

## C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED

(Incorporated in Bermuda on 24 September 2004)

(Company Registration Number: 35842)

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### THE PROPOSED DISPOSAL OF THE BUSINESS, ASSETS AND PRINCIPAL OPERATING SUBSIDIARIES OF THE COMPANY THROUGH:

- I. THE DISPOSAL OF THE ENTIRE ISSUED AND PAID UP CAPITAL OF C&G ENVIRONMENTAL PROTECTION (THAILAND) COMPANY LIMITED; AND
- II. THE DISPOSAL OF THE ENTIRE ISSUED AND PAID UP CAPITAL OF C&G ENVIRONMENTAL PROTECTION INTERNATIONAL LIMITED,

### BEING A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL

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#### 1. INTRODUCTION

1.1 The Board of Directors (the “**Board**”) of C&G Environmental Protection Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that:-

- (a) the Company had, on 25 August 2016, through its wholly-owned subsidiary, C&G Environmental Protection (Hong Kong) Company Limited (“**C&G HK**”) entered into a share purchase and sale agreement (“**C&G Thai SPA**”) with New Sky Energy (Thailand) Company Limited (“**New Sky**”) pursuant to which the Company had agreed to dispose of its principal operating and wholly-owned subsidiary, C&G Environmental Protection (Thailand) Company Limited (“**C&G Thailand**”) through the sale of 75,184,000 issued and paid-up ordinary shares of C&G Thailand owned by the Company (“**C&G Thai Sale Shares**”), comprising C&G Thailand’s entire issued and paid-up share capital, on the terms and subject to the conditions of the C&G Thai SPA (the “**Proposed Disposal of C&G Thailand**”), for a consideration of RMB187,654,229.

In addition to the aforesaid consideration, New Sky had also agreed to assume and discharge, for and on behalf of C&G Thailand (a) all the debts recorded in the books of C&G Thailand (including but not limited to inter-company loans and advances made by the Group to C&G Thailand of approximately THB1,327.9 million (equivalent to RMB248.6 million) as at 29 February 2016 amounting to approximately THB1,668.2 million (equivalent to RMB312.3 million); and (b) all payables arising from all uncompleted construction contracts entered into by C&G Thailand on or before 29 February 2016, on or before the completion date of the C&G Thai SPA; and

- (b) in connection with the Proposed Disposal of the C&G Thailand, the Company had also on 25 August 2016 entered into a conditional sale and purchase agreement (“**C&G International SPA**”) with Ahead Auto Limited (“**Ahead Auto**”) pursuant to which the Company had agreed to dispose of all its group companies (other than C&G Thailand) through the sale of 85,868,000 issued and paid-up ordinary shares of par value of US\$1.00 each (“**C&G International Sale Shares**”) in the capital of C&G Environmental Protection International Limited (“**C&G International**”) owned by the Company, comprising the entire issued and paid-up share capital of C&G International, on the terms and subject to the conditions of the C&G International SPA (the “**Proposed Disposal of All Group Companies (other than C&G Thailand)**”), for an aggregate purchase consideration of HK\$600,000,000.

(collectively, the “**Proposed Transactions**”).

- 1.2 The aggregate consideration for the sale of C&G Thai Sale Shares and C&G International Sale Shares, taking into the account the amount of approximately RMB248.6 million owing from C&G Thailand to the Group which New Sky would assume and discharge for and on behalf of C&G Thailand, represents an imputed value of S\$0.197 per share to existing shareholders of the Company (“**Shareholders**”) and a premium of approximately 74% to the volume weighted average trading price for trades done on 24 August 2016, being a trading day immediately prior to the signing of the C&G Thai SPA and the C&G International SPA.

It also represents a premium of 66%, 47% and 44% to the volume weighted average price in the past 30 days, 60 days and 90 days, respectively, prior to the signing of the C&G Thai SPA and the C&G International SPA. The Proposed Transactions constitute a “*major transaction*” under Chapter 10 of the Listing Manual of the SGX-ST (the “**Listing Manual**”) and are therefore, subject to the provisions of the Listing Manual governing the same, including but not limited to approval of Shareholders in a general meeting (the “**SGM**”).

- 1.3 Upon the completion of the Proposed Transactions, C&G Thailand and C&G International will cease to be subsidiaries of the Company. The Company will also cease to have any business, subsidiaries or associated companies thereafter. As such, this Announcement is also made pursuant to Rule 704(18)(c) of the Listing Manual.
- 1.4 The Board is of the opinion that it is in the interest of the Shareholders to maintain the listing status of the Company following the completion of the Proposed Transactions as a cash company in accordance with Chapters 1017 and 1018 of the Listing Manual for a period of 12 months, as additional value may be created for Shareholders if the Company is able to acquire a new business during the 12-month period.

If the Company is unable to acquire a suitable new business to be injected into the Company, it will be delisted from SGX-ST.

- 1.5 The Company proposes to distribute such amounts of the net proceeds of the Proposed Transactions, less expenses, deductibles, loans and advances owing by the Group as shall be recommended by the Board by way of a special dividend and a share premium account reduction (“**Proposed Distribution**”) which shall be tabled for Shareholder’s approval at the SGM as soon as practicable after the SGM but subject always to compliance with the requirements and procedures of the applicable laws and regulations for the carrying out of the share premium account reduction.

Shareholders who hold shares in the share capital of the Company as at the date on which the Register of Members will be closed will be entitled to the Proposal Distribution and will receive their respective entitlements.

## **2. INFORMATION ON THE BUYERS NAMELY, NEW SKY AND AHEAD AUTO**

### **2.1 Information on New Sky**

New Sky is a company incorporated in the Kingdom of Thailand and having its registered office at 127/15 12th Floor Panjathani Tower, Nonsee Road Chongnonsee Sub-district, Yannawa District, Bangkok, Thailand. New Sky is a wholly owned subsidiary of New Sky (China) Environmental & Tech Co. Ltd. (“**New Sky China**”).

New Sky China is a company incorporated in the People’s Republic of China and Mr. Yau King Fung is its ultimate controlling shareholder. New Sky China and its subsidiaries are primarily engaged in the waste-to-energy (“**WTE**”) business in the PRC and act as equipment, procurement and construction (“**EPC**”) contractors for environmental related projects and also investing in BOT projects in the PRC.

The Group has appointed New Sky China group to act as EPC contractors of our WTE plants in the PRC and Thailand in the past. The Company has since 2014 divested all its WTE business and plants in the PRC.

Save as disclosed above, none of the Company, its subsidiaries, the Directors and the controlling shareholders of the Company have any other business dealings with New Sky, New Sky China and/or any of its group companies, directors or shareholders.

## 2.2 Information on Ahead Auto

Ahead Auto (British Virgin Islands Registration Number 676618), a company incorporated in the British Virgin Islands and having its registered office at P.O. Box 957, Offshore Incorporated Centre, Road Town, Tortola, British Virgin Islands. The ultimate controlling shareholder is Ms. Huang Jin Zhi.

Ahead Auto Limited is principally engaged in environmental related businesses in the PRC.

The Group has purchased environmental related equipment from Ahead Auto Limited in the past.

Save as disclosed above, none of the Company, its subsidiaries, the Directors and the controlling shareholders of the Company have any other business dealings with Ahead Auto and/or any of its group companies, directors or shareholders.

## 3. PROPOSED DISPOSAL OF C&G THAILAND (INCLUDING THE PRINCIPAL TERMS OF THE THAI SPA)

### 3.1 Information on C&G Thailand

C&G Thailand is a private limited company incorporated in Thailand and, as at the Latest Practicable Date, has a registered share capital of THB 375,920,000 with a paid-up share capital of THB 342,330,470 divided into 75,184,000 ordinary shares with a par value of THB5 each.

C&G Thailand is a wholly-owned subsidiary of the Company held through, C&G HK. C&G Thailand is principally engaged in the WTE business in Thailand. It has invested in, constructed and operating a waste incineration power plant under a build-operate-transfer investment scheme in Thailand.

C&G Thailand has secured a 500 tonnes WTE project in Nong Khaem in Bangkok, Thailand with a concessionary term of 20 years. The construction of the WTE plant was completed in May 2016 and is currently under the trial run operation.

### 3.2 Agreement to sell the C&G Thai Sale Shares comprising the entire issued and paid up share capital of C&G Thailand

Subject to the terms and conditions of the C&G Thai SPA, C&G HK shall sell, and New Sky shall acquire, the C&G Thai Sale Shares comprising the entire issued and paid up share capital of C&G Thailand free and clear from all encumbrances, and together with all rights, benefits, entitlements, title and interests attaching thereto, with effect from the completion date of the C&G Thai SPA.

The completion date of the C&G Thai SPA shall be on the date falling 15 business days immediately after the last of the conditions precedent set forth in the C&G Thai SPA is fulfilled, satisfied or waived (if capable of being waived), provided that such date shall not be later than the date falling six months from the date of the C&G Thai SPA.

### 3.3 Consideration and Payment Terms

Pursuant to the C&G Thai SPA, New Sky has agreed to pay an aggregate payment of RMB 500 million (the “**Aggregate Payment**”) to C&G HK comprising:

- (i) a sum of approximately THB1,668.2 million (equivalent to RMB312.3 million) being (a) all the debts recorded in the books of C&G Thailand (including but not limited to inter-company loans and advances made by the Group Companies to C&G Thailand) as at 29 February 2016; and (b) all payables arising from all uncompleted construction contracts entered into by C&G Thailand on or before 29 February 2016 which New Sky shall assume and discharge for and on behalf of C&G Thailand ((a) and (b) shall be referred to the “**Total Debts**”); and
- (ii) a consideration for the C&G Thai Sale Shares being a sum equivalent to the difference between the Aggregate Payment and the Total Debts (the “**Share Consideration**”)

The Total Debts shall be discharged by New Sky on or before the completion date of the C&G Thai SPA payable and the Share Consideration shall be paid within 15 business days from the completion date of the C&G Thai SPA.

The Share Consideration was arrived at by C&G HK and New Sky after arm’s length negotiations and agreed upon a “*willing-buyer-willing-seller*” basis, taking into account the following:-

- (iii) the Total Debts which New Sky has agreed to assume and discharge for and on behalf of C&G Thailand;
- (iv) the valuation of C&G Thailand of THB2,469,125,000 (equivalent to approximately RMB462.3million) conducted by a firm of valuers appointed by New Sky adopting a “Present Earnings Value” method of the projects of C&G Thailand; and
- (v) the business enterprise value of C&G Thailand as at 29 February 2016 of THB2,469,125,000 (equivalent to approximately RMB462.3million).

#### 3.4 **Conditions Precedent to be fulfilled by C&G HK**

The obligations of New Sky to complete the C&G Thai SPA is subject to the fulfilment of the following conditions precedent by C&G HK:-

- (a) Resolutions of Board of Directors' Meetings and Shareholders' Meeting: The required resolutions of the general meeting of the shareholders' meeting and/or the board of directors' meeting of C&G Thailand, necessary to permit the consummation of the transactions contemplated by the C&G Thai SPA by C&G Thailand shall have all been duly passed, issued, granted and received and in full force and effect and not revoked on or before the Completion Date of the C&G Thai SPA.
- (b) The C&G Thai Sale Shares: The C&G Thai Sale Shares exist and are validly and legally owned by C&G HK and free and clear of any encumbrance and New Sky has been authorised by C&G HK to verify such existence, ownership and good title of the C&G Sale Shares with C&G Thailand and the share registrar of C&G Thailand and New Sky is reasonably satisfied with the evidence or documents indicating such existence, ownership and good title of the C&G Thai Sale Share.
- (c) No Changes in the Shares or Share Structure: There being no change in the number of issued shares or capital structure of C&G Thailand to that previously disclosed during the preliminary review process prior to the completion of the C&G Thai SPA except as affected by transactions expressly permitted by the C&G Thai SPA.
- (d) Holding and Transfer: C&G HK being able to sell all the Sale Shares to New Sky.
- (e) Fulfilment by C&G HK and C&G Thailand: All of the obligations, covenants and undertakings to be performed by C&G HK and C&G Thailand as contained in the C&G Thai SPA at or prior to the completion of the C&G Thai SPA, shall be duly performed.

- (f) Accuracy of the Warranties: All and each of the warranties given by C&G HK contained in the C&G Thai SPA shall be true in all material respects when made and shall be true in all material respects on and at the Completion Date of the C&G Thai SPA with the same force and effect as though made on, at and as of the Completion Date of the C&G Thai SPA (provided that if a representation and warranty is expressly made only as of the Completion Date of the C&G Thai SPA, it needs only be true and correct in all material respects as of the Completion Date of the C&G Thai SPA), except as affected by transactions expressly permitted by the C&G Thai SPA, or as expressly waived in writing by New Sky.
- (g) Consents Required under Contracts: C&G HK and C&G Thailand shall have obtained all consents, approvals and/or waivers under contracts entered into by C&G HK or C&G Thailand, if any, to permit the Closing of the transactions contemplated by the C&G Thai SPA without causing or resulting in a default, event of default or termination under the C&G Thai SPA and without entitling any third party to exercise any right or remedy under such contracts adverse to the interests of New Sky.
- (h) Actions, Suits or Proceedings: Save as disclosed to New Sky, no legal action, suit or proceeding for the amount higher than THB100,000,000 shall have been commenced or threatened by any government agency or other person seeking to enjoin any transaction contemplated at the completion of the C&G Thai SPA.
- (i) Calling of the Board of Directors' Meetings: The Chairman of the board of directors of C&G Thailand shall have issued notices to call for the board of directors' meetings which will be held on or before the Completion Date of the C&G Thai SPA. The meeting shall be called to consider the agenda relating to the appointment of the new director(s) as notified by New Sky.
- (j) Governmental Action: No Thai governmental entity legislation or governmental action shall promulgate or take effect between the date of the C&G Thai SPA and the Completion Date of the C&G Thai SPA which will (i) prohibit the consummation of the transactions contemplated herein, (ii) prohibit the acquisition of the Sale Shares by New Sky, (iii) require New Sky to divest itself of any of the Sale Shares, or (iv) prohibit the participation by New Sky in the board of directors of C&G Thailand.
- (k) Other Required Approvals, Notices and Consents: The following shall have been obtained, as the case may be, at no expense to New Sky and shall not be withdrawn or modified (i) any other notices, consents, approvals and/or waivers which may be required under law or the memorandum or articles of association of C&G Thailand and for the transactions contemplated by the C&G Thai SPA, and (ii) all consents, approvals and/or waivers required under any contracts entered into by C&G Thailand or C&G HK in order to permit the consummation of the transactions contemplated by the C&G Thai SPA without causing or resulting in a default, event of default, acceleration event or termination event under any of such documents and without entitling any party to any such documents to exercise any other right or remedy adverse to the interests of New Sky or C&G Thailand.
- (l) Valid Existence of C&G Thailand: C&G Thailand validly exists and none of the following events have occurred or are continuing: C&G Thailand (i) is insolvent, (ii) applies for, consents to or acquiesces in the appointment of a receiver for C&G Thailand or any of their property, (iii) admits in writing that it is unable to pay its debts, (iv) files a petition in bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law, or any dissolution liquidation proceeding.

- (m) No Material Adverse Change: There being no material adverse change in the financial condition, assets, businesses and operations of C&G Thailand and C&G Thailand does not perform any acts which may result in a significant decrease of the value of the shares of C&G Thailand.

Material adverse changes shall include any change that causes a decline in the value of C&G Thailand in an amount of THB100,000,000 or more or the following:

- (i) Entering into any contract, agreement, memorandum of understanding or any other form of transaction that may materially adversely affect C&G Thailand;
  - (ii) Entering into any contract, agreement, memorandum of understanding or any other form of transaction creating or that may create any long-term commitment(s) that may materially adversely affect C&G Thailand; or
  - (iii) The occurrence of any events or any acts, that may result in a material adverse change in the conditions or prospects of C&G Thailand, either financial, political or economic conditions, such that would be likely to materially prejudice the rights of New Sky, provided that such an event was not deliberately caused by New Sky.
- (n) SGX-ST Approval: The SGX-ST has granted approval for C&G HK, a subsidiary of the Company to sell the C&G Thai Sale Shares, if required.

### 3.5 **Conditions Precedent to be Fulfilled by New Sky**

The obligations of C&G HK under the C&G Thailand SPA are conditional upon the completion of all of the following conditions precedent by New Sky:

- (a) New Sky has the authority to enter into and perform its obligations under the C&G Thai SPA and the transactions contemplated hereby and all necessary corporate action has been taken by it to authorise the execution and the performance of its obligations under the C&G Thai SPA.
- (b) All of the obligations, covenants and undertakings to be performed by New Sky at or prior to the Completion of the C&G Thai SPA contained in the C&G Thai SPA shall be duly performed.
- (c) All and each of the warranties given by New Sky contained in the C&G Thai SPA shall be true when made and shall be true in all material respects on and at the Completion Date of the C&G Thai SPA with the same force and effect as though made on, at and as of the Completion Date of the C&G Thai SPA, except as affected by transactions expressly permitted by the C&G Thai SPA, or as expressly waived in writing by C&G Thailand.
- (d) No legal action, suit or proceeding shall have been commenced or threatened by any government agency seeking to enjoin any transaction contemplated at the Completion of the C&G Thai SPA.
- (e) No Thai Governmental Entity legislation or governmental action shall promulgate or take effect after the date of the C&G Thai SPA which will prohibit the consummation of the transactions contemplated herein.
- (f) New Sky shall pass a resolution of the board of directors and/or shareholders meeting of New Sky authorizing the execution of and performance by New Sky of its obligations under the C&G Thai SPA.

- (g) New Sky shall have obtained all consents and approvals which are necessary for the acquisition of the Sale Shares by New Sky, including without limitation, approval by any other regulatory and/or government authority (if any).
- (h) The following shall have been obtained, as the case may be, at no expense to C&G Thailand and shall not be withdrawn or modified by (i) any other notices, consents, approvals and/or waivers which may be required under law or the memorandum or articles of association of New Sky and for the transactions contemplated by the C&G Thai SPA, and (ii) all consents, approvals and/or waivers required under any contracts entered into by New Sky in order to permit the consummation of the transactions contemplated by the C&G Thai SPA without causing or resulting in a default, event of default, acceleration event or termination event under any of such documents and without entitling any party to any such documents to exercise any other right or remedy adverse to the interests of New Sky or the Company thereunder.
- (i) New Sky validly exists and none of the following events have occurred or are continuing:  
  
New Sky (i) is insolvent, (ii) applies for, consents to, or acquiesces in the appointment of a receiver for New Sky or any of their property, (iii) admits in writing that it is unable to pay its debts, (iv) files a petition in bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law, or any dissolution liquidation proceeding.
- (j) No Thai government entity legislation or governmental action shall promulgate or take effect between the date of the C&G Thai SPA and the Completion Date of the C&G Thai SPA which will (i) prohibit the consummation of the transactions contemplated herein, (ii) prohibit the acquisition of the Share Consideration by C&G Thailand or (iii) require C&G Thailand to divest itself of any of the Share Consideration.
- (k) New Sky being able to issue and make payment of all the consideration and payment to C&G Thailand in accordance with the C&G Thai SPA.
- (l) All of the obligations, covenants and undertakings to be performed by New Sky at or prior to the Completion of the C&G Thai SPA contained in the C&G Thai SPA shall be duly performed.
- (m) All and each of the warranties given by each of New Sky contained in the C&G Thai SPA shall be true in all material respects when made and shall be true in all material respects on and at the Completion Date of the C&G Thai SPA with the same force and effect as though made on, at and as of the Completion Date of the C&G Thai SPA (provided that if a representation and warranty is expressly made only as of the Completion Date of the C&G Thai SPA, it needs only be true and correct in all material respects as of the Completion Date of the C&G Thai SPA), except as affected by transactions expressly permitted by the C&G Thai SPA or as expressly waived in writing by C&G Thailand.

### 3.6 **Non-fulfilment or Waiver (if capable of being waived) of Conditions Precedent**

If any of the conditions precedent set out in Sections 3.4 and 3.5 above is not fulfilled or satisfied or waived (if capable of being waived) on or before the date falling six months from the date of the C&G Thai SPA, or such other date as may be mutually agreed in writing between the Company and New Sky, the C&G Thai SPA shall *ipso facto* cease and all further obligations of the parties under the C&G Thai SPA, except for any antecedent breaches which shall continue in full force and effect, shall terminate.

### 3.7 **Non-Competition**

C&G HK has covenanted and warranted that it and its subsidiaries shall not engage in any business having the same or a materially similar nature to the business of New Sky in Thailand for a period of five years following the date of the C&G Thai SPA. This restriction shall cease and shall no longer be applicable or enforceable upon the ultimate shareholder of C&G HK having been changed.

### 3.8 **Covenants Prior to Completion**

- (a) C&G HK has furnished New Sky with customary covenants during the period from the signing of the C&G Thai SPA to the completion thereof for transactions of this nature.
- (b) In particular, C&H HK has covenanted with New Sky that New Sky shall be entitled to the profits (and loss) of C&G Thailand with effect from the signing of the C&G Thai SPA.

### 3.9 **Representations, Warranties and Undertakings**

C&G HK and New Sky have furnished each other with customary representations, warranties and undertakings for transactions of this nature.



### 3.10 Limitation of Liability

- (a) The liability of C&G HK under the C&G Thai SPA shall cease following the date falling 60 months after the date of termination of the C&G Thai SPA or the date falling 60 months after the completion date of the C&G Thai SPA, whichever is the earlier.
- (b) C&G HK shall not be liable for any breach of its representations, warranties and covenants under the C&G Thai SPA, unless and until the amount of any individual claim for compensation of actual loss or damage caused by the breach exceeds RMB500,000 and provided that the aggregate liability of C&G HK under the C&G Thai SPA shall not exceed the sum of RMB50,000,000.

### 3.11 Indemnity

- (a) Each of C&G HK and New Sky has agreed to indemnify, defend and hold harmless the other (and its directors, employees, advisors) from and against any and all losses, liabilities, damages, deficiencies, demands, claims, actions, judgments or causes of actions, assessments, costs or expenses (including, without limitation, bonds, interest, penalties and reasonable attorneys' fees and disbursements) based upon, arising out of or otherwise in respect of any material inaccuracy in or any material breach of any representation, warranty, covenant or agreement (as contained in the C&G Thai SPA) which it has given thereunder.
- (b) The indemnity given by C&G HK above shall cease following the date falling 60 calendar months after termination of this Agreement, or 60 calendar months following Completion, whichever is earlier (the “**Cut-Off Date**”), except in respect of matters which have been the subject of a written claim made before the Cut-Off Date by New Sky to C&G HK, and such claim shall be treated as withdrawn unless proceedings in respect thereof have been commenced and served on C&G HK before the Cut-Off Date.
- (c) In the event the C&G Thai SPA is terminated, C&G HK has to repay the paid-up Total Debts and the Share Consideration to New Sky together with a 1.5 times interest in accordance with the People's Bank of China benchmark lending rate over the same period as a liquidated damage by 31 March 2018.
- (d) In the event that New Sky fails to pay the Total Debts and the Share Consideration in accordance to the timeframe as stated out in the C&G Thai SPA, an interest will be charged at a 1.5 times interest in accordance with the People's Bank of China benchmark lending rate over the same period.

### 3.12 Governing Law

The C&G Thai SPA shall be governed by and construed in accordance with the laws of Thailand.

## 4. PROPOSED DISPOSAL OF (INCLUDING THE PRINCIPAL TERMS OF THE C&G INTERNATIONAL SPA)

### 4.1 Information on C&G International and its group companies (other than C&G Thailand)

C&G International is a limited liability company incorporated in the British Virgin Islands and, as at the date of this Announcement, has an authorised share capital of US\$200,000,000 comprising 200,000,000 ordinary shares with a par value of US\$1 each, of which 85,868,000 ordinary shares have been issued and fully paid up.

C&G International is an investment holding company wholly-owned by the Company. As at the date of this Announcement, it holds the equity interests of the following subsidiaries:-

- (a) C&G HK;
- (b) C&G Green Energy (Hong Kong) Company Limited;
- (c) C&G Industrial Services (Hong Kong) Company Limited;
- (d) C&G Energy Management (Thailand) Company Limited (currently in the winding up process);
- (e) C&G Energy (Shenzhen) Company Limited; and
- (f) C&G Thailand.

#### 4.2 Particulars of C&G International's Group Companies

Name	Principal Activities	Shareholdings by the Group
C&G HK	Investment holding	100%
C&G Green Energy (Hong Kong) Company Limited;	Inactive	100%
C&G Industrial Services (Hong Kong) Company Limited;	Inactive	100%
C&G Energy Management (Thailand) Company Limited (currently in the winding up process);	Inactive	100%
C&G Energy (Shenzhen) Company Limited;	Engaged in the provision of technical advisory and services, as well as environmental protection-related equipment sales.	100%

#### 4.3 Information of C&G International's holding of quoted shares in Grandblue Environment Co. Ltd through C&G HK

- (a) In addition, C&G International holds 91,019,417 shares (representing 11.88% as at the date of this Announcement) in the share capital of Grandblue Environment Co. Ltd (瀚蓝环境股份有限公司) ("**Grandblue**"), a public limited company established under the laws of the PRC and listed on the Shanghai Stock Exchange which are quoted on the Shanghai Stock Exchange through its wholly owned subsidiary, C&G HK ("**Grandblue Quoted Shares**"). Grandblue Quoted Shares are currently subject to a moratorium.

- (b) The Grandblue Quoted Shares were acquired by the Group in 2014 as part of the sale consideration paid by Grandblue when the Company disposed of its then WTE business and operating assets in the PRC to Grandblue. By an agreement entered into between the Company's wholly owned subsidiary, C&G HK and Grandblue (the "**WTE Sale Agreement**"), the Company had agreed to dispose of all its WTE business and operating assets in the PRC to Grandblue through the sale of the entire issued and paid up capital of C&G Environmental Protection (China) Company Limited ("**C&G China**"). C&G China was a wholly owned subsidiary of the Company which held all the Group's then WTE business and operating assets in the PRC. The disposal was subject to Shareholders' approval at a general meeting of the Company. Details of the disposal are set out in the Company's circular to Shareholders dated 14 April 2014.
- (c) The WTE Sale Agreement stipulated that the Grandblue Quoted Shares were subject to a moratorium pursuant to which C&G HK was prohibited from selling, assigning, transferring or otherwise disposing of any of the Grandblue Quoted Shares for a period of 36 months (the "**Moratorium Period**"). The Moratorium Period will expire on 24 December 2017.
- (d) The Grandblue Quoted Shares were issued and allotted to C&G HK at an issue price of RMB8.24 per Grandblue Quoted Share. Based on the closing price of Grandblue Quoted Shares on the Shanghai Stock Exchange on a trading day immediately prior to the signing of the C&G International SPA, the Grandblue Quoted Shares were valued at a market value of RMB1,280.6 million.
- (e) In connection with the WTE Sale Agreement, C&G HK had also entered into a clawback agreement with Grandblue pursuant to which C&G HK undertook to Grandblue that it shall compensate Grandblue in the event that C&G China failed to meet certain profit targets. Further details of the profit targets and compensation for the shortfall in the profit targets are set out Section 4 - Compensation for Profit Shortfall on pages 23 in the Company's circular to Shareholders dated 14 April 2014.

As at the date of this Announcement, C&G HK is liable to compensate Grandblue for the Profit Shortfall if the profit target of RMB163,799.5million are not satisfied for the financial year ending 31 December 2016.

#### 4.4 **Agreement to sell the C&G International Sale Shares comprising the entire issued and paid up share capital of C&G International**

- (a) Subject to the terms and conditions of the C&G International SPA, the Company shall sell, and Ahead Auto shall acquire, the C&G International Sale Shares comprising the entire issued and paid up share capital of C&G International, free and clear from all encumbrances, and together with all rights, benefits, entitlements, title and interests attaching thereto, with effect from the completion date of the C&G International SPA.
- (b) Ahead Auto acknowledged and agreed that C&G Thailand shall be disposed of by C&G International prior to the completion of the C&G International SPA and shall not form part of the C&G International group of companies on completion thereof.
- (c) Ahead Auto further acknowledged and agreed that the Company shall be entitled to the proceeds (after deducting all related costs and expenses) arising from the disposal of C&G Thailand, and the Company and/or C&G International shall be entitled to distribute such proceeds at any time and in any manner on or before the completion of the C&G International SPA in their absolute discretion deem appropriate.
- (d) The completion date of the C&G International SPA shall be on the date falling 10 business days immediately after the last of the conditions precedent is fulfilled and satisfied or waived (if capable of being waived), provided that such date shall not be later than the date falling eight months from the date of the signing of the C&G International SPA.

#### 4.5 **Consideration**

The consideration for the C&G International Sale Shares shall be the sum of HK\$600,000,000. The said consideration was arrived at after arm's length negotiations and agreed upon a "*willing-buyer-willing-seller*" basis.

#### 4.6 **Conditions Precedent**

- (a) The C&G International SPA contains customary conditions precedent for transactions of this nature, including but not limited to the following:-
- (i) the outcome of the due diligence carried out by Ahead Auto in relation to the legal, financial, tax, accounting and business of the Group Companies being reasonably satisfactory to Ahead Auto provided that Ahead Auto shall not deem the outcome of such due diligence unsatisfactory without reasonable cause and without first giving the Company (i) notice in writing setting out the relevant default; and (ii) a period of 20 Business Days (or such longer period as the Parties may agree in writing) from receipt of such notice to remedy the relevant default;
  - (ii) all necessary approvals, consents and waivers of requisite governmental or other regulatory or supervisory body or authority for such other transactions contemplated by the C&G International SPA shall have been duly obtained, including without limitation:-
    - (1) the approval of the Directors being obtained for the sale of the Sale Shares to Ahead Auto;
    - (2) the approval of Shareholders being obtained at a general meeting for the sale of the C&G International Sale Shares to Ahead Auto; and
    - (3) the clearance of the SGX-ST being obtained by the Company in respect of the circular to Shareholders for the disposal of the C&G International Sale Shares to Ahead Auto, and if such clearance is granted subject to conditions, such conditions being reasonably acceptable to Ahead Auto and the Company, and such approvals, consents and waivers not having been amended, withdrawn, revoked, rescinded or cancelled prior to the completion date of the C&G International SPA, and where such approvals, consents and waivers are obtained subject to conditions which are required to be fulfilled on or before the completion date thereof, they have been fulfilled;
  - (iii) the Company shall have disposed of its wholly owned subsidiary, C&G Thailand prior to completion of the C&G International SPA;
  - (iv) the bank loans borrowed by C&G Hong Kong having being repaid;
  - (v) all material contracts and licenses shall be and shall continue to be valid and effective;
  - (vi) all existing third party loans and agreements will not be in default due to a change of control in the C&G International group companies' ownership;

- (vii) there being (i) no default and no cross default to any indebtedness or other contingent liabilities of the C&G International group companies with respect to payment of any sum; (ii) no acceleration of any such indebtedness or contingent liabilities of the C&G International group companies prior to its specified maturity or due date of payment; and (iii) no cancellation or suspension of any creditor commitment to the C&G International group companies resulting from a default of any contractual obligations binding upon it;
  - (viii) there not having been at any time hereafter any material change from that set forth in the audited consolidated accounts of the Company for the financial year ended 31 December 2015 which is likely to have a material adverse effect on the businesses, operations, prospects or condition (financial or otherwise) of the C&G International group companies;
  - (ix) there being no circumstance or event occurring that may have a material adverse effect on the businesses, operations, prospects or condition (financial or otherwise) of the C&G International group companies;
  - (x) the business of the C&G International group companies being carried out in the normal manner and the C&G International group companies not having disposed of any assets or assumed or incurred any liabilities (including contingent liabilities) other than those in connection with its ordinary course of business from the date of the C&G International SPA to the Completion Date; and
  - (xi) (i) all the representations, warranties and undertakings of Ahead Auto and the Company shall be true, accurate and correct in all material respects at, and as if made on, the completion date of the C&G International SPA, with reference to the facts then subsisting; and (ii) Ahead Auto and the Company shall have performed in all material respects all of their undertakings and/or obligations hereunder to be performed on or before the completion date thereof.
- (b) In the event that any of the above conditions precedent which is required to be fulfilled or satisfied by Ahead Auto or the Company, as the case may be, is not fulfilled or satisfied by the completion date thereof, the party entitled to the benefit or the right to waive such condition precedent may do so by giving notice in writing to the other party, provided always that if the condition precedent is expressed to be capable of being waived jointly by both Ahead Auto and the Company, it may only be waived by way of written agreement of both Ahead Auto and the Company.
- (c) If any of the above conditions precedent are not fulfilled and satisfied or waived, if capable of being waived, by Ahead Auto or the Company, as the case may be, on or before the Long Stop Date, the C&G International SPA shall ipso facto cease and the parties shall be released and discharged from their respective rights and obligations under the C&G International SPA save for certain provisions relating to confidentiality and disclosures.

#### 4.7 **Limitation of Liability**

- (a) The respective liability of the Company and Ahead Auto under the C&G International SPA shall cease following the date falling three months after the date of termination of the C&G International SPA or the date falling six months after the completion date of the C&G International SPA, whichever is the earlier.
- (b) In addition, the Company and Ahead Auto shall not be liable for any breach of their respective obligations under the C&G International SPA, unless and until the amount of any individual claim for compensation of actual loss or damage caused by the breach

exceeds HK\$100,000 and provided that the aggregate liability of that party shall not exceed the sum of HK\$30,000,000.

#### 4.8 **Representations, Warranties and Undertakings**

The Company and Ahead Auto have furnished each other with customary representations, warranties and undertakings for transactions of this nature.

#### 4.9 **Governing Law**

The C&G International SPA shall be governed by and construed in accordance with the laws of Singapore.

### 5. **RATIONALE FOR THE PROPOSED TRANSACTIONS**

5.1 The Board is of the view that the Proposed Transactions are in the best interest of the Company for the following reasons:-

#### Proposed Disposal of C&G Thailand

- (a) On 14 September 2015, the Company announced that its former Executive Chairman and Group Chief Executive Officer, namely, Mr Lin Yan, was in a coma after suffering from a severe stroke. Subsequently, on 5 February 2016, the Company announced that Mr Lin Yan had passed away on 4 February 2016.
- (b) The late Mr Lin Yan former Executive Chairman and Group Chief Executive Officer was instrumental in the Group's venture into the WTE business in Thailand and the construction of its WTE plant in Thailand. He had the expertise, experience and connections to operate the business of C&G Thailand. The management team of C&G Thailand has also resigned since Mr Lin Yan's passing.
- (c) The Company has been unable to find a suitable management team which has the requisite expertise, experience and connections to operate the WTE business of C&G Thailand.
- (d) Accordingly, without a suitable management team which has the requisite expertise, experience and connections to operate the WTE business of C&G Thailand, the Board is of the view that it is in the best interests of Company to dispose of C&G Thailand.

#### Proposed Disposal of All Group Companies (other than C&G Thailand)

- (e) As set out in Section 4.3(e) of this Announcement, as at the date of this Agreement, C&G HK remains liable to Grandblue under the Clawback Agreement to meet the profit target set out therein in respect of the financial year ending 31 December 2016. In the event that profit target of RMB163,799.5 million are not met for the financial year ending 31 December 2016, C&G HK is liable to compensate Grandblue for the shortfall in accordance with the formula set out in the Clawback Agreement.
- (f) The proposed sale of C&G International pursuant to the terms of the C&G International SPA requires Ahead Auto to assume C&G HK's profit undertakings to Grandblue under the Clawback Agreement. Following the completion of the C&G International SPA, the Company will no longer be liable under the Clawback Agreement.

- (g) In addition, pursuant to an asset transfer agreement entered into with Grandblue dated 17 December 2014, the C&G HK has undertaken to born any excess capital expenditure incurred on Langfang Project, Huian Phase II Project and Jinjiang Sludge Project up to the phase where these three projects pass the respective requisite governmental inspection tests. For more information, please refer to pages 90-91 of the Company's annual report for financial year ended 31 December 2014. As the date of this Announcement, these three projects have yet to obtain the requisite approvals. The Company has set out the potential liability thereunder as a contingent liability of the Group under note 35 of its financial statement for financial year ended 31 December 2015 in the Company's annual report for financial year ended 31 December 2015.
- (h) Besides releasing the Company from its obligations under the Clawback Agreement, the said asset transfer agreement and the potential liabilities thereunder, the Company is also able to realise the value of the Grandblue Quoted Shares immediately following the completion of the C&G International SPA without waiting for the expiry of the Moratorium Period. It allows the Company to have access to immediate cash by selling the said shares without the uncertainty in the fluctuations of trading prices of the Grandblue Quoted Shares in the coming next 16 months.
- (i) The Proposed Disposal of All Group Companies (other than C&G Thailand) on the back of the Proposed Disposal of C&G Thailand, the principal operating subsidiary of the Company operating the only WTE plant of the Group, would facilitate the Company being be a clean shell for the purposes of sourcing a target company to be injected by way of a reverse takeover exercise in the coming months.

## 6. PROCEEDS FROM THE PROPOSED TRANSACTIONS

The net sale proceeds from the Proposed Disposal of C&G Thailand and Proposed Disposal of C&G International after deducting all the estimated costs and expenses of HK\$3.2million is approximately HK\$814.5 million.

## 7. FINANCIAL EFFECTS

### 7.1 General

The *pro forma* financial effects of the Proposed Transactions on the net asset value ("**NAV**") per share of the Company ("**Share**") and the loss per Share ("**LPS**") are set out below. The *pro forma* financial effects have been prepared based on the audited consolidated financial results of the Company for the financial year ended 31 December 2015 and the unaudited consolidated financial results of the Company for the six months ended 30 June 2016 and are purely for illustration purposes only and are therefore not necessarily indicative of the actual financial position of the Company and/or the Group after completion of the Proposed Transactions.

## 7.2 NAV

For illustrative purposes only, the *pro forma* financial effects of the Proposed Transactions on the NAV per Share, assuming that the Proposed Transactions had been completed on 31 December 2015 and 30 June 2016, being the end of the most recently completed financial year and the end of the most recently completed six months ended 30 June 2016 respectively, are set out below:-

	As at 31 December 2015		As at 30 June 2016	
	Before the Proposed Transactions	After Completion of the Proposed Transactions (unaudited)	Before the Proposed Transactions (unaudited)	After Completion of the Proposed Transactions (unaudited)
<b>NAV</b>	HK\$1,529,687,000	HK\$1,022,921,000	HK\$1,225,504,000	HK\$1,013,391,000
<b>Number of Shares</b>	977,755,354	977,755,354	977,755,354	977,755,354
<b>NAV per Share</b>	HK\$1.5645	HK\$1.0462	HK\$1.2534	HK\$1.0364

## 7.3 LPS

For illustrative purposes only, the *pro forma* financial effects of the Proposed Transactions on the LPS, assuming that the Proposed Transactions had been completed on 1 January 2015 and 1 January 2016, being the beginning of the most recently completed financial year and the beginning of the most recently completed six months ended 30 June 2016 respectively, are set out below:-

	As at 1 January 2015		As at 1 January 2016	
	Before the Proposed Transactions	After Completion of the Proposed Transactions (unaudited)	Before the Proposed Transactions (unaudited)	After Completion of the Proposed Transactions (unaudited)
<b>Loss attributable to Shareholders</b>	HK\$138,551,000	HK\$1,081,489,000	HK\$3,082,000	HK\$508,022,000
<b>Number of Shares</b>	977,755,354	977,755,354	977,755,354	977,755,354
<b>Loss per Share</b>	HK\$0.1417	HK\$1.1061	HK\$0.0032	HK\$0.5196



## 8. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL

8.1 The relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Transactions, and based on the audited consolidated financial results of the Company for the financial year ended 31 December 2015 are as follows:-

Rule 1006	Description	Relative Figure (%)
(a)	NAV <sup>(1)</sup> of C&G International (including C&G Thailand) of approximately HK\$1,032 million, compared with the NAV of the Group	67.5%
(b)	Net loss <sup>(2)</sup> attributable to C&G International (including C&G Thailand) of approximately HK\$121 million, compared with the Group's net loss	87.4%
(c)	Aggregate value of the consideration <sup>(3)</sup> for the Proposed Disposal of C&G Thailand and the Proposed Disposal of All Group Companies (other than C&G Thailand), compared with the Company's market capitalisation <sup>(4)</sup> based on the total number of issued Shares excluding treasury shares	155.5%
(d)	Number of equity securities issued by the Company as consideration for the Proposed Disposal of C&G Thailand and the Proposed Disposal of All Group Companies (other than C&G Thailand), compared with the number of equity securities previously in issue	Not applicable to a disposal of assets

### Notes:

- (1) NAV means total assets less total liabilities and minority interests.
- (2) Net profits is defined as profit or loss after income tax and minority interests before extraordinary items.
- (3) Please see Sections 3.3 and 4.5 of this Announcement for more details on the said consideration.
- (4) The market capitalisation is calculated based on SGD0.127 per Share, being the volume weighted average price of the Shares traded on 25 August 2016, multiplied by 977,755,354 Shares in issue.

8.2 As the relative figures under Rules 1006(a), (b) and (c) of the Listing Manual exceed 20%, the Proposed Disposal of C&G Thailand and the Proposed Disposal of All Group Companies (other than C&G Thailand) are regarded as a major transaction pursuant to Rule 1014 of the Listing Manual. Accordingly, the Proposed Disposal of C&G Thailand and the Proposed Disposal of All Group Companies (other than C&G Thailand) are subject to the approval of Shareholders in general meeting.

## 9. RULE 1018 OF THE LISTING MANUAL

9.1 Upon completion of the Proposed Transactions, the Company will cease to have any operating businesses and will be deemed to be a cash company under Rule 1018 of the Listing Manual.

- 9.2 Under Rule 1018 of the Listing Manual, an issuer's securities would normally be suspended from trade until such time that the issuer has a business which is able to satisfy the SGX-ST's requirements for a new listing, and all relevant information has been announced. In addition, upon completion of the disposal of its operations and/or assets, the issuer must do the following:-
- (a) place 90% of its cash and short-dated securities (including existing cash balance and the consideration arising from the disposal(s) undertaken by the issuer) in an account opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the Monetary Authority of Singapore. The amount that is placed in the escrow account cannot be drawn down until the completion of the acquisition of a business which is able to satisfy the SGX-ST's requirements for a new listing, except for payment of expenses incurred in a reverse takeover approved by shareholders and pro-rata distributions to shareholders; and
  - (b) provide monthly valuation of its assets and utilisation of cash, and quarterly updates of milestones in obtaining a new business to the market via SGXNET.

## 10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The details of the Directors' and Substantial Shareholders' interests in the Shares as at the date of this Announcement are set out below:-

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	Percentage of issued and paid up share capital of the Company (%)	Number of Shares	Percentage of issued and paid up share capital of the Company (%)	Number of Shares	Percentage of issued and paid up share capital of the Company (%)
<b>Directors</b>						
Lam Chik Tsan	-	-	774,537,355	79.22	774,537,355	79.22
Tam Sau Fung	798,000	0.08	-	-	798,000	0.08
Alfred Cheong Keng Chuan	-	-	-	-	-	-
Ng Li Yong	-	-	-	-	-	-
<b>Substantial Shareholders</b>						
C&G Holdings (Hong Kong) Limited	774,537,355	79.22	-	-	774,537,355	79.22
Design Time Ltd	-	-	774,537,355	79.22	774,537,355	79.22
Central Huijin Investment Ltd.	-	-	774,537,355	79.22	774,537,355	79.22
China Construction Bank Corporation	-	-	774,537,355	79.22	774,537,355	79.22
CCB International Group Holdings Limited	-	-	774,537,355	79.22	774,537,355	79.22
CCB Financial Holdings Limited	-	-	774,537,355	79.22	774,537,355	79.22
CCB International (Holding) Limited	-	-	774,537,355	79.22	774,537,355	79.22
CCB Investments Limited	-	-	774,537,355	79.22	774,537,355	79.22

Save for their respective shareholdings in the Company, none of the Directors or Substantial Shareholders of the Company have any interest, direct or indirect, in the Proposed Transactions, Ahead Auto or New Sky or any of their shareholders or directors.

## **11. SPECIAL GENERAL MEETING, CIRCULAR TO SHAREHOLDERS AND FURTHER ANNOUNCEMENTS**

- 11.1 The Company will convene a SGM to seek the approval of Shareholders for the Proposed Transactions and the Proposed Distribution, and a circular containing, *inter alia*, details thereof, together with the opinions and recommendations of the Board in relation thereto, and enclosing the Notice of SGM in connection therewith, will be despatched to Shareholders in due course.
- 11.2 The Company will also make further announcements providing updates relating to the Proposed Transactions and the Proposed Distributions, if any, at the relevant time.

## **12. CAUTIONARY STATEMENT**

- 12.1 **Shareholders should note that the Proposed Transactions are subject to the fulfilment of the conditions precedent set out in Sections 3.4, 3.5, 4.6 of this Announcement, including but not limited to the approval of Shareholders in general meeting.**
- 12.2 **Shareholders are advised to exercise caution in dealing or trading in the Shares as there is no certainty or assurance as at the date of this Announcement that the Proposed Transactions will be completed. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.**

## **13. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the office of the Company's secretary, Tricor Evatthouse Corporate Services (A division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #02-00 Singapore 068898 during normal business hours for 3 months from the date of this Announcement:-

- (a) the C&G Thai SPA; and
- (b) the C&G International SPA.

By Order of the Board

Lam Chik Tsan  
Executive Chairman and Group Chief Executive Officer  
29 August 2016