

C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED

Third Quarter Results and Dividend Announcement for the Period Ended 30 September 2016

The Board of Directors are pleased to announce the consolidated results of the Group for the three months ended 30 September 2016. The figures presented below have not been audited.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Three months ended 30 September			Nine months ended 30 September		
	2016	2015	%	2016	2015	%
	HK\$'000	HK\$'000 (Restated)	Increase / (Decrease)	HK\$'000	HK\$'000 (Restated)	Increase / (Decrease)
Revenue	44,446	18,259	143.42	83,821	123,330	-32.04
Cost of sales	(24,666)	(18,271)	35.00	(44,424)	(121,647)	-63.48
Gross profit/(loss)	19,780	(12)	-164,933.33	39,397	1,683	2,240.88
Other income	42	105	-60.00	2,490	477	422.01
Administrative expenses	(24,929)	(16,096)	54.88	(45,132)	(45,558)	-0.94
Loss from operations	(5,107)	(16,003)	-68.09	(3,245)	(43,398)	-92.52
Finance costs	(1,264)	(392)	222.45	(3,749)	(423)	786.29
Loss before taxation from continuing operations	(6,371)	(16,395)	-61.14	(6,994)	(43,821)	-84.04
Income tax expense	-	-	N.M	-	-	N.M
Loss from continuing operations attributable to the owners of the Company	(6,371)	(16,395)	-61.14	(6,994)	(43,821)	-84.04
(Loss) / gain from discontinuing operations attributable to the owners of the Company	(46,634)	5,782	-906.54	(49,093)	116,269	-142.22
Net (Loss) / Profit	(53,005)	(10,613)		(56,087)	72,448	
Other comprehensive income, net of tax:						
Items that may be reclassified to profit or loss:						
Exchange difference on translating foreign operations	(7,235)	(11,982)	-39.62	(20,183)	(11,181)	80.51
Available-for-sale financial assets: Fair value gains/(losses)	159,885	(522,868)	-130.58	(128,268)	(260,533)	-50.77
Total other comprehensive income that will be reclassified to profit or loss, net of taxation	152,650	(534,850)	-128.54	(148,451)	(271,714)	-45.36
Total other comprehensive income, net of taxation	152,650	(534,850)	-128.54	(148,451)	(271,714)	-45.36
Total comprehensive loss for the year attributable to the owners of the Company	99,645	(545,463)	-118.27	(204,538)	(199,266)	2.65

1 (a)(ii) Explanatory Notes:

Continuing operations				
Other income/(loss) comprises:	The Group		The Group	
	Three months ended 30 September	Three months ended 30 September	Nine months ended 30 September	Nine months ended 30 September
	2016	2015	2016	2015
	HKD'000	HKD'000	HKD'000	HKD'000
Interest income	48	20	132	281
Other Income	(6)	85	2,358	196
	42	105	2,490	477
Profit/(Loss) before tax is arrived at after charging/(crediting)				
Other income/(loss) comprises:	The Group		The Group	
	Three months ended 30 September	Three months ended 30 September	Nine months ended 30 September	Nine months ended 30 September
	2016	2015	2016	2015
	HKD'000	HKD'000	HKD'000	HKD'000
Depreciation and amortisation	5,518	407	11,156	719
Interest on bank loans	1,250	377	3,711	377
Interest on finance lease	13	15	38	46
Discontinued operations				
Other income/(loss) comprises:	The Group		The Group	
	Three months ended 30 September	Three months ended 30 September	Nine months ended 30 September	Nine months ended 30 September
	2016	2015	2016	2015
	HKD'000	HKD'000	HKD'000	HKD'000
Interest income	-	-	-	-
Other Income	565	716	585	789
	565	716	585	789
Profit/(Loss) before tax is arrived at after charging/(crediting)				
Other income/(loss) comprises:	The Group		The Group	
	Three months ended 30 September	Three months ended 30 September	Nine months ended 30 September	Nine months ended 30 September
	2016	2015	2016	2015
	HKD'000	HKD'000	HKD'000	HKD'000
Depreciation and amortisation	10	28	19	71
Interest on finance lease	-	1	-	2

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	30.09.2016 HK\$'000	31.12.2015 HK\$'000	30.09.2016 HK\$'000	31.12.2015 HK\$'000
Non-current assets				
Fixed assets	4,139	5,328	-	-
Intangible assets	404,917	385,128	-	-
Available-for-sale financial assets	1,127,658	1,255,926	-	-
Investment in subsidiaries	-	-	575,396	575,396
Investment in a joint venture	-	71	-	-
	1,536,714	1,646,453	575,396	575,396
Current assets				
Inventories	14,751	15,965	-	-
Trade receivables	35,750	13,320	-	-
Gross amounts due from customers for contract work	-	20,838	-	-
Other deposits and other receivables	20,964	39,541	-	-
Amount due from ultimate holding company	103,547	118,773	-	-
Prepayments	6,665	714	-	-
Due from a subsidiary	-	-	1,134,511	1,115,378
Pledged bank deposits	23,749	32,160	-	9,362
Bank and cash balances	79,789	13,406	62	252
	285,215	254,717	1,134,573	1,124,992
TOTAL ASSETS	1,821,929	1,901,170	1,709,969	1,700,388
Capital and reserves				
Share capital	97,776	97,776	97,776	97,776
Reserves	1,227,373	1,431,911	1,004,116	1,007,077
Equity attributable to owners of the Company	1,325,149	1,529,687	1,101,892	1,104,853
Non-current liabilities				
Interest-bearing borrowings	166,256	159,746	-	-
Finance lease payables	389	538	-	-
	166,645	160,284	-	-
Current liabilities				
Trade payables	13,664	51,957	-	-
Accruals and other payables	316,233	158,877	19,142	1,134
Due to a subsidiary	-	-	588,935	594,401
Finance lease payables	238	365	-	-
	330,135	211,199	608,077	595,535
Total liabilities	496,780	371,483	608,077	595,535
TOTAL EQUITY AND LIABILITIES	1,821,929	1,901,170	1,709,969	1,700,388

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Amount repayable in one year or less, or on demand

As at 30 September 2016		As at 31 December 2015	
Secured (HK\$'000)	Unsecured (HK\$'000)	Secured (HK\$'000)	Unsecured (HK\$'000)
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 30 September 2016		As at 31 December 2015	
Secured (HK\$'000)	Unsecured (HK\$'000)	Secured (HK\$'000)	Unsecured (HK\$'000)
166,256	Nil	159,746	Nil

Details of any collateral

The Group's interest-bearing borrowings of HK\$166,256,000 as at 30 September 2016 are secured by the following:

- (i) Share pledge of 33,650,000 shares Grandblue Environment Co. Ltd ("Grandblue") which held as available-for-sale financial assets.

1(c)(i) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000	2015 HK\$'000 (restated)	2016 HK\$'000	2015 HK\$'000 (restated)
CASH FLOW FROM OPERATING ACTIVITIES				
Loss before tax				
- Continuing operation	(6,371)	(16,395)	(6,994)	(43,821)
- Discontinued operation	(46,634)	5,782	(49,093)	3,107
Adjustments for:				
Depreciation and amortisation	5,528	435	11,175	790
Interest expenses	1,264	393	3,749	425
Profit from construction services	-	22	-	(546)
Interest income	-	191	(92)	(281)
Loss on disposal of discontinued operation	32,161	-	32,161	-
Unamortised upfront fee	6,446	-	6,446	-
Share based payment expenses	-	38	-	166
Operating (loss)/ profit before working capital changes	(7,606)	(9,534)	(2,648)	(40,160)
Decrease/(Increase) in inventories	1,926	(40,581)	1,214	(43,522)
Increase in trade receivables	(14,470)	(926)	(22,430)	(17,160)
Decrease in other deposits and other receivables	7,521	12,090	37,684	860,835
Increase in trade deposits and prepayments	(3,865)	(125)	(5,951)	(1,600)
Decrease/(increase) in trade payables	(7,464)	16,819	(18,204)	8,807
Increase/(decrease) in accruals and other payables	(48,827)	(3,878)	(38,326)	(61,377)
Effect on exchange rate changes	(7,237)	(9,667)	(20,186)	(6,059)
Cash (used in)/generated from operations	(80,022)	(35,802)	(68,847)	699,764
Interest paid	(1,264)	(4,234)	(3,749)	(5,732)
Net cash (used in) / generated from operating activities	(81,286)	(40,036)	(72,596)	694,032
CASH FLOWS FROM INVESTING ACTIVITIES				
Payment for construction work for Construction projects	-	(17,107)	(36,966)	(108,342)
Net cash outflow to acquisition of a subsidiary	-	-	-	(57,635)
Proceeds from disposal of a jointly controlled entity	(174)	-	71	-
Net cash (outflow)/inflow from disposal of subsidiaries	(4,145)	-	(4,145)	113,162
Received in advance of proposed sales of a subsidiary	207,961	-	207,961	-
Purchase of fixed assets	(101)	536	(567)	(1,177)
Interest received	-	(191)	92	281
Net cash from/(to) investing activities	203,541	(16,762)	166,446	(53,711)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	-	-	-	(349,657)
Share issued upon exercise of share options and share awards	-	-	-	1,501
Repayment to ultimate holding company and a related company	(54,939)	-	(28,639)	(278,160)
(Increase)/decrease in pledged bank deposits	(402)	2,486	8,411	2,434
Repayment of finance lease payables	(58)	(184)	(189)	(318)
Draw down of Interest-bearing borrowings	-	158,930	-	197,714
Net cash (used in) / generated from financing activities	(55,399)	161,232	(20,417)	(426,486)
NET INCREASE IN CASH AND CASH EQUIVALENTS	66,856	104,434	73,433	213,835
Effect on foreign exchange rate changes	2,004	-	(7,050)	1
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	10,929	110,892	13,406	1,490
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	79,789	215,326	79,789	215,326
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS				
Bank and cash balances	79,789	215,326	79,789	215,326

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company								Attributable to owners of the Company
	Share capital	Share premium	Contributed surplus	Share-based payment reserve	Foreign currency translation reserve	Available-for-sale reserve	Retained earnings	Total reserve	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Group									
For the three months ended									
30 September 2016									
At 1 July 2016	97,776	188,517	702,151	29	49,883	(305,892)	493,040	1,127,728	1,225,504
Dividend paid	-	-	-	-	-	-	-	-	-
Share based payment	-	-	-	-	-	-	-	-	-
Share issued upon exercise of share options and share awards	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	(7,235)	159,885	(53,005)	99,645	99,645
Profit for the year	-	-	-	-	-	-	(53,005)	(53,005)	(53,005)
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	(7,235)	-	-	(7,235)	(7,235)
Available-for-sale financial assets:									
Fair value gains	-	-	-	-	-	159,885	-	159,885	159,885
Total other comprehensive income, net of taxation	-	-	-	-	(7,235)	159,885	-	152,650	152,650
At 30 September 2016	97,776	188,517	702,151	29	42,648	(146,007)	440,035	1,227,373	1,325,149
For the three months ended									
30 September 2015									
At 1 July 2015	97,776	188,517	702,151	210	68,711	316,953	707,685	1,984,227	2,082,003
Dividend paid	-	-	-	-	-	-	-	-	-
Share based payment	-	-	-	38	-	-	-	38	38
Share issued upon exercise of share options and share awards	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	(11,983)	(522,868)	(10,612)	(545,463)	(545,463)
Profit for the year	-	-	-	-	-	-	(10,612)	(10,612)	(10,612)
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	(11,983)	-	-	(11,983)	(11,983)
Available-for-sale financial assets:									
Fair value gains	-	-	-	-	-	(522,868)	-	(522,868)	(522,868)
Total other comprehensive income, net of taxation	-	-	-	-	(11,983)	(522,868)	-	(534,851)	(534,851)
At 30 September 2015	97,776	188,517	702,151	248	56,728	(205,915)	697,073	1,438,802	1,536,578
For the nine months ended									
30 September 2016									
At 1 January 2016	97,776	188,517	702,151	29	62,831	(17,739)	496,122	1,431,911	1,529,687
Dividend paid	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	-	-	-
Share issued upon exercise of share options and share awards	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	(20,183)	(128,268)	(56,087)	(204,538)	(204,538)
Profit for the year	-	-	-	-	-	-	(56,087)	(56,087)	(56,087)
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	(20,183)	-	-	(20,183)	(20,183)
Available-for-sale financial assets:									
Fair value gains	-	-	-	-	-	(128,268)	-	(128,268)	(128,268)
Total other comprehensive income, net of taxation	-	-	-	-	(20,183)	(128,268)	-	(148,451)	(148,451)
At 30 September 2016	97,776	188,517	702,151	29	42,648	(146,007)	440,035	1,227,373	1,325,149
For the nine months ended									
30 September 2015									
At 1 January 2015	97,302	186,115	702,151	1,457	67,909	54,618	974,281	1,986,531	2,083,833
Dividend paid	-	-	-	-	-	-	(349,657)	(349,657)	(349,657)
Share-based payment	-	-	-	166	-	-	-	166	166
Share issued upon exercise of share options and share awards	474	2,402	-	(1,375)	-	-	-	1,027	1,501
Total comprehensive income for the financial year	-	-	-	-	(11,181)	(260,533)	72,449	(199,265)	(199,265)
Profit for the year	-	-	-	-	-	-	72,449	72,449	72,449
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	(11,181)	-	-	(11,181)	(11,181)
Available-for-sale financial assets:									
Fair value gains	-	-	-	-	-	(260,533)	-	(260,533)	(260,533)
Total other comprehensive income, net of taxation	-	-	-	-	(11,181)	(260,533)	-	(271,714)	(271,714)
At 30 September 2015	97,776	188,517	702,151	248	56,728	(205,915)	697,073	1,438,802	1,536,578

	Attributable to owners of the Company							Total reserve	Attributable to owners of the Company
	Share capital	Share premium	Contributed surplus	Share- based payment reserve	Foreign currency translation reserve	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Company									
For the three months ended									
30 September 2016									
At 1 July 2016	97,776	188,517	702,151	29	125,747	(10,624)	1,005,820	1,103,596	
Dividend paid	-	-	-	-	-	-	-	-	
Share-based payment	-	-	-	-	-	-	-	-	
Share issued upon exercise of share options and share awards	-	-	-	-	-	-	-	-	
Total comprehensive income for the financial year	-	-	-	-	-	(1,704)	(1,704)	(1,704)	
At 30 September 2016	97,776	188,517	702,151	29	125,747	(12,328)	1,004,116	1,101,892	
For the three months ended									
30 September 2015									
At 1 July 2015	97,776	188,517	702,151	210	125,747	(4,388)	1,012,237	1,110,013	
Dividend paid	-	-	-	-	-	-	-	-	
Share-based payment	-	-	-	38	-	-	38	38	
Share issued upon exercise of share options and share awards	-	-	-	-	-	-	-	-	
Total comprehensive income for the financial year	-	-	-	-	-	(691)	(691)	(691)	
At 30 September 2015	97,776	188,517	702,151	248	125,747	(5,079)	1,011,584	1,109,360	
For the nine months ended									
30 September 2016									
At 1 January 2016	97,776	188,517	702,151	29	125,747	(9,367)	1,007,077	1,104,853	
Dividend paid	-	-	-	-	-	-	-	-	
Share-based payment	-	-	-	-	-	-	-	-	
Share issued upon exercise of share options and share awards	-	-	-	-	-	-	-	-	
Total comprehensive income for the financial year	-	-	-	-	-	(2,961)	(2,961)	(2,961)	
At 30 September 2016	97,776	188,517	702,151	29	125,747	(12,328)	1,004,116	1,101,892	
For the nine months ended									
30 September 2015									
At 1 January 2015	97,302	186,115	702,151	1,457	125,755	347,744	1,363,222	1,460,524	
Dividend paid	-	-	-	-	-	(349,657)	(349,657)	(349,657)	
Share-based payment	-	-	-	166	-	-	166	166	
Share issued upon exercise of share options and share awards	474	2,402	-	(1,375)	-	-	1,027	1,501	
Total comprehensive income for the financial year	-	-	-	-	(8)	(3,166)	(3,174)	(3,174)	
At 30 September 2015	97,776	188,517	702,151	248	125,747	(5,079)	1,011,584	1,109,360	

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Par value HK\$	Number of shares	Issued and paid-up share capital HK\$
Issued and fully paid-up ordinary shares and balances as at 30 September 2015	0.10	977,755,354	97,775,535
	Par value HK\$	Number of shares	Issued and paid-up share capital HK\$
Issued and fully paid-up ordinary shares and balances as at 1 January 2016 and 30 September 2016	0.10	977,755,354	97,775,535

Note:

The Board of Directors of the Company was authorized to allot and issue new ordinary shares ("new shares") from time to time in the capital of the Company to the exercise of options under the Employee Share Option Scheme ("CG ESOS"), to the vesting of awards under the Performance Share Plan ("CG PSP") and Restricted Share Plan ("CG RSP"). On 14 January 2015, there were 2,585,000 shares, 1,550,000 shares and 597,000 shares allotted and issued under CG ESOS, CG PSP and CG RSP respectively.

(i) CG ESOS

As at 30 September 2016, there was no outstanding share options under CG ESOS (30 September 2015: 193,000)

(ii) CG PSP

As at 30 September 2016, there was no outstanding shares options under CG PSP (30 September 2015: 115,800)

(iii) CG RSP

There was no share vested during Q3 2016. As at 30 September 2016, the number of outstanding shares under CG RSP was 342,000 (30 September 2015: 419,200)

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Par value HK\$	Number of shares	Issued and paid-up share capital HK\$
Issued and fully paid-up ordinary shares and balances as at 1 January 2016 and 30 September 2016	0.10	977,755,354	97,775,535

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation adopted in the preparation of financial statements for the year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

(a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Three months ended		Nine months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	HKD cents	HKD cents	HKD cents	HKD cents
Earnings per Share				
- Basic (1)				
Continuing operations	(0.65)	(1.67)	(0.72)	(4.47)
Discontinued operations	(4.77)	0.60	(5.02)	11.83
- Diluted (2)				
Continuing operations	N/A	N/A	N/A	N/A
Discontinued operations	N/A	0.59	N/A	11.88
Shares issued as at year end	977,755,354	977,755,354	977,755,354	977,755,354
Shares options and awards outstanding as at year end	-	728,000	-	728,000

Explanatory notes:

1. Basic earnings per share ("EPS") is calculated based on the profit attributable to shareholders for the period ended 30 September 2016 and 30 September 2015 and the weighted average number of shares for the period ended 30 September 2016 was 977,755,354 (2015: 977,755,354).

2. No diluted earnings per share for continuing operations were presented as the diluted potential ordinary shares were anti-dilutive during the periods ended 30 September 2016 and 30 September 2015.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:—

(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group 30.09.2016	The Group 31.12.2015	The Company 30.09.2016	The Company 31.12.2015
Net asset value (HKD'000)	1,325,149	1,529,687	1,101,892	1,104,853
Number of issued shares	977,755,354	977,755,354	977,755,354	977,755,354
Net asset value per share (HKD cents)	135.53	156.45	112.70	113.00

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:—

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Operating Results of the Group

8.1 Continuing operations

8.1.1 Revenue

Revenue from continuing operations comprised of operation, construction income and equipment sales income. The revenue mix is shown in the table below:

	Three months ended 30 September 2016	Three months ended 30 September 2015	Increase / (decrease)
	HK\$'000	HK\$'000	%
Revenue from construction services	-	18,300	(100)
Revenue from operation	30,033	-	N.M.
Revenue from equipment sales	14,413	(41)	(35,242)
Total	44,446	18,259	143

Construction services revenue is recognised according to the percentage of completion for construction projects of Waste-to-Energy ("WTE"). During the period, no construction service revenue was recognised in Q3 2016 as the construction project was completed.

The construction of the WTE plant in Thailand was completed and commenced the operation in Q2 2016. The Group generated revenue from operation services which comprised electricity tariff and waste handling fee.

The Group also generated revenue from the sales of environmental related equipment (such as the sludge dewatering system) in Q3 2016.

8.1.2 Gross profit/(loss)

	Three months ended 30 September 2016	Three months ended 30 September 2015	Increase / (decrease)
	HK\$'000	HK\$'000	%
Gross profit			
Construction services	-	3	(100.0)
Operation services	17,643	-	N.M.
Equipment sales	2,137	(15)	(14,684.0)
Total	19,780	(12)	(163,103.0)
Gross profit margin			
Construction services	N.M.	0.0%	
Operation services	58.7%	N.M.	
Equipment sales	14.8%	35.7%	
Total	44.5%	-0.1%	

Gross profit margin increase from -0.1% in Q3 2015 to 44.5% in Q3 2016 mainly due to the increase of gross profit for the operation services.

8.1.3 Other income

Other income increased mainly due to the recognition of the dividend income of HK\$2.3 million from Grandblue.

8.1.4 Administrative expenses

		Three months ended 30 Sep	Three months ended 30 Sep	Increase / (Decrease)	
		2016	2015	HK\$'000	%
		HK\$'000	HK\$'000	HK\$'000	
Entertainment		362	1,209	(847)	-70%
Exchange loss		2,888	2,780	108	4%
Legal and Professional		2,773	631	2,142	339%
Bank charges	(i)	6,530	119	6,411	5388%
Other expense		1,456	3,682	(2,226)	-60%
Staff cost and welfare	(ii)	10,313	6,695	3,618	54%
Travelling		607	980	(373)	-38%
		24,929	16,096	8,834	55%

Administrative expenses rose 55% to HK\$25.0 million in Q3 2016, from HK\$16.1 million in Q3 2015, because of the following:

- (i) as at 30 Sep 2016, the Group in the process to arrange early repayment of the bank loan. Therefore, the Group has written off of HK\$6.4million unamortised upfront fee;
- (ii) staff cost and welfare increased as the Group has paid medical expense and a death gratuity to the family of demise Mr. Lin Yan (the former Executive Chairman and Deputy CEO).

8.2 Discontinued operations

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

The results of discontinued operations for the period from 1 January 2016 to 31 August 2016 were as follows.

	Discontinued operations	
	nine months ended 30 September 2016	2015
	HK\$'000	HK\$'000
Revenue	-	31,724
Cost of sales	-	(24,826)
Gross profit	-	6,898
Other income	585	789
Administrative expenses	(2,420)	(4,578)
Other operating expense	-	-
Profit from discontinued operations	(1,835)	3,109
Finance costs	-	(2)
(Loss)/profit before tax	(1,835)	3,107
Income tax expense	-	-
(Loss)/profit for the period attributable to the owners of the Company	(1,835)	3,107
The (loss)/profit for the period from the discontinued operations is analysed as follows:		
	nine months ended 30 September 2016	2015
	HK\$'000	HK\$'000
(Loss)/profit from discontinued operations	(1,835)	3,107
(Loss)/gain on disposal of discontinued operations	(47,258)	113,162
	(49,093)	116,269

The net profit for the discontinued operations for 2016 decreased by HK\$4.9 million mainly due to all the construction contracts were completed in 2015 and there were no operating income in 2016.

Loss on disposal of subsidiaries of HK\$47.3million are calculated at:

- (i) the HK\$2million cash consideration less net assets of the discontinued operations of HK\$31.6 million as at date of disposal and reclassification adjustments of HK\$2.6million exchange reserve of discontinued operations;
- (ii) Pursuant to the acquisition Agreement entered into with Grandblue on 29 January 2014, C&G HK has undertaken to compensate Grandblue for any future financial losses arise as a result of the historical issues or penalties before the completion of the disposal of C&G China. In Q3 2016, a tax authority has clawback the historical tax benefit from a subsidiary of C&G China. As a result, the Group has compensated Grandblue on the clawback amount The compensation of HK\$15.1million was paid to Grandblue.

On 25 March 2015, the completion conditions for the Dalian project as stated in the Acquisition Agreement entered with Grandblue had been fulfilled and the gross sub-tranche payment of RMB100 million (equivalent to approximately HK\$125.7 million) out of the Tranche 2 payment had been duly received, of which, the tax amount of RMB10 million (equivalent to approximately HK\$12.6 million) was deducted and paid to the Tax Bureau of Guangdong Province, PRC. The net sub-tranche payment received was RMB90 million (equivalent to approximately HK\$113.2 million).

8.3 Financial Position of the Group

ASSETS

8.3.1 Intangible assets

Intangible assets represented the service concession rights for WTE Construction projects in Bangkok. As disclosed in FY 2015 Annual Report, the service concession rights represented a BOT concession right for a period of 20 years for the Bangkok Nong khaem MSW Incineration Power Plant in Thailand with a daily treatment capacity of 500 tonnes. Under the BOT arrangement, the Group is responsible for the construction and operation of the plant during the concession period and the plant will be transferred to the government by the end of the concession period. The intangible assets were stated at amortised cost with the initial measurement at the fair value, which was assessed by an independent valuer, with reference to the replacement cost and the percentage of completion of the construction of the work for the project. The increase of HK\$20.0 million in intangible assets was due to the movement below:

	HK\$'000
Net book value as at 1 January 2016	385,128
Add: Addition during the year	14,036
Less: Amortisation for the year	(10,305)
Exchange gain	16,058
Net book value as at 30 September 2016	404,917

8.3.2 Available-for-sale financial assets

Available-for-sale financial assets represented the equity interest (i.e. 91,019,417 shares) in Grandblue Environment Company Limited ("Grandblue"). The shares are classified as available-for-sale financial assets under IAS 32 and measured at fair value. A fair value loss of HK\$128.3 million was subsequently recognised in other comprehensive income in 2016. The market price per share decreased from RMB16.05 as at 31 December 2015 to RMB14.8 as at 30 September 2016. Also PRC government sets several shares restrictions for the significant shareholders to sell out the shares. Although it is temporary restriction, we cannot estimate when this policy will be withdrawn and it will harm the liquidity of trading value of the shares.

8.3.3 Inventories

Inventories represented the machinery and equipment for the equipment sales.

8.3.4 Trade receivables

Trade receivables represented the operate income receivable from Bangkok Metropolitan Administration and equipment sales.

8.3.5 Gross amounts due from/to customers for contract work

Bangkok construction projects was completed, there was no gross amounts due from/to customers for contract work.

8.3.6 Other deposits and other receivables

	30.9.2016	31.12.2015	Changes
	HK\$'000	HK\$'000	
Other receivables (i)	9,391	25,460	-63.1%
Deposits	1,190	2,088	-43.0%
Other tax receivable (ii)	10,383	11,993	-13.4%
	20,964	39,541	-47.0%

The balance of other deposits and other receivables decreased HK\$18.6 million was mainly because of the following:

- (i) Other receivables mainly represented prepaid expenses paid to contractors and dividend receivable from Grandblue. Decrease in other receivables are mainly received the dividend receivable HK\$7.4million paid by Grandblue and reduced prepaid expenses HK\$8.6million paid to contractors;
- (ii) Other tax receivable represents the Value Added Tax prepaid.

8.3.7 Amount due from ultimate holding company

There is mainly for as disclosed in Note 39 of FY 2014 Annual Report, the Group has terminated the contracts with a contractor for the construction projects in Xiaogan, Dalian and Guiyang as a result of the disposal of the WTE businesses in China. The Group has signed the compensation agreement with the contractor and the amount of RMB96,000,000 (approximately HK\$118.7 million) was fully paid. The ultimate holding company confirmed will undertake the compensation. As disclosed in the FY2015 Annual Report, the Group has undertaken to compensate Grandblue for any profit shortfall and excess capital expenditure. There is foreign exchange control in China, the Group has entrusted the ultimate holding company to pay the compensation (denominated in RMB) to Grandblue through its subsidiary in China. The balance represented the compensation receivable from the ultimate holding company.

8.3.8 Pledged bank deposits

The pledged bank deposits represented deposit of HK\$23.7 million placed in the bank to facilitate the arrangement of performance guarantee to the Thailand government for the Bangkok WTE Project. A fixed deposit of US\$1.2 million (equivalent to approximately HK\$9.2 million) pledged to secure the bank loan of the Bangkok WTE Project was released for the period.

8.3.9 Bank and cash balances

Bank and cash balances increased by HK\$66.4 million as at 30 September 2016. For details of the cash movement, please refer to the Statement of Cash Flows and the explanation notes in page 16.

LIABILITIES

8.3.10 Trade payables

The trade payable represented the payable to suppliers regarding the equipment sales contracts and the subcontractor fee for construction projects.

8.3.11 Accruals and other payables

		30.9.2016	31.12.2015	Changes
		HK\$'000	HK\$'000	
Indemnity liabilities	(i)	72,013	87,524	-17.7%
Amounts due to contractors		-	3,947	-100.0%
Received in advance of proposed sales of a subsidiary	(ii)	207,961	-	N.M.
Due to the ultimate holding company		-	36,706	-100.0%
Others	(iii)	36,259	30,700	18.1%
		316,233	158,877	99.0%

Accruals and other payables increased in HK\$157.4 million mainly due to the following reasons:

- (i) In 2015, the Group has provided the indemnity liability of HK\$87.5 million for the claw back of profit guarantee. In Q2 2016, the group has settled HK\$15.5 million for the profit shortfall of FY 2015.
- (ii) On 26 August 2016, the Group has enter into a purchase and sales agreement ("C&G Thai SPA") with New Sky Energy (Thailand) Company Limited pursuant to which the Company had agreed to dispose of its principal operating and wholly-owned subsidiary, C&G Environmental Protection (Thailand) Company Limited. As announced on 30 September 2016, the Group has received a sum of approximately HK\$208million in according to the terms of the C&G Thai SPA. Please refer to the announcements for the details.
- (iii) The remain others payables mainly comprised of receipt in advance, value-added tax payable, other tax payables, accrued salaries, retirement benefit payable and other accruals.

8.3.12 Finance lease payables

	30.9.2016 HK\$'000	31.12.2015 HK\$'000	Changes
Non-current portion	389	538	(27.7%)
Current portion	238	365	(34.8%)
	627	903	(30.7%)

The finance lease payables represented the payable for the purchase of vehicles under hire purchase agreements. The balance decreased by 30.7% due to the payment of instalment for the period.

8.3.13 Interest-bearing borrowings

	30.9.2016 HK\$'000	31.12.2015 HK\$'000	Changes
Non-current portion	166,256	159,746	4.1%

The interest-bearing borrowings of HK\$166.3 million as at 30 September 2016 represented which was used to finance the construction costs of the WTE plant in Bangkok, Thailand. The increasing of borrowing are mainly due to add back the upfront fee HK\$6.4 million. The interest-bearing borrowings was repaid in October 2016.

Financial Position of the Company

8.3.14 Due from subsidiaries

Due from subsidiaries represented amounts due from its wholly-owned subsidiaries, C&G Environmental Protection International Limited of HK\$906.2 million and C&G Environmental Protection (Hong Kong) Company Limited of HK\$228.3 million.

8.3.15 Pledged bank deposits

The pledged bank deposits represented a fixed deposit of US\$1.2 million (equivalent to HK\$9.3 million) pledged to secure the bank loan of the Bangkok WTE Project which was drawn down in 2014. The pledged bank deposit was release in Q1 2016.

8.3.16 Due to subsidiaries

Due to subsidiaries mainly represented amounts due to its wholly-owned subsidiary, C&G (HK).

8.4 Statement of Cash Flows

Net cash used in operating activities

The Group recorded a net cash outflow in operating activities for the period mainly because of increase of trade receivable and decrease in accruals and other payables.

Net cash generated from investing activities

Net cash generated from investing activities in this quarter mainly represented the received in advance of proposed sales of a subsidiary, payment of construction cost for the construction projects, deposit from disposals of subsidiaries and purchase the fixed asset.

Net cash used in financing activities

Net cash used in financing activities in this quarter mainly represented the repayment to ultimate holding company and refund of pledged bank deposit.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

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

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

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

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

Upon completion of the abovementioned Proposed Transactions, the Company will cease to have any operating business and will be deemed to be a cash company under Rule 1018 of the Listing Manual ("Rule 1018"). The Company intends to maintain its listing status on the SGX-ST as a cash company following the completion of the abovementioned Proposed Transactions to seek a suitable new business to be injected.

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

11. If a decision regarding dividend has been made:—

(a) Whether an interim (final) ordinary dividend has been declared (recommended).

None

(b) (i) Amount per share and (ii) previous corresponding period.

None

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no general mandate obtained from shareholders on Interested Person Transactions.

14. Negative confirmation pursuant to Rule 705(5).

We, Lam Chik Tsan and Tam Sau Fung being two Directors of C&G Environmental Protection Holdings Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Q3 FY2016 financial statements to be materially false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720(1).

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Lam Chik Tsan
Director
10 November 2016

Tam Sau Fung
Director