

## UPDATE ON NOTIFICATION OF DELISTING AND EXIT OFFER

*Capitalised terms in this announcement shall have the same meanings as ascribed to them in the Previous Announcements (as defined below) unless otherwise defined.*

The Board of Directors (the "Board") of China Environment Ltd (the "Company", or "CEL", and together with its subsidiaries, the "Group") refers to the Company's announcement dated 22 September 2021 relating to the Notification of Delisting ("Notification") from the Singapore Exchange Regulation Pte. Ltd. ("SGX RegCo").

Pursuant to Listing Rule 1306, the Company or its controlling shareholder(s) must comply with the requirements set out in Listing Rule 1309. Listing Rule 1309(1) requires an exit offer to be made to the Company's shareholders, where such exit offer must be fair and reasonable, and include a cash alternative as the default alternative.

The Company wishes to inform the shareholders that it is not able to provide a reasonable exit offer nor file for a voluntary liquidation, despite the Board's relentless efforts in attempting to do so, for the following reasons:

1. No controlling shareholder or substantial shareholder or major creditor with convertible securities has expressed any interest or intention to make an exit offer.
2. No financial resources
  - (a) The Company does not have any financial resources to prepare the financial statements for the financial year ended 31 December 2019, 2020, 2021 and 2022, to form a reasonable basis for an exit offer to be made;
  - (b) the Company does not have any financial resources to make an exit offer nor file for a voluntary liquidation;
  - (c) As at the latest Statements of Financial Position dated 31 December 2018, CEL has Cash and Bank Balances of RMB2,253,000, Other Receivables, Deposits and Prepayments of RMB1,748,000, and Trade and Receivables of RMB337,000. However, the Board has not had access to the records of the accounts nor the bank statements to verify the accuracy of the Cash and Bank Balances and other Current Assets.
  - (d) The Independent Auditor, RT LLP ("RT"), appointed on 16 September 2016, had since issued a Disclaimer of Opinion on the Revised Financial Statements of the Group for FY2013 and FY2014 and Statutory Audit FY2015, FY2017 and FY2018, as it had not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements. Among the bases for its Disclaimer of Opinion included the going concern, where it highlighted that CEL had bank balances amounting to Rmb2,253,000 as at 31 December 2018 but these were insufficient to meet the financial obligations for short-term borrowings of RMB121,200,000.
3. Operations and financial position not assessable
  - (a) The Board has not been able to independently verify that the Company still has any operation as there has not been any access to the records of the bank accounts;
  - (b) RT issued a Disclaimer of Opinion on the financial statements for FY2017, it was therefore unable to determine whether the opening balances as at 1 January 2018 were fairly stated and whether adjustments, if any, might have been found to be necessary for FY2018.
  - (c) RT also cited in the financial statements as at 31 December 2018 the partial loss of accounting books, records and supporting documents and reconstruction of accounts as one of the bases for its Disclaimer of Opinion. It noted that the Company was denied access to the office premises of its subsidiary, Fujian Dongyuan Environment Protection Co., ("FJDY"), and that it was not able to satisfy itself as to the appropriateness, completeness and accuracy of the financial statements of FJDY for the year ended 31 December 2018.
  - (d) RT further cited Loss of Partial Accounting Books and Records and Supporting Documents, Revenue, Costs of Sales, Value Added Tax ("VAT"), Trade Payables and Trade Receivables,

Investment in subsidiaries and associated company, Inventories, Proceeds from placement, Bank Confirmations, Going Concern and legal actions against the Group. RT highlighted that the accuracy and completeness of the financial statements and status cannot be 100% ascertained. On the other hand, the Total Liabilities amounted to RMB182,455,000, comprising Short-term Borrowings of RMB121,200,000, Other Payables and Accruals of RMB55,946,000, and Trade Payables of RMB5,309,000. Overall, the Group is in a Net Liabilities of RMB117,554,000.

- (e) As the Company has no financial means to pay the Independent Auditor outstanding fees for FY2017/2018, the Statutory Audit for FY2019, FY2020, FY2021 and FY2022 have not been conducted. As such, the accuracy and completeness of the financial statements and status cannot be ascertained.
- (f) Status of China entities: The Board has independently checked and verified against records available on two public sources (ACRA-equivalent portals for checking and purchasing companies' registration information), QiChaCha, on 23 June 2023, and QiChaMao, on 22 November 2023, 26 February 2024 and 21 June 2024. Both sources show identical statuses for each of the three China entities, i) Xiamen Gongyuan Environmental Protection Technology Co., Ltd. has been Struck Off, ii) Fujian Dongyuan Environmental Protection Co., Ltd. is still a live company, and iii) Anhui Dongyuan Environmental Protection Co., Ltd. has been revoked its registration.

With regards to FJDY, the only Chinese entity that remains live, the Company is not in control of the entity nor possession of FJDY's legal seals.

Subsequent to the delisting, the status of the Company will change from a Listed Company to a Public Company Limited by Shares.

As a listed company, all physical share certificates of the Company are currently held with The Central Depository (Pte) Limited ("CDP"). Subsequent to the delisting, the Company shall re-issue all the share certificates and return them to the respective shareholders by ordinary post to their respective addresses as such addresses appear in the record of CDP.

Trading in the Company's securities has been suspended since 24 June 2016 (the "Trading Suspension"). This Trading Suspension shall remain in effect until the completion of the delisting.

The Company will provide updates and further details on the delisting, if any, as and when appropriate.

## **BY ORDER OF THE BOARD**

China Environment Ltd.  
21 June 2024