
NEWS RELEASE**C&G REPORTS NET PROFIT OF HK\$14.5 MILLION AND REVENUE OF HK\$136.3 MILLION IN 2Q 2013**

- ***EBITDA up by 114.3% to HK\$76.4 million;***
- ***Recurring revenue from power generation, waste handling fee and operation and maintenance services up 42.2% to HK\$105.8 million;***
- ***Revenue from operation services to be boosted by improvement in operational efficiency and waste supply and upward adjustment of waste handling fee of Anxi plant;***
- ***Decrease in construction revenue in line with completion of construction activities for operating plants.***

Singapore, August 12, 2013 – 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 that the Group’s EBITDA on recurring sources of revenue soared 114.3% to HK\$76.4 million on the back of a revenue of HK\$136.3 million for the three months ended June 30, 2013 (“2Q 2013”).

For the same period, the Group reported a turnaround in net profit to HK\$14.5 million, stemming mainly from the improvement in efficiency for both its waste processing and power generation operations, receipt of additional source of waste supply and upward adjustment of waste handling fee of Anxi plant. In 2Q 2013, six plants – Jinjiang, Huian, Huangshi, Anxi, Fuqing and Jianyang – were in operation, compared to five plants in the previous corresponding period (“2Q 2012”).

In addition, EBITDA on recurring sources of revenue – power generation, waste handling fees and operation and maintenance services (“O&M services”) – increased 114.3% to HK\$76.4 million in 2Q 2013 from HK\$35.6 million in 2Q 2012. EBITDA on recurring basis excludes construction profit (also see “Notes to the Editor”), which fluctuates from quarter to quarter.

During the quarter, the Group processed approximately 467,000 tonnes of waste and sold 102,273,000 kWh of on-grid electricity, an increase of 36.5% and 39.3% respectively, compared with 2Q 2012. The average utilisation rate of waste handling increased from 83.6% to 100.7%; and the average utilisation rate of electricity generation increased from 49.9% to 64.5% in 2Q 2012 and 2Q 2013 respectively.

Mr Lin Yan, Executive Chairman and Group CEO, said: “Our encouraging performance in the year to date stems from the improving efficiencies of our six operating plants in the China, and reflects the C&G team’s effort in enhancing efficiencies in waste handling and plant operation. This is both an affirmation of our capabilities as a leading WTE investor and operator; and also testifies to the continuing success of our business strategy.”

Financial Review

Overall revenue increased 1.6% year-on-year to HK\$136.3 million in 2Q 2013. Revenue from operation services comprised of power generation and waste handling fee of HK\$105.6 million and O&M services of HK\$0.2 million. The revenue from operation services increased 42.2% from HK\$74.4 million in 2Q 2012 to HK\$105.8 million in 2Q 2013. The increase was due mainly to improving overall efficiencies at the Group’s six existing plants – Jinjiang, Huian, Huangshi, Anxi, Fuqing, and Jianyang, and the upward adjustment of waste handling fee of Anxi plant, contributing to a higher recurring revenue stream. The plants’ operational level continued to be ramped up by additional waste supply transferred to the Jinjiang and Huian plants.

The increase in revenue from operation services was offset by a 48.8% decline in construction revenue, which is recognised according to the percentage of completion of its plants under construction. During the period under review, less construction revenue was being recognised as the construction for most of the operating plants were completed in 2011 and 2012, and construction for the Langfang project was substantially completed in the prior period. As a result, construction revenue decreased from HK\$59.7 million in 2Q 2012 to HK\$30.5 million in 2Q 2013.

The Group's operation services' gross profit margin saw a 9.3 percentage points increase to 51.9% in 2Q 2013, from 42.6% in 2Q 2012. This is mainly due to the increase in volume of waste handled and improvement of operational efficiency of the six operating plants, while the five plants (excluding Jianyang) that commenced operations in 2011 and 2012 had yet to reach optimal levels of operational efficiency in 2Q 2012.

Other income increased to HK\$8.3 million for 2Q 2013, from HK\$1.2 million mainly due to an increase in value added tax refund from the relevant authorities. The entitlement of the value added tax refund was subject to the discretion of relevant authorities.

Administrative expenses amounted to HK\$19.7 million for 2Q 2013, representing a decrease of HK\$2.7 million, from HK\$22.4 million in 2Q 2012. This was mainly due to lower preliminary expenses of setting up subsidiaries as well as lower legal and professional fee in the review period.

Finance costs increased from HK\$24.2 million in 2Q 2012 to HK\$30.7 million in 2Q 2013, mainly due to cessation of capitalisation of interest of Jianyang project with the completion of construction work.

Consequently, the Group recorded a net profit of HK\$14.5 million in 2Q 2013, compared to a net loss of HK\$29.9 million in 2Q 2012.

“As we see results from our investments in China’s WTE market, we are also forging ahead with growth plans for regional markets. I am pleased to share that the establishment of our first WTE plant in Thailand is well underway. Going forward, we will continue to ride on our capabilities and business relationships for new growth opportunities, in China, Thailand as well as other parts of Asia,” Mr Lin added.

Outlook

The Group is pleased to announce a 40% upward adjustment to the waste handling fee for its Jinjiang WTE plant, which has taken effect since 28 June 2013. This upward revision is expected to further boost C&G’s income base.

Separately, construction for phase two of the Group’s Anxi plant is expected to complete within the next six months, adding an additional daily waste treatment capacity of 300 tonnes. In addition to bringing the Anxi plant’s total daily waste treatment capacity to 600 tonnes, the new facilities are also expected to improve the overall operational efficiency for the Anxi plant.

On the regional front, construction of the Group’s maiden WTE project in Bangkok, Thailand, has also commenced. When operational, the Bangkok plant will have a daily waste treatment capacity of 500 tonnes. The Group is currently in the process of obtaining project financing for this plant.

In line with the Group’s strategic growth plans to expand its overseas WTE business in Southeast Asia, the Group has also formed a joint venture company, C&G Padu Sdn Bhd, to explore and develop waste-to-energy business opportunities in Malaysia.

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 operation services comprises mainly Power Generation, Waste Handling Fee and Operation and Maintenance Services. 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.

Notes to the Editor

C&G Environmental Protection Holdings Limited (formerly C&G Industrial Holdings Limited) was listed on the Singapore Stock Exchange in April 2005 as a manufacturer of differential PET chips, polyester short fiber, bi-component short fiber and functional yarns.

In February 2010, the Group successfully acquired C&G Environment Protection International Limited (“C&G EPIL”) to diversify into the fast growing Waste-to-Energy (“WTE”) business.

The Group generates revenue from WTE as well as Construction Services. Revenue from the Group’s operation services comprises Power Generation, Waste Handling Fee and Operation and Maintenance Services. *Construction revenue is the fair value of the facilities under construction as assessed by an external valuer. This is a non-cash item.

At the profit level, the Group derives recurring income from the WTE segment. As for **Construction Services, profit is derived from the difference between external valuation of facilities under construction and cost recognised in the construction of the facilities. This is a non-cash item.

For simple illustrative purposes, the breakdown of the Group's revenue and EBITDA is outlined as follows:

	2Q 2013 (HK\$'000)	2Q 2012 (HK\$'000)	% Change
Revenue comprises:			
Operation Services	105,776	74,408	42.2
Construction Services*	30,547	59,715	(48.8)
Total	136,323	134,123	1.6
EBITDA comprises:			
Operation Services	76,366	35,636	114.3
Profit from Construction**	176	3,056	(94.2)

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