

## C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED

(Incorporated in Bermuda on 24 September 2004)

(Company Registration Number: 35842)

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### UPDATE IN RELATION TO 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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*Unless otherwise expressly defined herein, all capitalised terms in this announcement shall bear the same meanings as ascribed to them in the Circular to Shareholders, dated 8 November 2016, issued by the Company (the “Circular”).*

#### 1. Introduction

- 1.1. The Board of Directors of the Company (the “**Board**”) refers to the Circular and the Shareholders’ approval obtained at the Special General Meeting held on 2 December 2016.
- 1.2. Further to the announcement released by the Company on 28 December 2016 regarding the completion of the C&G Thai SPA, the Board is pleased to announce that all the conditions precedent (as set out in the C&G International SPA) to the completion of the Proposed Disposal of C&G International have been satisfactorily fulfilled or waived and the completion of the Proposed Disposal of C&G International has taken place on 30 December 2016.
- 1.3. Following completion thereof, C&G International has ceased to be a subsidiary of the Company.
- 1.4. Pursuant to the C&G International SPA, the purchase consideration of HK\$600 million due from the buyer, Ahead Auto, shall be paid on the completion date. At Ahead Auto’s request, the Company has agreed to extend the payment date to within 30 business days from the completion date. The Company will keep Shareholders duly informed of the status of payment.

#### 2. Rule 1018 of the Listing Manual

- 2.1. Following the successful completion of the disposal of C&G Thailand and C&G International, the Company has ceased to have any operating subsidiaries or businesses and has become a cash company as defined under Rule 1018 of the Listing Manual with effect from 30 December 2016. Accordingly, the Company is required to comply with the requirements pursuant to Rule 1018 of the Listing Manual.
- 2.2. Under Rules 1018(1)(a) and (b), the Company’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. Further, upon completion of the disposal of its operations and/or assets, an issuer must do the following:
  - 2.2.1. 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 Authority. 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

2.2.2. provide monthly valuations of its assets and utilization of cash, and quarterly updates of milestones in obtaining a new business, to the market via SGXNET,

(collectively, the “**Rule 1018 Escrow Requirements**”).

2.3. Taking the above compliance into account, Rules 1018(1)(c) and (d) further provide that the SGX-ST may allow continued trading in a cash company’s securities on a case-by-case basis, subject to:

2.3.1. contractual undertakings from the issuer’s directors, controlling shareholders, chief executive officer and their associates, to observe a moratorium on the transfer or disposal of all their interests, direct and indirect, in the securities of the issuer, and

2.3.2. the period of the moratorium commencing from the date the shareholders approve the disposal of business, up to and including the completion date of the acquisition of a business which is able to satisfy the SGX-ST’s requirements for a new listing,

(collectively, the “**Rule 1018 Moratorium Undertakings**”).

2.4. The Board wishes to inform Shareholders that, in compliance with Rules 1018(1)(c) and (d), each of the following had provided the Rule 1018 Moratorium Undertakings:

2.4.1. Mr Lam Chik Tsan (in his capacity as a Director and indirect Controlling Shareholder of the Company); and,

2.4.2. C&G Holdings (Hong Kong) Limited (in its capacity as direct Controlling Shareholder of the Company),

by agreeing to observe a moratorium on the transfer or disposal of their respective interests, direct and indirect, in the Company, commencing from the date of the SGM and continuing up to and including the completion date of the acquisition of a new business by the Company which is able to satisfy the SGX-ST’s requirements for a new listing.

2.5. The Company had previously applied to the SGX-ST for a waiver of Rule 1018(1)(a) of the Rule 1018 Escrow Requirements and the SGX-ST has, by a letter dated 28 October 2016, stated that it is of the view that Rule 1018(1)(a) has been complied with and a waiver is not required.

### 3. Continued Trading of the Company’s Securities

3.1. The Company is currently considering various options available to the Company after it becomes a cash company and Shareholders will be informed in due course once a definitive decision has been made. Although the Company will be actively pursuing the acquisition of a new business following completion of the Proposed Transactions, there is no assurance that this will be achieved or that it will be achieved within the timeframes prescribed in Rule 1018(2) of the Listing Manual and there is a risk that the Company may be delisted if it is unable to meet the applicable requirements for the listing of a new business.

3.2. The Company’s management will continue to oversee the affairs of the Company (including periodic reporting requirements pursuant to Rule 1018(1)(b) of the Listing Manual). Further announcements on the status of the Company will be made by the Company in due course as and when appropriate.

4. Cautionary Statement

- 4.1. **Shareholders should note that, pursuant to Rule 1018(2), the SGX-ST will proceed to remove an issuer from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The issuer may apply to the SGX-ST for a maximum 6-month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the 6-month extension period. The extension is subject to the issuer providing information to investors on its progress in meeting key milestones in the transaction. In the event the issuer is unable to meet its milestones, or complete the relevant acquisition despite the extension granted, no further extension will be granted and the issuer will be required to delist and a cash exit offer in accordance with Rule 1309 of the Listing Manual be made to its shareholders within 6 months.**
- 4.2. The Board wishes to remind Shareholders that there is no assurance that the SGX-ST will not suspend the trading and listing of the Shares or that the Company will be able to acquire a new business that meets the SGX-ST's requirements for a new listing within the timeframe prescribed by the SGX-ST.
- 4.3. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts as to the actions they should take.

5. Proposed Special Dividend

- 5.1. The Company will make further announcements on the Proposed Special Dividend and the books closure date in due course.

By Order of the Board

Lam Chik Tsan  
*Executive Chairman and Group Chief Executive Officer*  
30 December 2016