

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

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

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

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

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

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

Summary of the adjustments are as follows:

	Group Results 2013		Variance
	Audited	Unaudited as announced on 27.2.2014	
(Loss)/profit before tax (HK\$'000)	(7,153)	13,445	(20,598)
Loss after tax (HK\$'000)	(22,776)	(2,178)	(20,598)
Loss per share (HK cents)	(2.34)	(0.22)	(2.12)
Net asset value per ordinary share based on issued share capital at the end of the year (HK cents)	179.06	181.21	(2.15)

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

By Order of the Board

Lin Yan  
Executive Chairman

4 April 2014

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

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

## Statement of Financial Position as at 31 December 2013

	Audited	Unaudited as announced on 27.2.2014	Variance
	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Fixed assets	10,113	10,113	-
Intangible assets	4,041,219	4,041,219	-
Investment in a joint venture	71	71	-
	4,051,403	4,051,403	-
<b>Current assets</b>			
Inventories	7,743	7,743	-
Trade receivables	140,901	140,901	-
Gross amounts due from customers for contract work	237,335	237,335	-
Other deposits and other receivables	483,842	504,714	(20,872)
Trade deposits and prepayments	21,726	21,726	-
Pledged bank deposits	44,044	44,044	-
Bank and cash balances	54,930	54,930	-
	990,521	1,011,393	(20,872)
<b>TOTAL ASSETS</b>	5,041,924	5,062,796	(20,872)
<b>Capital and reserves</b>			
Share capital	97,302	97,302	-
Reserves	1,645,026	1,665,901	(20,875)
<b>Equity attributable to owners of the Company</b>	1,742,328	1,742,328	(20,875)
<b>Non-current liabilities</b>			
Interest-bearing borrowings	1,984,086	1,984,086	-
Finance lease payables	1,136	1,136	-
Deferred income	24,257	24,257	-
Deferred tax liabilities	97,059	97,059	-
	2,106,538	2,106,538	-
<b>Current liabilities</b>			
Trade payables	42,434	42,434	-
Gross amounts due to customers for contract work	53,001	53,001	-
Accruals and other payables	345,159	345,159	-
Advanced payment received	317,075	317,075	-
Deferred income	1,097	1,097	-
Finance lease payables	257	257	-
Interest-bearing borrowings	432,369	432,369	-
Current tax liabilities	1,666	1,663	3
	1,193,058	1,193,055	3
<b>Total liabilities</b>	3,299,596	3,299,593	3
<b>TOTAL EQUITY AND LIABILITIES</b>	5,041,924	5,062,796	(20,872)