
NEWS RELEASE**C&G ACHIEVES 240.8% RISE IN NET PROFIT IN 1Q 2014 TO HK\$13.0 MILLION**

- ***Revenue up 16.1% to HK\$136.3 million on the back of stronger waste handling and power generation services;***
- ***EBITDA increases 37.1% year-on-year to a record of HK\$94.3 million;***
- ***Proposed sale of WTE business and assets of the principal subsidiaries in the PRC on track;***
- ***To focus on expansion of the Group's WTE operation in Southeast Asia and other diversified environmental protection businesses.***

Singapore, May 6, 2014 – SGX Mainboard-listed C&G Environmental Protection Holdings Limited (“C&G” or “the Group”), a leading Waste-to-Energy (“WTE”) investor and operator in China, today reported a 240.8% jump in net profit to HK\$13.0 million for the three months ended March 31, 2014 (“1Q 2014”) from HK\$3.8 million for the three months ended March 31, 2013 (“1Q 2013”). This was on the back of a 16.1% revenue increase to HK\$136.3 million for 1Q 2014, from HK\$117.4 million in 1Q 2013.

For 1Q 2014, the Group's revenue was driven by robust growth in the waste handling and electricity generation operations. The operational services segment posted a 28.6% rise in turnover, which more than offset the decline in revenue from the construction services division. This came on the back of 11.1% increase in waste handling volume and 34.9% rise in electricity generated, as Phase 2 of the Group's Anxi plant came on-stream. EBITDA on recurring basis grew 37.1% to HK\$94.3 million.

Mr Lin Yan (“林岩”), Executive Chairman and Group CEO, said, “We are beginning to see the benefits of economies of scale as our operations reach critical mass. This allows us to run at a more optimal utilisation level which was reflected in our results.”

During the quarter, the Group processed approximately 483,000 tonnes of waste and generated and sold about 130.8 million kilowatt-hours (kWh) of electricity. As a result, average capacity utilisation rate for waste handling increased from 94.8% in 1Q 2013 to 99.5% during the quarter, while average capacity utilisation for electricity generation spiked from 61.4% to 83.0% during the same period. The Group also benefitted from the upward adjustment of waste handling fees in its Jinjiang and Huian plants.

Revenue from construction services dropped 49.6% to HK\$9.4 million, as construction work for Anxi Phase 2 was completed last year. Current construction services revenue was generated from the Group’s Thailand, Huian Phase 2 and Langfang projects.

Sale of WTE business and assets and the principal subsidiaries in the PRC to Grandblue Environment Company Limited (“Grandblue”)

The Group is progressing well on the sale of its WTE business and assets in the PRC to Grandblue, a company listed on the Shanghai Stock Exchange in the PRC. The Proposed Sale, valued at RMB1.85 billion, consisting of RMB1.1 billion in cash and the balance RMB0.75 billion in shares of Grandblue would give the Group a 11.04% stake, making C&G the second largest shareholder of the company.

Grandblue and the Group are currently in the process of obtaining all the required consents, approvals, waivers, authorisations, submission and filings, as necessary, from any governmental or regulatory body, or relevant competent authority, including, but not limited to, the SGX-ST, CSRC and SSE. Further to this, the Group is in the process of obtaining approval from the Ministry of Commerce of the PRC for the proposed strategic investment in Grandblue.

Since the last update during C&G's full year result announcement on 27 February 2014, the Group has dispatched the circular to shareholders to seek approval for the Proposed Sale at a Special General Meeting ("SGM") to be held on 7 May 2014. The SGM would also decide on the proposed distribution of part of the proceeds from the Proposed Sale by way of a special dividend of up to RMB660.0 million, as well as the reduction of the Group's share premium account.

Outlook and the Group's push into Southeast Asia

Going forward, the Group would focus on leveraging its WTE experience to expand its geographical reach in Southeast Asia. The Group could work individually or in partnership with other Southeast Asian WTE operators to bid for projects on a Build-Operate-Transfer (BOT) model. In addition, the Group is looking to expand into other environmental related businesses such as providing technology advice, equipment and installation services for industrial waste water treatment and air pollution (PM2.5). This would be undertaken through investment in in-house capabilities, acquisition or strategic alliance.

The Group's current municipal solid waste (MSW) incineration power plant project in Bangkok is due for completion by first half 2015. The plant has obtained the relevant approvals, licences, and consents from relevant government authorities for the construction works, and is on track to commence operations shortly after the completion of construction works, barring any unforeseen circumstances.

The Group's foray into Malaysia through a joint venture company, C&G (Padu), has received a letter of support from the Terengganu State Economic Planning Unit for the development of an 800 tonnes per day WTE plant for a concession period of 30 years. C&G Padu is currently in negotiation with the State Government of Terengganu on the terms of its investment.

Mr. Lin concluded, “Our long track record in the WTE industry puts us on a strong footing in our venture in South East Asia. We believe the WTE technology is well-suited for countries with large population that requires significant waste handling and growing energy consumption. This includes countries such as Malaysia and Indonesia, where WTE would allow the countries to leapfrog the traditional development model of trading off economic growth with environment impact, and put them at the forefront of sustainable development. At the same time, it would present tremendous business opportunities for C&G to participate in their developments.”

ABOUT C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED

Headquartered in Hong Kong and listed on the SGX Mainboard since April 2005, C&G Environmental Protection Holdings Limited (“C&G” or “the Group”) (formerly C&G Industrial Holdings Limited), is a leading Waste-to-Energy (“WTE”) investor and operator.

Specialising in the investment, construction, operation and maintenance of WTE plants, C&G is led by professional industry veterans with a wealth of experience in WTE technology management, infrastructure development and are well-respected and connected with industry players.

C&G invests in, constructs, operates and maintains waste incineration power plants for the treatment of Municipal Solid Waste (“MSW”) under the Build-Operate-Transfer (“BOT”) investments schemes. Under the BOT scheme, recurring revenue from the Group’s WTE business comprises mainly Power Generation and Waste Handling Fee. C&G is committed to the preservation of its environment and the improvement of quality of living through the latest waste treatment technology.

C&G currently operates six WTE plants: Jinjiang, Hui’an, Anxi, Fuqing, Jianyang in Fujian; and Huangshi in Hubei, as well as a sludge treatment plant in Jinjiang. An additional three projects are in the pipeline gradually commissioning in China and Asia.

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