Details of the shares outstanding under CG RSP during the year are as follows:

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>Number of</b>	<b>Number of</b>
	<b>shares</b>	<b>shares</b>
	'000	'000
Outstanding at the beginning of the year	200	342
Forfeited during the year	—	(142)
	<hr/>	<hr/>
Outstanding at the end of the year	<u>200</u>	<u>200</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**14. EQUITY-SETTLED SHARE OPTION SCHEME (Continued)**

**(c) Restricted share plan (Continued)**

The fair value was calculated using the share price of the Company at the grant date and discount by DLOM. DLOM is regarded as a put option of which the share price equals exercise price. It is calculated using the Black-Scholes Option Pricing Model. The time-to-maturity and the volatility are replicated by the expected time to vesting of the CG RSP shares and the historical volatility of the Company. The inputs into the model were as follows:

		<b>2017 &amp; 2016</b>
Date of grant		19 June 2014
Fair value at grant date	S\$0.12222 (equivalent to HK\$0.75614)	
Share price	S\$0.265 (equivalent to HK\$1.640)	
Expected volatility	69.19%	
Time-to-maturity	8.9 years	
Risk free rate	2.37%	
DLOM	53.88%	

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 466 weeks.

Details of share award granted and accepted by certain employees pursuant to the CG RSP during the year ended 31 December 2017 are as follows:

Date of grant	Vesting period	Number of share				End of year, number of outstanding award
		Beginning of year, number of outstanding award	award granted and accepted during the year	Number of share award released during the year	Number of share award forfeited during the year	
13 May 2013 – 13 May 2013	26 August 2025	200,000	-	-	-	200,000
		<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>

During the current and previous financial year, the Company has not recognised any expenses relating to CG ESOS, CG PSP and CG RSP.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**15. ACCRUALS AND OTHER PAYABLES**

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000
Accruals and other payables	375	623
Due to the ultimate holding company	–	49,216
	<u>375</u>	<u>49,839</u>

The carrying amounts of accruals and other payables are denominated in the following currencies:

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000
HKD	50	49,258
SGD	325	581
	<u>375</u>	<u>49,839</u>

**16. DIVIDENDS**

- (a) On 9 January 2017, the Company declared a first interim special dividend of S\$0.04 per ordinary share (equivalent to approximately HK\$0.2163 per ordinary share) of the Company totalling S\$39.11 million (equivalent to approximately HK\$211 million) in respect of the financial year ended 31 December 2017. The dividend is paid on 25 January 2017.
- (b) On 20 March 2017, the Company declared a second interim special dividend of S\$0.103 per ordinary share (equivalent to approximately HK\$0.5791 per ordinary share) of the Company totalling S\$100.71 million (equivalent to approximately HK\$566 million) in respect of the financial year ended 31 December 2017. The dividend is paid on 5 April 2017.
- (c) On 7 December 2017, the Company declared a third interim special dividend of S\$0.0068 per ordinary share (equivalent to approximately HK\$0.0394 per ordinary share) of the Company totalling S\$6.6 million (equivalent to approximately HK\$39 million) in respect of the financial year ended 31 December 2017. The dividend is paid on 28 December 2017.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**17. SEGMENT INFORMATION**

The Company determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

In the previous financial year, consequent to the disposal of the subsidiaries the Company does not have separately reportable segment information.

The Company is a cash company under Rule 1018 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST Listing Manual”).

**18. SIGNIFICANT RELATED PARTY TRANSACTIONS**

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into between the Company and related parties at rates and terms agreed between the parties:

- (a) During the year, the ultimate holding company made advances to the Company. Details of the balance at the end of the reporting period are as follows:

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000
Amount due to the ultimate holding company	<u>–</u>	<u>49,216</u>

The amount is unsecured, interest-free and repayable on demand.

**19. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS**

The Company’s activities exposed it to credit risk, foreign currency risk and liquidity risk. The Company’s overall risk management programme focused on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company’s financial performance.

The Company’s financial assets mainly included other receivables and bank balances. The Company’s financial liabilities mainly included accruals and other payables.

The management is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the management.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**19. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)**

There have been no changes to the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below. The Company do not hold or issue derivative financial instruments for trading purposes.

**(a) Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

Where applicable, the carrying amount of the other receivables and bank balances included in the statement of financial position represent the Company's maximum exposure to credit risk in relation to the Company's financial assets.

As at 31 December 2017, there were no significant concentration of credit risk. In the previous financial year, the Company's credit risk relates to the outstanding consideration receivable as a result of the disposal of subsidiaries.

**(b) Foreign currency risk**

The Company was exposed to foreign currency risks on certain income, expenses, monetary assets and liabilities that are denominated in currencies other than the functional currencies of the respective entities in the Company. The currencies giving rise to this risk are primarily RMB. The Company did not have a foreign currency hedging policy in respect of foreign currency debt and bank balances. The Group monitored its foreign currency exposure closely and considered hedging significant foreign currency exposure should the need arise.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**19. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)**

**(b) Foreign currency risk (Continued)**

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year are as follows:

	<b>Company</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RMB	<u>626</u>	<u>326,791</u>	<u>–</u>	<u>–</u>

*Foreign currency sensitivity analysis*

The following table details the Company's sensitivity to a 1% increase or decrease in various foreign currencies against the respective functional currencies of the Company entities. The sensitivity analysis assumes an instantaneous 1% change in the foreign currency exchange rates from the end of the financial year, with all variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in RMB is included in the analysis.

If the relevant foreign currency strengthens by 1% (2016: 1%) against the functional currency of the Company, profit or loss will increase or (decrease) by:

	<b>RMB impact</b>	
	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000
<b>Company</b>		
Profit or loss	<u>6</u>	<u>3,268</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**19. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)**

**(c) Liquidity risk**

The Company managed its liquidity risk by ensuring the availability of funding through the ultimate holding company.

The table below analyses non-derivative financial liabilities of the Company into relevant maturing groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The table includes both interest and principal cash flows.

*Company*

During the current and previous financial year, the contractual maturity of the Company's non-derivative financial instruments as shown in the statement of financial position is less than 1 year.

**(d) Categories of financial instruments at the reporting date are as follows:**

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	HK\$'000	HK\$'000
<b>Financial assets:</b>		
Loans and receivables (including cash and cash equivalents)	641	882,549
<b>Financial liabilities:</b>		
Other financial liabilities carried at amortised cost	201	49,839

**20. FAIR VALUE OF ASSETS AND LIABILITIES**

The carrying amounts of the financial assets and financial liabilities of the Company, including other receivables, bank balances, accruals and other payables approximate their respective fair values.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**21. EVENTS AFTER THE REPORTING PERIOD**

On 28 December 2017, the Company announced that they have entered into a non-binding term sheet (the “Term Sheet”) in relation to a Proposed Transaction to acquire entities. 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 includes the acquisition of the following by the Company:

- 1) 100% of the issued and paid-up share capital of Param Mitra Coal Resources One Pte. Limited (“PMCR1”);
- 2) 100% of the issued and paid-up share capital of Param Mitra Coal Resources Two Pte. Limited (“PMCR2”);
- 3) 100% of the issued and paid-up share capital of Dragon Power Investments Limited (“DPIL”); and
- 4) 76% of the issued and paid-up share capital in Unity Holding Business Singapore Pte. Ltd. (“UHBS”)

from Param Mitra Coal Resources Pte. Limited. (the “Vendor”).

The Proposed Transaction is at the stage of due diligence and the deadline for the execution of a definitive agreement is by 30 April 2018.

On 23 March 2018, the SGX-ST granted the Company an extension till 31 May 2018 (being a period of 5 months commencing from 31 December 2017) to sign a definitive agreement and finalise the appointment of a financial adviser in respect of the Proposed Transaction. Following the signing of a definitive agreement, the Company intends to make a further application to the SGX-ST for extension of time pursuant to Rule 1018(2) of the Listing Manual to complete the Proposed Transaction.

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## STATISTICS OF SHAREHOLDINGS

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As at 15 March 2018

### DISTRIBUTION OF SHAREHOLDINGS

Authorised share capital	:	HK\$200,000,000
Issued and fully paid-up capital	:	HK\$97,775,535
Class of shares	:	Ordinary share of HK\$0.10 each
Voting rights	:	One vote per share

### DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	4	0.20	185	0.00
100 – 1,000	78	3.96	47,731	0.01
1,001 – 10,000	671	34.04	4,636,102	0.47
10,001 – 1,000,000	1,182	59.97	117,303,581	12.00
1,000,001 AND ABOVE	36	1.83	855,767,755	87.52
<b>TOTAL</b>	<b>1,971</b>	<b>100.00</b>	<b>977,755,354</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	No. of shares in which shareholder has a direct interest		No. of shares in which shareholder is deemed to have an interest	
	No. of shares	%	No. of shares	%
C&G Holdings (Hong Kong) Limited	774,537,355	79.22	–	–
Lam Chik Tsan	–	–	774,537,355 <sup>(a)</sup>	79.22

Notes:

<sup>(a)</sup> Deemed to be interested in all the shares held by C&G Holdings (Hong Kong) Limited.

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## STATISTICS OF SHAREHOLDINGS

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### TWENTY LARGEST SHAREHOLDERS

	Shareholder's name	Number of shares held	%
1	RAFFLES NOMINEES (PTE) LTD	778,140,455	79.58
2	SEAH SEOW CHER	10,000,000	1.02
3	PHILLIP SECURITIES PTE LTD	5,279,900	0.54
4	ANG CHIN SAN	4,500,000	0.46
5	OCBC SECURITIES PRIVATE LTD	3,870,500	0.40
6	UOB KAY HIAN PTE LTD	3,539,500	0.36
7	ANG CHEW KHENG	3,390,200	0.35
8	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,096,200	0.32
9	QUAH TECK HWA	2,580,000	0.26
10	LEVIN LEE KENG WENG	2,272,800	0.23
11	HL BANK NOMINEES (SINGAPORE) PTE LTD	2,250,000	0.23
12	DB NOMINEES (SINGAPORE) PTE LTD	2,199,000	0.22
13	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	2,043,100	0.21
14	TAN YONG HENG	2,000,000	0.20
15	CHAN SOH HAR	1,904,200	0.19
16	KNG PONG SAI	1,700,000	0.17
17	MAYBANK KIM ENG SECURITIES PTE LTD	1,660,000	0.17
18	QUAH KEOW AIK	1,630,000	0.17
19	LIAN ENG HOCK	1,620,000	0.17
20	ONG BEE KUAN MELISSA (WANG MEIJUAN MELISSA)	1,600,000	0.16
	<b>TOTAL</b>	<b><u>835,275,855</u></b>	<b><u>85.41</u></b>

### PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 20.70% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

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## NOTICE OF ANNUAL GENERAL MEETING

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### C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED

(Incorporated in Bermuda on 24 September 2004)

Registration No.: 35842

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Studio 2, 3rd Level (Lobby Level), Concorde Hotel Singapore, 100 Orchard Road, Singapore 238840 on Wednesday, 25 April 2018 at 2.00 p.m. to transact the following business:

#### AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017 and the Auditors' Report thereon. **(Resolution 1)**
2. To approve the Directors' fees of S\$50,000 for the financial year ending 31 December 2018, to be paid quarterly in arrears. (2017: S\$106,800) **(Resolution 2)**
3. To re-elect Ms Tam Sau Fung, a Director of the Company retiring pursuant to Bye-law 85(6) of the Company's Bye-laws. **(Resolution 3)**

*(See Explanatory Note 1)*

4. To re-appoint Messrs Mazars LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

#### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

5. **Authority to issue shares and convertible securities** **(Resolution 5)**

“That in accordance with Rule 806 of the Listing Manual of the SGX-ST, approval be and is given to the Directors to issue:

- (a) shares in the Company (whether by way of bonus, rights or otherwise); or
- (b) convertible securities; or

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the events of rights, bonus or capitalization issues; or
- (d) shares arising from the conversion of convertible securities,

at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that:

- (i) the aggregate number of shares and convertible securities that may be issued shall not be more than 50% of the issued share capital of the Company excluding treasury shares or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;
- (ii) the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders shall not be more than 20% of the issued share capital of the Company excluding treasury shares or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;
- (iii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (i) and (ii) above, the percentage of issued share capital of the Company excluding treasury shares is based on the issued share capital of the Company excluding treasury shares as at the date the general mandate is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee stock options in issue as at the date the general mandate is passed and any subsequent bonus issue consolidation or subdivision of the Company's shares;
- (iv) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws for the time being of the Company; and

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## NOTICE OF ANNUAL GENERAL MEETING

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- (v) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

*(See Explanatory Note 2)*

**6. Authority to issue shares under the Employee Share Option Scheme (“CG ESOS”), Performance Share Plan (“CG PSP”) and Restricted Share Plan (“CG RSP”) (Resolution 6)**

“That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the CG ESOS and/or such number of fully paid shares as may be required to be issued pursuant to the vesting of awards under the CG PSP and/or the CG RSP, provided that the aggregate number of new shares to be allotted and issued, and existing shares which may be delivered in respect of the above, shall not exceed 10% of the Company’s total number of issued shares excluding treasury shares from time to time.”

*(See Explanatory Note 3)*

7. To transact any other business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

**Lee Wei Hsiung**

*Company Secretary*

10 April 2018



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## NOTICE OF ANNUAL GENERAL MEETING

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### Explanatory Notes:

1. Ms Tam Sau Fung will, upon re-election as a Director of the Company, remain as a member of the Audit, Remuneration and Nominating Committees. She will be considered non-independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The Director who has offered herself for re-election has confirmed that, she does not have any relationship (including immediate family relationships) with the other Directors, the Company or its 10% shareholders. The current directorship in other listed company (if any) and details of other principal commitments held by the Director are set out on page 5 to 7 of this Annual Report.

2. Ordinary Resolution 5, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law or the bye-laws of the Company to be held, or when revoked or varied by the Company at a general meeting, whichever is earlier, to allot and issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the issued share capital of the Company excluding treasury shares of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the issued share capital of the Company excluding treasury shares at the time the resolution is passed.
3. Ordinary Resolution 6, if passed, will empower the Directors of the Company to allot and issue shares pursuant to the exercise of options under the CG ESOS and/or such number of fully paid shares as may be required to be issued pursuant to the vesting of awards under the CG PSP and/or the CG RSP, not exceeding 10% of the Company’s total number of issued shares excluding treasury shares from time to time.

### Note:

1. A registered Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. If a registered Shareholder is unable to attend the Annual General Meeting and wishes to appoint a proxy to attend and vote at the Annual General Meeting in his stead, then he should complete and sign the relevant Member Proxy Form and deposit the duly completed Member Proxy Form at the office of the Company’s Share Transfer Agent in Singapore, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #02-00, Singapore 068898 not later than 48 hours before the time appointed for the Annual General Meeting.
3. A depositor registered and holding Shares through The Central Depository (Pte) Limited (“CDP”) who/which is (i) an individual but is unable to attend the Annual General Meeting personally and wishes to appoint a nominee to attend and vote; or (ii) a corporation, must complete, sign and return the Depositor Proxy Form and deposit the duly completed Depositor Proxy Form at the office of the Company’s Share Transfer Agent in Singapore, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #02-00, Singapore 068898 not later than 48 hours before the time appointed for the Annual General Meeting.
4. If a Shareholder who has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members is unable to attend the Annual General Meeting and wishes to appoint a proxy, he should use the Depositor Proxy Form and the Member Proxy Form for, respectively, the Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members.
5. A Depositor who is an individual and who wishes to attend the Annual General Meeting in person need not take any further action and can attend and vote at the Annual General Meeting as CDP’s proxy without the lodgement of any proxy form.

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## NOTICE OF ANNUAL GENERAL MEETING

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### PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.



