

C&G Environmental Protection Holdings Limited

(Incorporated in the Bermuda)
(Company Registration No. 35842)

PROPOSED SALE OF THE WASTE-TO-ENERGY BUSINESS, ASSETS (INCLUDING CONCESSIONS RIGHTS) AND PRINCIPAL OPERATING SUBSIDIARIES OF C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED IN THE PEOPLE'S REPUBLIC OF CHINA – CLEARANCE OF CIRCULAR

Unless otherwise defined herein, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Company's announcements dated 23 October 2013, 24 November 2013, 24 December 2013 and 29 January 2014.

The Board of Directors (the “**Board**”) of C&G Environmental Protection Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to update Shareholders that following its announcement dated 29 January 2014 in relation to the entry by C&G (HK) into the Acquisition Agreement with the Purchaser, the Company has submitted a draft circular (the “**Circular**”) to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for its clearance prior to despatch to Shareholders.

The purpose of the Circular is to explain the reasons for, and to provide Shareholders with, *inter alia*, information relating to, and to seek the approval of Shareholders for, the following proposals (the “**Proposals**”):-

1. the proposed sale of the entire issued shares in the capital of C&G Environmental Protection (China) Company Limited, an indirect and wholly-owned subsidiary of the Company – a “major transaction” under Chapter 10 of the SGX-ST Listing Manual to the Purchaser (the “**Proposed Sale**”);
2. the proposed distribution of part of the net proceeds from the Proposed Sale by way of a special dividend of up to RMB 660 million (the “**Proposed Special Dividend**”); and
3. the proposed share premium account reduction (the “**Proposed Share Premium Account Reduction**”).

Shareholders should note that the exact quantum of the Proposed Special Dividend available for distribution will be determined by the Directors, taking into account, *inter alia*, the Group's operations requirements, future expansion plans and any amount potentially payable under the Claw-Back Agreement. In particular, Shareholders please note that the Cash Consideration of RMB1.1 billion is to be paid in two tranches, namely Tranche 1 payment of RMB800 million and Tranche 2 payment of RMB300 million. The Tranche 2 payment is conditional upon the fulfilment of a number of conditions. If the conditions are not fulfilled, the Company may not be entitled to any of the Tranche 2 payment at all. In such an event, the quantum of the Proposed Special Dividend available for distribution will be reduced accordingly.

Shareholders should also note that the Proposed Special Dividend is conditional upon Shareholders approving the Proposed Sale and the Proposed Share Premium Account Reduction, and the completion of the Proposed Sale having taken place.

The SGX-ST has on 3 April 2014 granted the Company a clearance letter in respect of the Circular on the assumptions:-

- (a) that the relevant Listing Rules in respect of the Proposals are complied with; and
- (b) all information required to be disclosed under the relevant Listing Rules in respect of the Proposals has been disclosed in the Circular.

The SGX-ST's clearance of the Circular does not imply that the Companies Act (Cap. 50) and any amendments thereof, or any other statutory requirements, have been complied with. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in the Circular.

The Board wishes to inform Shareholders that a special general meeting (“**SGM**”) to table the Proposals is proposed to be held on 7 May 2014. The Notice of SGM, together with the Circular, shall be despatched to Shareholders as soon as practicable.

Shareholders are advised to read the Circular for details of the Proposals.

By Order of the Board

Lin Yan

Executive Chairman & Group Chief Executive Officer

8 April 2014