
NEWS RELEASE**C&G REPORTS NET PROFIT OF HK\$413.2 MILLION IN 4Q 2014**

- ***Revenue from continuing operations rises to HK\$132.5 million from HK\$13.0 million in 4Q 2013***
- ***Completion of sale of WTE business and assets in China to record gain on disposal of HK\$403.4 million***
 - ***Wins the bid for sludge dewatering system equipment sale contracts worth RMB37.3 million in February 2015***

Singapore, February 27, 2015 – SGX Mainboard-listed C&G Environmental Protection Holdings Limited (“C&G” or the “Group”), a leading Waste-to-Energy (“WTE”) investor and operator in Asia, today announced its results for the three months ended December 31, 2014 (“4Q 2014”). The Group reported a surge in net profit to HK\$413.2 million from a net loss of HK\$45.5 million in the previous corresponding period (“4Q 2013”). The rise in net profit was achieved largely due to the gain of HK\$403.4 million from the sale of the Group’s WTE business and assets in China, including concession rights as well as its principal operating subsidiaries in China (“Divestment”) to Grandblue Environment Company Limited (“Grandblue”).

Mr Lin Yan (“林岩”), Executive Chairman and Group CEO, said, “We are delighted to have successfully completed the disposal of our WTE business and assets in China, which marks a new chapter of our transformative growth into a WTE player with a clear focus on an asset-light business model that is geared at the growing Asian market. With this development, we have unlocked value and rewarded our shareholders who have stood by us loyally during the whole process, through the recent distribution of a first interim special dividend. Moving forward, we intend to leverage on our existing knowledge and expertise in managing WTE plants in Thailand to build our presence around the region.

“The receipt of Grandblue shares as part of the consideration of the Divestment places us as the second largest shareholder in Grandblue. As such, there is now a change in our business platform whereby our divested WTE business and assets in China are held through Grandblue. Given that Grandblue is an established, listed utility and environmental player with its business extending to the water sector, our shareholders too will have the potential to participate in a more diversified business with the completion of this significant transaction.”

Financial Review

The Group’s revenue from continuing operations reached HK\$132.5 million in 4Q 2014 which was 920.6% higher than 4Q 2013’s revenue of HK\$13.0 million. This was mainly attributable to higher revenue recognition from the construction of C&G’s Bangkok Nong Khaem Municipal Solid Waste Incineration Power Plant (“Bangkok WTE Project”) in Thailand. The quarter’s revenue also consists of equipment sales totalling HK\$0.9 million.

C&G registered a gross profit of HK\$1.4 million, an increase from HK\$0.9 million in 4Q 2013, while gross profit margin decreased to 1.1% during the quarter from 6.7% in 4Q 2013. The lower gross profit margin was largely due to the lack of gross profit achieved from the construction of the Bangkok WTE Project.

Administrative expenses rose to HK\$24.0 million from HK\$8.8 million in 4Q 2013 mainly due to the re-charging of some prior periods' expenses, amounting to HK\$17.7 million, from discontinued operations to continuing operations.

Consequently, the Group recorded a net loss from continuing operations of HK\$22.0 million compared to a net loss from continuing operations of HK\$7.0 million in 4Q 2013.

C&G reported a total profit from discontinued operations of HK\$435.2 million in 4Q 2014, from a net loss from discontinued operations of HK\$38.5 million in 4Q 2013.

Overall net profit for the quarter was HK\$413.2 million as compared to a net loss of HK\$45.5 million in 4Q 2013. Correspondingly, for the full year ended December 31, 2014 ("FY2014"), C&G reported a net profit of HK\$441.4 million as compared to a net loss of HK\$22.8 million in 4Q 2013.

On the balance sheet front, following the disposal of its discontinued operations, gearing as at December 31, 2014 improved to 28.3% from 65.4% as at December 31, 2013.

Mr Lin said, "With the cash proceeds following the unlocking of shareholders' value through the Divestment, we have de-levered our balance sheet to bring down our borrowings by 95.0%. Our borrowings now stand at HK\$120.2 million as at December 31, 2014 compared to HK\$2.4 billion as at December 31, 2013. This headroom places us in a good position to pursue our expansion strategy in Southeast Asia and the region while allowing the Group to weather unexpected circumstances."

OUTLOOK

The Group is in progress to fulfil conditions necessary for the commencement of construction works for the Guiyang BOT project, Xiaogan BOT project and the Dalian BOT project. Upon the fulfilment of the conditions, C&G will be entitled to receive the second tranche of the cash consideration for the Divestment, amounting to RMB300 million.

Subsequent to year end, C&G's wholly-owned subsidiary, C&G Green Energy (Shenzhen) Company Limited ("C&G SZ") won the bid for equipment sale contracts in February 2015 worth RMB37.3 million which pertain to the sale of the sludge dewatering system.

Commenting on its business diversification, Mr Lin added: "In just seven months, through C&G SZ, we are pleased to have won the bid of a more sizeable project. Indeed, we see vast opportunities for our services in China given that just 20% of sludge is being treated by harmless and volume-reducing methods in this country."

Earlier in July 2014, the Group secured its first sales contract for the Deep Watering Double-membrane Filter Press for Sludge worth RMB1 million through C&G SZ.

Mr Lin concluded, "Going forward, with the successful sale of our business in China, we will continue to explore opportunities in Southeast Asia and the region where we see a buoyant market for renewable energy. In this regard, our Bangkok WTE project remains under construction and is well on-track for completion by 2015. We are confident that this will be a growth engine and the springboard for our expansion in this region."

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 interest in Southeast Asia includes a WTE plant in Bangkok, Thailand and the Group has diversified into environmental related equipment sales as well as other asset-light businesses.

In December 2014, the C&G completed the divestment of its WTE business and assets in China to Grandblue Environment Company Limited, unlocking value for its shareholders.

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