

C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED

First Quarter Results and Dividend Announcement for the Period Ended 31 March 2015

The Board of Directors are pleased to announce the consolidated results of the Group for the three months ended 31 March 2015. 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 31 March		
	2015	2014	%
	HK\$'000	HK\$'000	Increase /
		(Restated)	(Decrease)
Revenue	28,920	3,047	849.13
Cost of sales	(27,916)	(2,835)	884.69
Gross profit	1,004	212	373.58
Other income	360	4	8,900.00
Administrative expenses	(16,445)	(7,945)	106.99
Finance costs	(16)	(236)	(93.22)
Loss before taxation from continuing operations	(15,097)	(7,965)	(89.54)
Income tax expense	-	-	N.M.
Loss from continuing operations attributable to owners of the Company	(15,097)	(7,965)	(89.54)
Profit for the period from discontinued operations attributable to owners of the Company	113,162	20,920	440.93
Profit for the financial period	98,065	12,955	656.97
Other comprehensive income:			
Components of other comprehensive income that will be reclassified to profit or loss, net of taxation			
Exchange differences on translating foreign operations	882	(12,921)	(106.83)
Available-for-sale financial assets:			
Fair value gains	232,430	-	N.M.
Total other comprehensive income that will be reclassified to profit or loss, net of taxation	233,312	(12,921)	1,905.68
Total other comprehensive income, net of taxation	233,312	(12,921)	1,905.68
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	331,377	34	974,538.24

1 (a)(ii) Explanatory Notes:

Other income comprises:

		The Group	
		(Continuing operations)	
		Three months ended 31 March	
		2015	2014
		HK\$'000	HK\$'000
Interest income		288	4
Sundry income		72	-
		360	4

		The Group	
		(Discontinued operations)	
		Three months ended 31 March	
		2015	2014
		HK\$'000	HK\$'000
Interest income		-	75
Government grants		-	274
Refund of value-added tax		-	6,382
Reversal of impairment loss of value-added tax receivables		-	1,421
Sundry income		-	15
		-	8,167

Profit/(loss) before tax is arrived at after charging/(crediting):

		The Group	
		(Continuing operations)	
		Three months ended 31 March	
		2015	2014
		HK\$'000	HK\$'000
Depreciation		198	121
Interest on bank loans		-	216
Interest on finance lease		16	20
Loss on disposal of fixed assets		10	-

		The Group	
		(Discontinued operations)	
		Three months ended 31 March	
		2015	2014
		HK\$'000	HK\$'000
Depreciation and amortisation		-	34,354
Interest on bank loans		-	37,752

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	
	31.3.2015	31.12.2014	31.3.2015	31.12.2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Fixed assets	2,398	2,479	-	-
Intangible assets	205,779	176,499	-	-
Available-for-sale financial assets	1,560,712	1,328,283	-	-
Investment in subsidiaries	-	-	575,396	575,396
Investment in a joint venture	71	71	-	-
	1,768,960	1,507,332	575,396	575,396
Current assets				
Trade receivables	348	410	-	-
Gross amounts due from customers for contract work	48,854	35,767	-	-
Other deposits and other receivables	131,982	1,313,311	128	13
Trade deposits and prepayments	563	58	-	-
Due from subsidiaries	-	-	1,083,841	1,060,675
Pledged bank deposits	34,556	34,305	9,316	9,316
Bank and cash balances	365,790	1,490	238	216
	582,093	1,385,341	1,093,523	1,070,220
TOTAL ASSETS	2,351,053	2,892,673	1,668,919	1,645,616
Capital and reserves				
Share capital	97,776	97,302	97,776	97,302
Reserves	2,039,512	1,986,531	1,083,352	1,363,222
Equity attributable to owners of the Company	2,137,288	2,083,833	1,181,128	1,460,524
Non-current liabilities				
Interest-bearing borrowings	128,448	106,724	128,448	106,724
Finance lease payables	805	809	-	-
	129,253	107,533	128,448	106,724
Current liabilities				
Trade payables	1,352	323	-	-
Accruals and other payables	82,886	385,493	1,835	3,020
Advance payment received	-	315,165	-	-
Due to subsidiaries	-	-	357,508	75,348
Finance lease payables	274	326	-	-
	84,512	701,307	359,343	78,368
Total liabilities	213,765	808,840	487,791	185,092
TOTAL EQUITY AND LIABILITIES	2,351,053	2,892,673	1,668,919	1,645,616

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 31 December 2015		As at 31 December 2014	
Secured (HK\$'000)	Unsecured (HK\$'000)	Secured (HK\$'000)	Unsecured (HK\$'000)
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31 December 2015		As at 31 December 2014	
Secured (HK\$'000)	Unsecured (HK\$'000)	Secured (HK\$'000)	Unsecured (HK\$'000)
128,448	Nil	106,724	Nil

Details of any collateral

The Group's interest-bearing borrowings of HK\$128,448,000 as at 31 March 2015 are secured by the following:

- (i) Share pledge of 75,183,993 shares in its wholly-owned subsidiary, C&G Environmental Protection (Thailand) Company Limited ("C&G (Thailand)");
- (ii) Corporate guarantee provided by C&G (Thailand); and
- (iii) Pledged bank deposit of US\$1,200,000 (equivalent to approximately HK\$ 9,316,000).

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	
	three months ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax		
- Continuing operations	(15,097)	(7,965)
- Discontinued operations	113,162	30,068
Adjustments for:		
Depreciation and amortisation	198	34,475
Interest expenses	16	37,988
Profit from construction services	(568)	(253)
Amortisation of deferred income	-	(274)
Interest income	(288)	(80)
Reversal of impairment loss of value-added tax receivables	-	(1,421)
Net loss on disposals of fixed assets	10	-
Share based payment expenses	81	239
Operating profit before working capital changes	97,514	92,777
Increase in inventories	-	(2,351)
Decrease/(Increase) in trade receivables	62	(7,131)
Decrease in other deposits and other receivables	866,164	45,547
Increase in trade deposits and prepayments	(505)	(2,292)
Increase/(decrease) in trade payables	1,029	(5,866)
Decrease in accruals and other payables	(31,354)	(46,846)
Effect on foreign exchange rate changes	2,788	12,620
Cash generated from operations	935,698	86,458
Interest paid	(1,265)	(37,974)
Net cash generated from operating activities	934,433	48,484
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for construction work for BOT projects	(36,727)	49,141
Proceeds from disposal of fixed assets	-	7
Purchase of fixed assets	(109)	(273)
Interest received	288	80
Net cash (used in)/generated from investing activities	(36,548)	48,955
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(279,503)	-
Share issued upon exercise of share options and share awards	1,501	-
(Repayment to)/advance from ultimate holding company and a related company	(278,160)	28,742
(Increase)/decrease in pledged bank deposits	(251)	18,745
Repayment of finance lease payables	(66)	(64)
Repayment of interest-bearing borrowings	-	(198,043)
Drawdown of Interest-bearing borrowings	21,724	61,660
Net cash used in financing activities	(534,755)	(88,960)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	363,130	8,479
Effect on foreign exchange rate changes	1,170	(204)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	1,490	54,930
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	365,790	63,205
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	365,790	63,205

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.

	Share capital	Share premium	Contributed surplus	Statutory reserve	Share-based payment reserve	Foreign currency translation reserve	Available-for-sale reserve	Retained earnings	Total reserve	Attributable to owners of the Company
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group										
For the three months ended 31 March 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	-	-	-	-	-	-	-	(279,503)	(279,503)	(279,503)
Share based payment	-	-	-	-	81	-	-	-	81	81
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	-	-	-	-	-	881	232,430	98,065	331,376	331,376
Profit for the year	-	-	-	-	-	-	-	98,065	98,065	98,065
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	881	-	-	881	881
Available-for-sale financial assets:										
Fair value gains	-	-	-	-	-	-	232,430	-	232,430	232,430
Total other comprehensive income, net of taxation	-	-	-	-	-	881	232,430	-	233,311	233,311
At 31 March 2015	97,776	188,517	702,151	-	163	68,790	287,048	792,843	2,039,512	2,137,288
For the three months ended 31 March 2014										
At 1 January 2014	97,302	786,115	102,151	39,768	629	223,213	-	493,150	1,645,026	1,742,328
Share-based payment	-	-	-	-	239	-	-	-	239	239
Total comprehensive income for the financial year	-	-	-	-	-	(12,921)	-	12,955	34	34
At 31 March 2014	97,302	786,115	102,151	39,768	868	210,292	-	506,105	1,645,299	1,742,601
Company										
For the three months ended 31 March 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	-	-	-	-	81	-	-	(279,503)	(279,503)	(279,503)
Share-based payment	-	-	-	-	-	-	-	-	81	81
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	-	-	-	-	-	-	-	(1,475)	(1,475)	(1,475)
At 31 March 2015	97,776	188,517	702,151	-	162	125,755	-	66,766	1,083,352	1,181,128
For the three months ended 31 March 2014										
At 1 January 2014	97,302	786,115	102,151	-	629	125,755	-	358,007	358,007	1,469,959
Share-based payment	-	-	-	-	239	-	-	-	-	239
Total comprehensive income for the financial year	-	-	-	-	-	-	-	(3,049)	(3,049)	(3,049)
At 31 March 2014	97,302	786,115	102,151	-	629	125,755	-	354,958	354,958	1,467,149

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 31 March 2014	0.10	973,023,354	97,302,335
	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 2015	0.10	973,023,354	97,302,335
New shares issued on 14 January 2015 (Note)	0.10	4,732,000	473,200
Issued and fully paid-up ordinary shares and balance as at 31 March 2015	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

There were 2,585,000 shares exercised during Q1 2015. As at 31 March 2015, the number of outstanding share options under CG ESOS was 193,000 (31 March 2014: 2,585,000).

(ii) CG PSP

There were 1,550,000 shares vested during Q1 2015. As at 31 March 2015, the number of outstanding shares under CG PSP was 115,800 (31 March 2014: 1,550,000).

(iii) CG RSP

There were 597,000 shares vested during Q1 2015. As at 31 March 2015, the number of outstanding shares under CG PSP was 419,200 (31 March 2014: 1,034,000).

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 fully paid-up ordinary shares and balance as at 1 January 2015	0.10	973,023,354
New shares issued on 14 January 2015	0.10	4,732,000
Issued and fully paid-up ordinary shares and balance as at 31 March 2015	0.10	977,755,354

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 2014.

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 31 March 2015 HK\$ cents	Three months ended 31 March 2014 HK\$ cents
Earnings per share		
- Basic ⁽¹⁾		
Continuing operations	(1.55)	(0.82)
Discontinued operations	11.63	2.15
- Diluted ⁽²⁾		
Continuing operations	N/A	N/A
Discontinued operations	11.57	2.14

Explanatory notes:

1. Basic earnings per share ("EPS") is calculated based on the profit attributable to shareholders for the period ended 31 March 2015 and 2014 and the weighted average number of shares for the period ended 31 March 2015 was 977,755,354 (2014:973,023,354).

2. No diluted earnings per share for continuing operations was presented as the diluted potential ordinary shares were anti-dilutive during the periods ended 31 March 2015 and 31 March 2014.

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 31.3.2015	The Group 31.12.2014	The Company 31.3.2015	The Company 31.12.2014
Net asset value (HK\$'000)	2,137,288	2,083,833	1,181,128	1,460,524
Number of issued shares	977,755,354	973,023,354	977,755,354	973,023,354
Net asset value per share (HK\$ cents)	218.59	214.16	120.80	151.07

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 construction income of the Bangkok Nong Khaem Municipal Solid Waste Incineration Power Plant (the “Bangkok WTE Project”) and equipment sales. The revenue mix is shown in the table below:

	Three months ended 31 March 2015	Three months ended 31 March 2014	Increase / (decrease)
	HK\$'000	HK\$'000	%
Revenue from construction services	27,448	3,047	800.8
Revenue from equipment sales	1,472	-	N.M.
Total	28,920	3,047	849.1

Construction services revenue is recognised according to the percentage of completion for construction of Waste-to-Energy (“WTE”) plants. During the period under review, revenue from construction services was solely generated from the Thailand project. The higher construction revenue for the Thailand recognised in Q1 2015 was in line with the progress of the construction work.

With the establishment of the Group’s wholly owned subsidiary, C&G Green Energy (Shenzhen) Company Limited (“C&G SZ”) in May 2014, the Group also generated revenue from the sales of environmental protection related equipment (such as the sludge dewatering system) in Q1 2015.

8.1.2 Gross profit

Gross profit margin decreased from 7.0% in Q1 2014 to 3.5% in Q1 2015 mainly due to the decrease of overall gross profit for the construction services. In Q1 2014, the gross profit for construction services was only derived from construction work of civil cost of the Bangkok WTE Project which was around 7%. In Q1 2015, the construction work for the Bangkok WTE project comprised of civil cost and equipment cost, of which equipment cost was of zero gross profit margin. Since the construction work progress for the equipment part increased in Q1 2015, the overall gross profit margin decreased.

8.1.3 Other income

Other income increased mainly due to increase in interest income generated from bank balances upon the receipt of the cash consideration from the disposal of subsidiaries.

8.1.4 Administrative expenses

Administrative expenses which include payroll expenses, legal and professional expenses, travelling and business development-related expenses amounted to HK\$16.4 million for Q1 2015. The balance increased by HK\$8.5 million mainly due to an exchange loss arising from a repayment to the ultimate holding company in Renminbi of HK\$3.6 million, the administration expenses for newly incorporated subsidiaries or branches in Hong Kong, Shenzhen and Taiwan after Q1 2014 of HK\$2.7 million and an increase of HK\$1.0 million of staff cost for office operations in both Thailand and Hong Kong.

8.1.5 Net loss

The increase in net loss of the continuing operations of the Group of HK\$7.1 million was mainly due to an increase of the administrative expenses explained in 8.1.4.

8.2 Discontinued operations

On 25 March 2015, the completion conditions for the Dalian project as stated in the Acquisition Agreement 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). The net profit for the discontinued operations for Q1 2015 of HK\$113.2 million represented the net sub-tranche payment received of RMB90 million (equivalent to approximately HK\$113.2 million) for the Dalian project.

8.3 Financial Position of the Group

ASSETS

8.3.1. Intangible assets

Intangible assets represented the service concession rights for WTE BOT projects in Bangkok. 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\$29.3 million in intangible assets was due to the movement below:

	HK\$'000
Net book value as at 1 January 2015	176,499
Add: Addition during the period	27,448
Exchange loss	(1,832)
Net book value as at 31 March 2015	<u>205,779</u>

8.3.2 Available-for-sale financial assets

Available-for-sale financial assets represented 12.7% equity interest (i.e. 91,019,417 shares) in Grandblue Environment Company Limited ("Granblue"). The shares are classified as available-for-sale financial assets under IAS 32 and measured at fair value. A fair value gain of HK\$232.4 million was subsequently recognised in other comprehensive income in Q1 2015. The market price per share increased from RMB14.47 as at 31 December 2014 to RMB16.95 as at 31 March 2015.

8.3.3 Gross amounts due from customers for contract work

Gross amounts due from customers for contract work represented the amount prepaid to the contractors and suppliers, calculated based on the percentage of completion of construction work.

The increase in gross amounts due from customers for contract work was mainly due to the increase in prepaid amount for the construction cost for the Bangkok WTE Project.

8.3.4 Other deposits and other receivables

		31.3.2015 HK\$'000	31.12.2014 HK\$'000	Changes
Other receivables	(i)	10,187	8,785	16.0%
Deposits		767	651	17.8%
Due from a joint venture		5	5	-
Cash consideration receivable	(ii)	-	988,705	(100.0%)
Compensation receivable	(iii)	121,023	-	N.M.
Due from a related company	(iv)	-	315,165	(100.0%)
		131,982	1,313,311	(90.0%)

The balance of other deposits and other receivables decreased by HK\$1,181.3 million was mainly because of the following:

- (i) Other receivables mainly represented prepaid expenses paid to contractors and other tax receivables including value-added tax receivables. The increase in other receivables of 1.4 million was mainly due to the increase in value added tax receivables for the Bangkok WTE Project;
- (ii) The cash consideration receivable of HK\$988.7 million was received in January 2015;
- (iii) Increase in compensation receivable of HK\$121.0 million. As a result of the disposal of subsidiaries, the Group has terminated the contracts with a contractor for the construction projects in Xiaogan, Dalian and Guiyang. The Group has signed the compensation agreement with the contractor on 2 January 2015 and the compensation amount of RMB96.0 million (equivalent to approximately HK\$121.0 million) was paid in Q1 2015. The ultimate holding company will continue to undertake the compensation; and
- (iv) For amount due from a related company, the amount for 2014 represented the receipt of advance payment of RMB250 million (equivalent to approximately HK\$315.2 million) collected from Grandblue by a related company (a subsidiary of the ultimate holding company), Xiamen C&G Group Co., Ltd. ("Xiamen C&G") on behalf of the Group's wholly-owned subsidiary, C&G Environmental Protection (Hong Kong) Company Limited ("C&G (HK)") for the disposal of subsidiaries. Please also refer to 8.3.9 for details.

8.3.5 Pledged bank deposits

The pledged bank deposits represented deposit of HK\$25.2 million placed in the bank to facilitate the arrangement of performance guarantee to the Thailand government for the Bangkok WTE Project and 12-month fixed deposit of US\$1.2 million (equivalent to approximately HK\$9.3 million) pledged to secure the bank loan of the Bangkok WTE Project. There was no significant fluctuation for the period.

8.3.6 Bank and cash balances

Bank and cash balances increased by HK\$364.3 million as at 31 March 2015 mainly because of the receipt of cash consideration from the Purchaser. For details of the cash movement, please refer to the Statement of Cash Flows and the explanation notes in page 13.

LIABILITIES

8.3.7 Trade payable

The trade payable represented the payable by C&G Shenzhen to suppliers regarding the equipment sales contracts. The balance increased was in line with an increase in cost from the equipment sales.

8.3.8 Accruals and other payables

		31.3.2015 HK\$'000	31.12.2014 HK\$'000	Changes
Indemnity liabilities		66,446	66,446	-
Tax payable for cash consideration	(i)	-	31,280	(100.0%)
Amounts due to contractors	(ii)	9,819	3,104	216.3%
Due to the ultimate holding company	(iii)	179	241,681	(99.9%)
Due to a related company	(iii)	1,077	37,734	(97.1%)
Others		5,365	5,248	2.2%
		82,886	385,493	(78.5%)

Others comprised mainly of accrued salaries, other tax payables, retirement benefit payable and value-added tax payable.

Accruals and other payables decreased by HK\$302.6 million mainly due to the net effect of the following:

- (i) Settlement of capital gain tax of RMB24.8 million (equivalent to approximately HK\$31.2 million) paid to the Tax Bureau of Guangdong Province, PRC;
- (ii) Increase in amounts due to contractors of HK\$6.7 million was mainly due to the increase in construction payables for the Bangkok WTE Project; and
- (iii) Repayment to the ultimate holding company of HK\$241.7 million and a related company of HK\$36.7 million.

8.3.9 Advance payment received

In 2013, the Group had, through C&G (HK), entered into a framework acquisition agreement (the "Framework Agreement") with Grandblue for the disposal of subsidiaries. According to the acquisition agreement, Grandblue paid C&G (HK) a sum of RMB250 million (approximately HK\$315.21million) as the advance payment. However, due to the foreign exchange control policy in the PRC and limitation to remit the advance payment to Hong Kong before the approval of the disposal by the relevant authorities, C&G (HK) entrusted Xiamen C&G to collect the advance payment on its behalf. Once the disposal is approved, the related company will fully repay the advance payment to Grandblue. Please also refer to 8.3.4 paragraph (iv).

As at 31 March 2015, as the disposal transaction was already approved and completed, Xiamen C&G fully refunded RMB250 million to Grandblue on behalf of C&G (HK).

8.3.10 Finance lease payables

	31.3.2015 HK\$'000	31.12.2014 HK\$'000	Changes
Non-current portion	805	809	(0.5%)
Current portion	274	326	(16.0%)
	1,079	1,135	(4.9%)

The finance lease payables represented the payable for the purchase of vehicles under hire purchase agreements. The balance decreased by 4.9% due to the repayment of the finance lease payables for the period.

8.3.11 Interest-bearing borrowings

	31.3.2015 HK\$'000	31.12.2014 HK\$'000	Changes
Non-current portion	128,448	106,724	20.4%

The interest-bearing borrowings of HK\$128.4 million as at 31 March 2015 represented the bank loans for financing the equipment cost for the Bangkok WTE Project. The balance increased by 20.4% mainly due to the drawdown of US\$2.8 million (equivalent to approximately HK\$21.7 million) in this quarter.

For the details of collaterals of the bank loan, please refer to 1(b)(ii). As at 31 March 2015, the Group's gearing ratio improved to 9.1% compared to 28.3% as at 31 December 2014.

Financial Position of the Company

8.3.12 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 (Thailand) of HK\$177.6 million. The balance increased by HK\$23.2 million due to construction payment of equipment cost for the Bangkok WTE Project paid by the Company on behalf of C&G (Thailand) in Q1 2015.

8.3.13 Pledged bank deposits

The pledged bank deposits represented a 12-month 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. There was no change in Q1 2015.

8.3.14 Interest-bearing borrowings

For details, please refer to 8.3.11.

8.3.15 Due to subsidiaries

Due to subsidiaries mainly represented amounts due to its wholly-owned subsidiary, C&G (HK) of HK\$357.2 million. The balance increased by HK\$282.2 million due to the payment of first interim dividend by C&G (HK) of HK\$279.5 million.

8.4 Statement of Cash Flows

Net cash generated from operating activities

The Group recorded a net cash inflow in operating activities for the period mainly because of settlement of cash consideration receivables.

Net cash (used in)/generated from investing activities

Net cash used in investing activities in this quarter mainly represented the payment of construction cost for the BOT project.

Net cash used in financing activities

Net cash used in financing activities in this quarter mainly represented the payment of first interim dividend and repayment to ultimate holding company and a related company.

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.

In 2015, C&G intends to leverage on its existing knowledge and expertise in managing WTE plants in Bangkok to build its presence around the growing Asian market. The Bangkok WTE Project is currently under construction and is expected to be completed by 2015. The Group will also diversify to explore opportunities in Asian regions such as China and Taiwan, where C&G expects a buoyant market for environmental protection related 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).

Confirmation by the Board We, Lin Yan and Loo Cheng Guan 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 1Q FY2015 financial statements to be materially false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lin Yan
Director
14 May 2015

Loo Cheng Guan
Director