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

**PROFIT GUIDANCE ANNOUNCEMENT**

The Board of Directors of C&G Environmental Protection Holdings Ltd (the “Company”) wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a loss for the three months ended 30 June 2012 (“2Q 2012”) as compared with a profit for the corresponding period in 2011.

Based on the information currently available, the expected decline was primarily attributable to the following reasons:

- i) overall operation of the four new plants, namely Huian, Huangshi, Anxi and Fuqing, which are still undergoing the ramp-up period, have not yet achieved their efficient levels of capacity utilisation and power generation.
- ii) construction profit decrease as reflected by the completion of construction for the plants;
- iii) one-time write-off of the Yingkou Project’s intangible asset as a result of the Project’s cessation<sup>1</sup>;
- iv) fair value loss of the issue of the unlisted warrant to International Finance Corporation (“IFC”) during the period; and
- v) VAT refund for the new plants has yet to be entitled pending completion of all the acceptance assessments, which are undergoing examination by their respective local governments.

After deducting the fixed costs associated with operating the plants, which included payroll, depreciation and interest on borrowing, a loss is expected for 2Q 2012

The information contained in this announcement is only based on a preliminary assessment by the Board based on information currently available to it, including the unaudited consolidated management accounts of the Group for the three months ended 30 June 2012, which have not yet been confirmed or reviewed by the Company’s auditors or the audit committee of the Company and finalized as at the date of this announcement.

Further details of the Group’s performance will be made available when it announces its 2Q 2012 results.

Shareholders and potential investors should exercise caution when dealing in securities of the Company.

**BY ORDER OF THE BOARD**

**Lin Yan**

Executive Chairman & Chief Executive Officer

17 July 2012

<sup>1</sup> With reference to earlier announcement dated June 22, 2012, regarding the Cessation of Yingkou Project.