
RESPONSE TO SGX-ST'S QUERIES ON FY2014 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 17 March 2015 in relation to the Company's FY2014 results announcement.

Query 1):

We note on page 1 of the Company's Results Announcement that 'Administrative expenses' has increased by 91.86% from HK\$25.956 million in FY2013 to HK\$49.799 million in FY2014. We note that this significant charge resulted in pre-tax loss. Please provide the following information:-

(a) To quantify and provide breakdown by types and explain material variance.

(b) To elaborate whether such significant expenses will recur in the future.

Company's response:

Pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the results of the discontinued operation have to be presented separately in the consolidated financial statement of profit or loss and other comprehensive income. The total administrative expenses for the Group for FY 2014 and FY 2013 are as follows:

	FY 2014 HK\$'000	FY 2013 HK\$'000	Changes
Continuing operations (as disclosed in face P&L)	49,799	25,956	+98.86%
Discontinuing operations (as disclosed in note 8.2)	52,283	67,002	-21.87%
Total Administration Expenses	102,082	92,958	+9.82%

The increase in the administrative expenses for continuing operations are mainly due to the re-charge of certain prior periods' administrative expenses from discontinued operations to continuing operations in Q4 2014. During the Completion audit for the disposal of C&G China, the Purchaser requested to re-charge certain administration expenses from the books of C&G China to C&G HK.

The overall administration expenses increased by 9.82% as the Group has set up new subsidiaries and new businesses during FY 2014.

Management expect there will not be any re-charge from C&G China as the disposal was completed and the management team were no longer working in C&G China's office. However, as the Company is developing new businesses, management expect the administration expenses will increase when compare to FY 2013.

Query 2:

We refer to paragraph 9 of the Results Announcement. Please comment whether the current results are in line with the Company's commentary on prospects or previous quarter outlook in paragraph 10 of its previous quarterly results announcement.

Company's response:

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

BY ORDER OF THE BOARD

LIN YAN
Executive Chairman & CEO
18 March 2015