

C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED
Incorporated in Bermuda
(Registered Number: 35842)

RESPONSE TO SGX-ST'S QUERIES ON 3Q 2015 RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of C&G Environmental Protection Holdings Limited (the "Company") refers to the queries received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 27 November 2015 in relation to the Company's 3Q2015 results announcement.

Query 1:

We refer to page 10 of the results announcement. We note that staff costs increased due to headcount increase which was in line with the new group structure. Please provide details on this new group structure and how it will affect the Company's business, revenue and expenses going forward.

Company's response:

Since the disposal of the China WTE business, the Group intends to diversity its business into other areas of environmental protection in Asian regions. As disclosed in FY 2014 Annual Report, the Company aims to be a WTE player, an environmental technology solutions provider and an EPC contractor. To cope with the business development strategy, the Company recruited staff with professional experience to enhance the competitive advantages and incorporated new subsidiary and branches.

As shown in the group structure on page 31 of FY2014 Annual Report, the Company has incorporated a wholly owned subsidiary in Shenzhen, China in 2014 and two branches in Taiwan in early 2015. Further, the Company has acquired an Equipment Procurement & Construction ("EPC") company in Thailand which was announced on 29 May 2015.

The commencement of operation for our Thailand WTE plant is approaching, the Company is recruiting operational staff for the plant and ensure the staff are well trained before the commencement of operation.

All these resulted in an increase in the total headcount from 50 to 122 from 3Q2014 to 3Q2015 and led to an increase in the payroll expenses.

Query 2:

We refer to page 12 of the results announcement. We note that the trade payable represented the payable by C&G Shenzhen to suppliers regarding the equipment sales contracts and the subcontractor fee for construction projects. Noting that sales amounted to RMB31.585 million in 3Q2015, please provide details on the equipment sales contracts and why this is a trade payable by the Company. Please also quantify the sales amount and credit terms to which the construction projects contract refer to.

Company's response:

The breakdown of the trade payables balance was as follows:

Trade payables	30.9.2015	31.12.2014
	HK\$'000	HK\$'000
Shenzhen office	1,708	323
Thailand office	49,081	-
	50,789	323

The increase in the payable balance was in line with the cost of sales and increase in inventory balance. As at 3Q2015, some of the equipment was recognized as inventory instead of cost of sales as it was not installed in the customers' sites yet.

In 3Q2015, there was approximately HK\$1.7million represents the payable amount for the equipment sales contracts booked in C&G Shenzhen office. The range of credit terms is from 30 to 60 days. For details of the contract, please refer to the announcement made on 25 February 2015.

The remaining trade payable of HK\$49million was recognized by the newly acquired EPC company for the construction and equipment procurement and installation works. The payment term is according to the milestone schedule while the recognition of the cost and revenue is according to the percentage of completion. And the total contract sum for the projects is approximately HK\$137 million, of which HK\$31.6million was recognized in 3Q2015.

BY ORDER OF THE BOARD

Lam Chik Tsan
Director
2 December 2015