NEWS RELEASE

C&G REPORTS REVENUE OF HK$105.2 MILLION AND EBITDA OF HK$57.1 MILLION FOR 4Q 2013

- ***EBITDA grew 2.0% and 56.8% year-on-year for 4Q 2013 and FY2013 respectively;***
- ***Proposed sale of WTE business and assets and the principal subsidiaries in the PRC proceeding smoothly;***
- ***Group to focus on growing presence in Southeast Asia in the WTE industry and other diversified environmental protection businesses***

Singapore, February 27, 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 2.0% increase in the Group's EBITDA to HK$57.1 million on the back of a revenue of HK$105.2 million for the three months ended December 31, 2013 ("4Q 2013").

For 4Q 2013, the Group recorded a revenue of HK$105.2 million, reflecting a decrease of 55.7% from HK$237.8 million in the previous corresponding period ("4Q 2012"). On a segmental basis, the Group achieved a 24.0% year-on-year increase in revenue from operation services which comprise of power generation and waste handling fees of HK$115.0 million and operation and maintenance service fees of HK$0.4 million in 4Q 2013.

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During the quarter, the Group processed approximately 429,000 tonnes of waste and generated 107,133,000 kWh of sold on-grid electricity, an increase of 12.9% and 16.8% respectively compared with Q4 2012. This was due to additional sources of waste supply from the cities in proximity to the plants, upward adjustment of waste handling fee of Jinjiang, Huian and Anxi plants and the contribution from newly-operational plants. Average utilisation rates for waste handling and electricity generation increased from 87.8% and 60.5% in 4Q 2012 to 88.0% and 66.8% respectively for 4Q 2013.

Revenue from construction services of negative HK$10.2 million represented a reversal of construction revenue as a result of over estimation of progress in prior year, which was partially offset with construction revenue from the Thailand project.

Gross profit for the Group's operation services was HK$42.9 million, representing a gross profit margin of 37.2% in 4Q 2013. This was lower than the gross profit margin of 44.9% recorded in 4Q 2012 due mainly to overhauls at the Jinjiang, Huian, Anxi and Fuqing plants during the quarter.

Other income of HK$13.8 million for 4Q 2013 was 39.5% higher than HK$9.9 million earned in 4Q 2012. This was mainly due to the increase in exchange gain of HK$2.3 million resulting from the retranslation of a US dollar bank loan and prepaid construction cost of the Thailand project, receipt of tax incentives of HK$1.4 million and increase in interest income of HK$0.4 million.

Administrative expenses, which include payroll expenses, legal and professional expenses, travelling and business development-related expenses amounted to HK$28.9 million for 4Q 2013. This represented a slight increase of 3.2% from 4Q 2012.

The Group's finance costs increased from HK$32.0 million for 4Q 2012 to HK$42.5 million for 4Q 2013. This was mainly due to cessation of capitalisation of interest of the Jianyang project with the completion of construction work.

With an income tax expense of HK$10.9 million factored in, the Group registered a net loss of HK$24.9 million for 4Q 2013 as overhauls at four operating plants weighed on profitability. On a full-year basis, the Group reported a net loss of HK$2.2 million for the financial year ended 31 December 2013 (“FY2013”).

As a measure of recurring sources of revenue, the Group’s EBITDA, which is derived from power generation and waste handling fees, grew by 2.0% from HK$55.9 million for 4Q 2012 to HK$57.1 million for 4Q 2013. For FY2013, the Group registered a 56.8% jump in EBITDA to HK$278.6 million due to higher gains clocked in other quarters of the year. EBITDA, on recurring basis, excludes construction profit (also see “Notes to the Editor”), which fluctuates from quarter to quarter.

Mr Lin Yan (“林岩”), Executive Chairman and Group CEO, said, “In view of sustaining high utilisation rates and efficiency at our plants, some down time would have to be accorded to them for overhauls and maintenance work. Despite having clocked some lost time within the quarter, we have managed to maintain our recurring revenues and kept utilisation up. Notwithstanding the net losses recorded this quarter, we remain optimistic on the long-term performance of our plants with increasing urbanisation and demand for electricity.”

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

On 23 December 2013, the Company had through its wholly-owned subsidiary, C&G HK entered into a Framework Agreement with the Grandblue Environment Company Limited, (“Grandblue”), a company listed on the Shanghai Stock Exchange (“SSE”) in the People’s Republic of China (“PRC”) for the proposed sale of the Group’s WTE business and assets, (including concession rights) and the principal operating subsidiaries of the Company in the PRC (the “Proposed Sale”).

C&G (HK) and Grandblue then entered into a conditional acquisition agreement for the Proposed Sale on 29 January 2014. The aggregate consideration for the Proposed Sale is RMB1.85 billion, of which, RMB1.1 billion shall be satisfied in cash and the balance of RMB0.75 billion satisfied by way of an allotment and issue of 89,928,057 new shares of par value RMB1 in the share capital of Grandblue. As at the date of the Acquisition Agreement, Grandblue's shares were listed and quoted on the SSE at an issue price of RMB8.34 per share.

On 22 February 2014, Grandblue obtained approval-in-principle from the Guangdong Province State-owned Assets and Administration Commission for its restructuring to be undertaken for the Proposed Sale. On 25 February 2014, Grandblue obtained the approval in respect of the Proposed Sale from the shareholders at its Special Shareholder Meeting. 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 Ministry of Commerce of the PRC for the proposed strategic investment in the Grandblue by C&G (HK).

Upon the completion of the Proposed Sale, C&G (HK) will have a 11.04% stake in Grandblue's shares and will become its second largest shareholder. As Grandblue is an established and listed utility and environmental player with its businesses extending to the water and gas sector, the Group will have the potential to participate in more diversified areas of business upon completion of this significant transaction. The Proposed Sale will be subject to shareholders' approval at an extraordinary general meeting which will be held in due course.

Outlook and the Group's push into Southeast Asia

Going forward, the Group intends to focus on the development of its WTE Build-Operate-Transfer ("BOT") business and expand its presence in Southeast Asia. The Group also seeks to capitalise on its expertise as a WTE operator to assist other Southeast Asian WTE operators in equipment installation. In addition, the Group intends to expand into other environmental related businesses such as the provision of technology advice, equipment and installation services for industrial waste water treatment and air pollution (PM2.5). This would be conducted by way of investment, acquisition or strategic alliance.

The Group is currently constructing a municipal solid waste ("MSW") incineration power plant in Bangkok which is due for completion by the end of 2014. It has obtained all relevant approvals, licences, and consents from relevant government authorities and Thailand's Board of Investment for the operation of the plant. Barring unforeseen circumstances, the plant is expected to commence operations by early 2015.

In another investment, the Group's 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 will enter into negotiations with the State Government of Terengganu on the terms of its investment in coming months and will seek to obtain all necessary approvals.

Mr. Lin concluded, "The burgeoning environmental protection industry in Southeast Asia presents us with a multitude of opportunities. Given that Southeast Asia is an emerging market for the business, we believe that project returns in the region would achieve greater yields relative to a matured Chinese market. That said, we would remain invested in the PRC, given our stake in Grandblue, which is a reputable operator in the market.

Together with the support of our shareholders, we look forward to extending our reach in the region to serve its populations well. As an environmental protection company, we hope to increase our role in contributing to the planet's sustainability through our foray into Southeast Asia."

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.

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 WTE business comprises Power Generation and Waste Handling Fee. *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:

	4Q 2013 (HK$'000)	4Q 2012 (HK$'000)	% Change
Revenue comprises:			
Operation Services	115,428	93,093	24.0
Construction Services*	(10,195)	144,673	(107.0)
Total	105,233	237,766	(55.7)
EBITDA on recurring basis (exclude construction profit)	57,050	55,932	2.0

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February 27, 2014