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

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. C&G Thai SPA

1.1. The Board of Directors of the Company (the “Board”) refers to the Circular, the Shareholders’ approval obtained at the Special General Meeting held on 2 December 2016, and the announcement released by the Company on 28 December 2016 regarding the completion of the C&G Thai SPA.

1.2. Pursuant to the C&G Thai SPA, the balance Aggregate Payment of RMB320.1 million due from the buyer, New Sky, shall be paid within 15 business days from the completion date, that is, by 19 January 2017.

1.3. The Company has been informed by the buyer, New Sky, that it is unable to pay the balance Aggregate Payment by 19 January 2017 as New Sky and its parent company, New Sky China, have yet to receive the requisite regulatory approval for the cross-border remittance of the sum of RMB320.1 million from China. The buyer has sought an extension of the deadline for payment to 31 March 2017 and the Company has agreed to the buyer’s request.

1.4. In addition, under clause 10.5 of the C&G Thai SPA, in the event of late payment, 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. The buyer has also requested for a waiver of this clause and the Company has agreed to waive its right to charge late payment interest, having taken into account the reason behind the buyer’s delay in making payment.

1.5. The Company will keep Shareholders duly updated of any material developments and when the balance Aggregate Payment is received.

2. C&G International SPA

2.1. Further to the announcement released by the Company on 9 January 2017 regarding the receipt of partial payment of the purchase consideration under the C&G International SPA and in connection with the abovementioned extension of the deadline for payment under the C&G Thai SPA, the buyer of C&G International, Ahead Auto, has requested that the remaining sum of HK$344.71 million be paid within 15 business days after the buyer of C&G Thailand, New Sky, has paid the balance Aggregate Payment.

2.2. The Company has agreed to Ahead Auto’s request to extend the payment deadline as this would also give the Company sufficient time to perform the requisite remittances and to do the necessary handover.
2.3. The Company will keep Shareholders duly informed of any material developments.

By Order of the Board

Lam Chik Tsan  
*Executive Chairman and Group Chief Executive Officer*  
19 January 2017