
C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED
(Incorporated in Bermuda on 24 September 2004)
(Registration Number 35842)
(the “Company”)

Cessation of Yingkou Project

The Board of Directors of C&G Environmental Protection Holdings Limited (“C&G” or the “Company”) wishes to inform shareholders that the Company has been informed by The Administration of Environmental Hygiene of Yingkou Economic and Technological Development Zone (the “Yingkou Administration”) that it has decided not to proceed with the proposed Waste-to-Energy (“WTE”) project in Yingkou, China (“the Project”). As of the date of this Announcement, the Company has yet to inject any capital into the Project Company, which was incorporated on 15 April 2011, and no construction on the project has yet commenced.

On 9 February 2010, the Project was acquired as part of the entire acquisition of the share capital of CUGU Environmental Protection International Limited (“CUGU EPIL”) (“the Acquisition”). CUGU EPIL had earlier signed a Build-Operate-Transfer (“BOT”) agreement on the Project with the Yingkou Administration, subject to completion of certain conditions which, included but not limited to, satisfactory completion of environmental assessment and passage of public consultation on the assessment. The Company regrets that due to reservations expressed by the Yingkou Environmental Protection Bureau concerning the environmental aspects of the Project, the Yingkou Administration has decided to not to proceed with the Project.

In response to the decision, the Company has commenced negotiation with the Yingkou Administration to seek compensation for the termination of the BOT agreement following the cessation of the Project. No debt financing has been arranged for the Project thus far. All costs and expenses in connection with the Project have been expensed in prior years. The intangible asset for the Project is RMB 9.721million¹, based on fair value assessment arising from the Acquisition of the Project. This amount will be written off in Q2 2012. As such, the cessation of the Project is expected to result in an estimated loss of approximately HKD 11.9 million² in Q2 2012.

The information contained in this announcement is based only on a preliminary assessment by the Board and on information currently available to its members, which have not yet been confirmed or reviewed by the Company's auditors or the audit committee of the Company, and has yet to be finalized as at the date of this announcement.

BY ORDER OF THE BOARD

Lin Yan

Executive Chairman & Chief Executive Officer

22 June 2012

¹Approximately SGD 1.95million based on the exchange rate of RMB1=SGD0.2008 as quoted on Bloomberg L.P. on 22 June 2012.

²Approximately SGD 1.95million based on the exchange rate of HKD1=SGD0.1647 as quoted on Bloomberg L.P. on 22 June 2012.