
NEWS RELEASE**C&G'S PROPOSED SALE OF WTE BUSINESS AND ASSETS IN CHINA REACHES NEW MILESTONE**

- ***Signs Acquisition Agreement with Grandblue for sales of WTE business and assets in China***
 - o ***Terms of Acquisition Agreement substantially the same as Framework Agreement***
- ***Cash proceeds to be used for expansion in Southeast Asia, working capital as well as special dividend for shareholders***
- ***Completion of Acquisition Agreement subject to relevant government, regulatory, as well as shareholder approvals***
- ***Group intensifies move into Southeast Asia – recently received letter of support for Terengganu Project in Malaysia***

Singapore, January 29, 2014 – SGX Mainboard-listed C&G Environmental Protection Holdings Limited (“**C&G**”, “创冠环保股份有限公司”, or together with its subsidiaries, the “**Group**”), a leading Waste-to-Energy (“**WTE**”) investor and operator, today announced that its wholly-owned subsidiary, C&G Environmental Protection (Hong Kong) Company Limited (“**C&G (HK)**” or “创冠环保(香港)有限公司”) has entered into a conditional acquisition agreement with Grandblue Environment Co. Ltd (“**Grandblue**” or “瀚蓝环境股份有限公司”, and formerly known as Nanhai Development Co., Ltd “南海发展股份有限公司”) in relation to the Proposed Sale of the entire shareholdings in C&G Environmental Protection (China) Company Limited (“**C&G (China)**” or “创冠环保(中国)有限公司”) (the “**Acquisition Agreement**”).

The principal terms of the Acquisition Agreement are substantially the same as the principal terms of the framework acquisition agreement which was entered into on 23 December 2013 (the “**Framework Agreement**”).

Under the Acquisition Agreement, the Group will sell its WTE business and assets (including concession rights) and its principal operating subsidiaries in China to Grandblue for RMB1.85 billion (approximately S\$389.7 million¹) (the “**Proposed Sale**”). RMB1.10 billion (approximately S\$231.7 million¹) of the amount will be paid in cash whilst the remaining RMB0.75 billion (approximately S\$158.0 million¹), will be satisfied by way of allotment and issuance of 89,928,057 Grandblue shares at an issue price of RMB8.34 (approximately S\$1.76¹) per share. The closing price of Grandblue’s shares as at 28 January 2014 (the date prior to the signing of the Acquisition Agreement) was RMB12.98 (approximately S\$2.73¹) per share. This represents an unrealised gain of RMB4.64 per share.

Upon execution of the Acquisition Agreement, the Group will deploy the proceeds to fund the expansion of the Group's WTE business and other environmental related projects in the Southeast Asian markets, as well as working capital for its existing projects. Further to this, the Group intends to distribute a portion of the proceeds as special dividend to its shareholders.

Completion of the Acquisition Agreement is subject to relevant government and regulatory approvals from both the People’s Republic of China and Singapore, as well as C&G’s shareholders. C&G will hold an extraordinary general meeting to seek the approval of the shareholders for the Proposed Sale in due course.

¹ Based on an exchange rate of S\$1.00 to RMB4.7477.

Mr. Lin Yan (“林岩”), Executive Chairman and CEO of the Group said, "We are delighted to have concluded negotiations and reached a more definitive acquisition agreement with Grandblue for the sale of our China business in just over a month of signing the Framework Agreement. As we turn our attention to the emerging WTE space in Southeast Asia and explore the business opportunities in other environmental related businesses such as the provision of technology advice, equipment and installation services for the treatment of industrial waste water and air pollution (PM2.5) by way of investment, acquisition or strategic alliance, we hope that our stakeholders, including shareholders will support our continual transformation ahead."

With the sale of its China businesses and assets to Grandblue, C&G will shift its focus to the WTE industry in Southeast Asia. With increasing urbanisation and growing green concerns, governments are increasingly seeing ways to deal with their municipal waste in a more environmentally friendly manner.

Most recently, on 22 January 2014, C&G through its joint-venture company, C&G Padu Sdn Bhd (“**C&G Padu**”), received a letter of support from the Economic Planning Unit of the Malaysian state of Terengganu for the development of an 800 tonnes/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 the investment and seeks to obtain all necessary approvals, including but not limited to the Renewable Energy Power Purchase Agreement with Tenaga Nasional Bhd, Malaysia’s power distribution company. The Terengganu WTE project is subject to a negotiation process and is expected to contribute financially to the Group upon commencement of operations.

"Malaysia is an interesting market to be in and its government has been seeking means to grow their energy generation capabilities to meet increasing demand in their developing states. We are delighted to be able to contribute to Terengganu's

waste management and power generation infrastructure and look forward to serving Malaysian citizens well as we explore various opportunities in the country.

“Southeast Asia presents very exciting prospects and we intend to further expand our presence in the region through investments into new projects or with partners with immense on-the-ground experience. We are also open to exploring various other opportunities in the environmental sector that complement our WTE business such as air or water purification. As a green-focused company, it is our responsibility to protect the environment and ensure its sustainability for the benefit of future generations”, concluded Mr. Lin.

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.

BY	:	C&G Environmental Protection Holdings Limited	
		Office F, 23/F, MG Tower	
		133 Hoi Bun Road, Kwun Tong, Kowloon, HK	
CONTACT	:	Ms Sandy Tam	
		at telephone	
DURING OFFICE HOURS	:	852-2219-8555	(Office)
AFTER OFFICE HOURS	:	852-9791-1958	(Mobile)
EMAIL	:	sandytam@cg-ep.com	

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