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**NEWS RELEASE****C&G TO SELL CHINA WASTE-TO-ENERGY BUSINESS FOR RMB1.85 BILLION (S\$385.4 MILLION) TO GRANDBLUE, SHANGHAI-LISTED UTILITY AND ENVIRONMENTAL PLAYER**

- *Post transaction, C&G to emerge as second largest shareholder with more than 10% stake in Grandblue*
- *Strategic initiative to enable a change of business platform to hold the Group's waste-to-energy assets in China through Grandblue, a leading diversified PRC utility and environmental player*
- *Group to refocus on expansion of its waste-to-energy business in Southeast Asia*
- *Strategic move is expected to positively impact the Group's financials when completed*

**Singapore, December 24, 2013** – SGX Mainboard-listed C&G Environmental Protection Holdings Limited (“**C&G**” “**创冠环保股份有限公司**” or “**the Group**”), a leading Waste-to-Energy (“WTE”) investor and operator with assets in China and Southeast Asia, today announced that the Group has reached a new milestone in the proposed sale of its WTE business in China, as it repositions itself to focus on the expansion of its business in Southeast Asia.

The Group, through its wholly-owned subsidiary, C&G Environmental Protection (Hong Kong) Company Limited (“C&G HK” “创冠环保(香港)有限公司” ), has entered into a legally binding framework agreement with Grandblue Environment Co. Ltd (“Grandblue” “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” ) for a 100% sale of its equity interest in C&G Environmental Protection (China) Company Limited (“C&G China” “创冠环保(中国)有限公司” ), a wholly-owned subsidiary of C&G HK.

The proposed consideration for this sale of the Group’s WTE business and assets (including concession rights) and its principal operating subsidiaries in China, is valued at RMB1.85 billion (approximately S\$385.4 million) and will be satisfied by cash and the issuance and allotment of new ordinary shares in the share capital of Grandblue. RMB1.1 billion (approximately S\$231.25 million) - will be satisfied in cash whilst the remaining RMB0.75 billion (approximately S\$156.25 million), will be by way of allotment and issuance of not more than 89,928,058 Grandblue shares at an issue price of RMB8.34 (approximately S\$1.74) per share. Grandblue’s share price before the trading halt was RMB10.22 (approximately S\$2.13) per share.

Said Mr. Lin Yan, Executive Chairman and Group CEO, “We are pleased to have reached a new milestone in the proposed sale of our WTE business to Grandblue. Through this strategic arrangement, we will become the second largest shareholder in Grandblue, enabling a change of our business platform to hold our WTE business in China through Grandblue. This is also in line with our strategy to monetise our assets to enhance shareholder value and explore additional growth.”

“In addition, as Grandblue is an established, listed utility and environmental player with its business extending to the water sector, our shareholders too will have the potential to participate in a more diversified business upon completion of this significant transaction. This strategic move is in the interest of all our valued shareholders given that the WTE industry is gaining further prominence in China.”

“At the same time, with vast experience gained from the bidding and award of ten WTE projects in China, of which six are in operation and the remaining under construction or preparation, we will reposition and further expand of our WTE and other environmental related businesses into Southeast Asia and other emerging markets. We have already made some inroads into Thailand, securing our first WTE energy project in Nong Khaem Bangkok with a daily capacity of 500 tons and incorporating our energy management company in this country last year. The Asian market offers a huge potential for renewable energy as global investors increasingly look towards Southeast Asia as a new destination for investment in this area. At the same time, we see a trend that governments of the Philippines, Indonesia, Thailand and Malaysia are setting aggressive targets for renewable energy to be achieved in the next 20 years. We will continue to innovate and learn from more established practices in other developed nations to further improve our efficiency and play a growing part in this exciting region.”

Listed on the Shanghai Stock Exchange, Grandblue (stock code: 600323) is an influential investor and operator of systematic environmental services in China and is principally engaged in tap water supply, sewage treatment, solid waste treatment and disposal, gas services and waste incineration power generation businesses in China.

Grandblue presently owns and operates three water treatment plants in China, with daily water processing capabilities of approximately 126 million m<sup>3</sup>, servicing an area of over 700 km<sup>2</sup> in the Nanhai District. Its Sewage Treatment and Solid Waste Disposal arm, through Built-to-Operate, Transfer-Operate-Transfer as well as management and operation contracts, hold concessions for 18 waste water treatment projects in China, with a total daily processing capability of approximately 583,000 m<sup>3</sup>. The Group's Solid Waste Disposal business unit currently owns and operates RMB2 billion integrated waste disposal and management facility in the Nanhai District. The Nanhai waste incineration power plant phase 2 was rated AAA by the Chinese official agencies and its garbage compression technology transfer system was rated as a national demonstration project. At the same time, Grandblue's gas supply business enjoys a monopoly right in Nanhai district of Foshan City, Guangdong Province, and is one of the largest gas suppliers in the industry of Guangdong Province. Through Grandblue, C&G can invest in the public utility in China in the future.

C&G will make an announcement disclosing further details of the proposed sale upon the execution of the sale and purchase agreement, and will make appropriate update announcements on the proposed sale in the next 12 months.

## **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.

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