
NEWS RELEASE**C&G ACHIEVES 42.6% GROWTH IN NET PROFIT TO HK\$20.7 MILLION IN 2Q 2014**

- *Revenue surges 101.8% to HK\$270.1 million on the back of upward revision of waste handling fees, improvement of operational efficiency and higher construction revenue recognised;*
- *Gross profit margin improves 3.4 percentage points to a healthy level of 55.3%;*
- *Proposed sale of WTE business and assets in the PRC at stage of attaining approvals from Chinese authorities.*

Singapore, August 11, 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 42.6% rise in net profit to HK\$20.7 million for the three months ended June 30, 2014 (“2Q 2014”) from HK\$14.5 million for the corresponding period last year (“2Q 2013”). This was on the back of a revenue increase of 101.8% from HK\$136.3 million in 2Q 2013 to HK\$270.1 million in 2Q 2014.

C&G’s robust revenue growth was driven largely by a 23.6% rise in its operation services segment and a 372.4% surge in its construction services segment.

Mr Lin Yan (“林岩”), Executive Chairman and Group CEO, said, “In line with the progression of our construction services which was higher during the quarter, our overall top line was correspondingly boosted by the increased activity. In addition, we have also seen higher utilisation of our plants. During the quarter, we expanded the capacity of our Anxi plant, bringing the total capacity of our six plants in operation to 5,400 tonnes, up from 5,100 tonnes in 2Q 2013.”

The Group processed approximately 531,000 tonnes of waste and generated and sold about 123.6 million kilowatt-hours (kWh) of electricity. Sequentially, average capacity utilisation rate for waste handling rose from 100.7% to 108.0% during the quarter, while average capacity utilisation for electricity generation jumped from 64.8% to 78.0% during the same period.

Financial Review

Overall revenue was 101.8% higher at HK\$275.1 million in 2Q 2014. Operational services revenue, which is mainly derived from power generation and waste handling fees, grew 23.6% from HK\$105.8 million in 2Q 2013 to HK\$130.8 million in 2Q 2014. This was mainly a result of an upward revision of waste handling fees of its Jinjiang and Huian plants and the improvement of operational efficiency in both its waste processing and power generation plants.

C&G’s construction services revenue posted a 372.4% surge to HK\$144.3 million in 2Q 2014 compared to 2Q 2013’s HK\$30.5 million. This was on the back of higher construction revenue which was progressively recognised for its services in Thailand and phase two of the Huian projects.

The Group’s improvement in its operational efficiency of the operating plants helped push gross profit margin to 55.3%, up from 51.9% in 2Q 2013.

Other income increased to HK\$10.9 million in 2Q 2014 from HK\$8.3 million in 2Q 2013. This was mainly a result of increases in government grants amounting to HK\$2.0 million for land use rights of the Huian project as well as refunded value added tax on its Huangshi and Anxi projects.

The Group also saw a gain in other operating income mainly as a result of a reversal of impairment loss on value added tax receivables after receiving the relevant value added tax invoices from its contractors. This gain was represented by HK\$1.1 million for 2Q 2014 while no such item was recorded in 2Q 2013.

Administrative expenses rose 17.9% for 2Q 2014, amounting to HK\$23.2 million compared to HK\$19.7 million in 2Q 2013, largely attributable to legal and professional fees relating to the proposed sale of C&G's WTE business and assets in China and recognition of the under-provision of China building taxes from prior years.

Finance costs incurred for 2Q 2014 increased from HK\$30.7 million in 2Q 2013 to HK\$35.0 million in 2Q 2014 attributable mainly by an increase in interest paid for a new bank loan for its Jinjiang project.

As a result, the Group achieved a net profit of HK\$20.7 million for 2Q 2014 as compared to HK\$14.5 million for 2Q 2013.

For the half year ended June 30, 2014, C&G's top-line registered a 62.2% increase to HK\$411.3 million compared to HK\$253.7 million in the previous corresponding period while net profit increased 83.7% respectively to HK\$33.7 million from HK\$18.3 million.

Outlook

The Group is on track towards the proposed sale process of its WTE business and assets in the PRC to Grandblue Environment Company Limited (“Grandblue”), a company listed on the Shanghai Stock Exchange in the PRC. The Group is obtaining approvals from the Ministry of Commerce (“MOC”) to be a strategic foreign investor (“Strategic Investor Application”) of Grandblue. Pending this approval from MOC, Grandblue has made a request to the China Securities Regulatory Commission of the PRC to suspend its review of the application, which will be resumed once the approval of the Strategic Investor Application has been obtained.

Within the PRC, C&G has commenced construction of phase two of the Huian plant, which is expected to be completed by 2014. The new facilities will improve the plant’s overall operational efficiency and add 400 tonnes of daily waste treatment capacity.

Commenting on C&G’s projects in Southeast Asia, Mr Lin said: “We are still constructing our first WTE project in Bangkok, Thailand. It is anticipated to complete by the first half of 2015 and when operational, the plant will have a daily waste treatment capacity of 500 tonnes.”

C&G has also embarked on providing technical advisory and services and environmental treatment research and development. By incorporating C&G Green Energy (Shenzhen) Company Limited (“C&G SZ”) to provide these services, C&G aims to diversify its business into asset light ones and to enhance its income base.

Mr Lin added: “We are pleased to have secured our first sales contract for the Deep Watering Double-membrane Filter Press for Sludge worth RMB1 million in July 2014 through C&G SZ. This marks a significant milestone for our business and is testament to the strategic efforts towards this asset light sector. In the PRC, with just 20% of sludge being treated by harmless and volume-reducing methods, we are optimistic on the opportunities present in this buoyant market for our services.

“Going forward, we are exploring opportunities in Southeast Asia where we believe the renewable energy markets are attractive. We also aim to diversify into other areas of environmental protection businesses in both Southeast Asia and the PRC in addition to deploying our core expertise in the WTE industry.”

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.

BY : C&G Environmental Protection Holdings Limited
Office F, 23/F, MG Tower
133 Hoi Bun Road, Kwun Tong
Kowloon, Hong Kong

CONTACT : Ms Sandy Tam
at telephone

DURING OFFICE HOURS : 852-2219-8555 (Office)

AFTER OFFICE HOURS : 852-9791-1958 (Mobile)

EMAIL : sandytam@cg-ep.com

August 11, 2014