



CITIC ENVIROTECH LTD
(Company Registration Number: 200306466G)

=====

PROPOSED PLACEMENT OF 83,216,080 NEW ORDINARY SHARES IN THE CAPITAL OF CITIC ENVIROTECH LTD.

1. INTRODUCTION

- 1.1 The board of directors ("**Board**" or "**Directors**") of CITIC Envirotech Ltd. ("**Company**") wishes to announce that the Company had on 28 December 2017 entered into a placement agreement ("**Placement Agreement**") with New Resources LLC ("**Placee**", together with the Company, the "**Parties**", and each, a "**Party**") pursuant to which the Company proposes to issue an aggregate of 83,216,080 new ordinary shares in the capital of the Company ("**Placement Shares**" and each, a "**Placement Share**") at a placement price of S\$0.85 per Placement Share ("**Placement Price**", and the placement, the "**Proposed Placement**").
- 1.2 The Company is of the view that the current market price of the ordinary shares in the capital of the Company ("**Shares**") is not reflective of the Company's true value. As such, the Company has agreed to issue the Placement Shares at the Placement Price which represents a premium of approximately 14.8% to the weighted average price of S\$0.7407 for trades done on the Shares on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 27 December 2017, being the last full market day on which the Shares were traded prior to the date the Placement Agreement was signed by the Company and the Placee.
- 1.3 The Placement Shares shall be allotted and issued fully paid-up, free from any and all legal, equitable or security interests, and any other encumbrance, security interest or condition whatsoever and shall rank *pari passu* in all respects with and carry all rights and entitlements similar to the Shares existing as at the date of the Placement Agreement, except that the Placement Shares will not rank for any dividends, rights, allotments and/ or other distributions or entitlements, for the Record Date which falls on or before the date of the Placement Agreement. For the purposes of this announcement, "**Record Date**" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of the Shares.
- 1.4 No placement agent has been appointed in respect of the Proposed Placement. Therefore, no commission or referral fees will be paid to any party.
- 1.5 The Proposed Placement will be undertaken pursuant to a private placement exemption under Section 272B of the Securities and Futures Act (Chapter 289 of Singapore) and accordingly, no offer information statement will be lodged with the Monetary Authority of Singapore in connection with the Proposed Placement.

2. CONDITIONS PRECEDENT TO THE PROPOSED PLACEMENT

2.1 Completion of the Proposed Placement (“**Completion**”) is conditional upon, *inter alia*, the following conditions being fulfilled (on or prior to the Completion Date (as defined below)) or waived in accordance with Paragraph 2.3 (on or prior to the Completion Date):

- (a) in-principle approval (“**AIP**”) for the listing and quotation of the Placement Shares on the SGX-ST being obtained by the Company from the SGX-ST and such approval not having been revoked or amended and being in full force and effect, and where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and the Placee and, to the extent that any conditions for the listing and quotation of the Placement Shares on the SGX-ST is required to be fulfilled on or before the Completion Date, it is so fulfilled, unless otherwise waived by the SGX-ST;
- (b) the allotment and issue of, and the subscription by the Placee of, the Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement or by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company or the Placee;
- (c) the satisfaction and fulfilment by 山东高速光控北京投资基金管理中心（有限合伙）(Shandong Hi-speed CE Beijing Investment Fund Management Center (Limited Partnership)) (“**Shandong Hi-speed**”), a member of the Placee, of the filing and approval processes in the PRC which are necessary for Shandong Hi-speed to satisfy or fulfil pursuant to PRC laws and regulations in connection with the Proposed Placement, including the following:
 - (i) the approval of the PRC National Development and Reform Commission in relation to the Proposed Placement being obtained;
 - (ii) the approval of and requisite filings made with the PRC Ministry of Commerce in relation to the incorporation of offshore entities in connection with the Proposed Placement being obtained; and
 - (iii) the applicable approval and/ or registration with the PRC State Administration of Foreign Exchange in relation to the incorporation of offshore entities in connection with the Proposed Placement being obtained and/ or completed including obtaining the necessary approvals for funds to be remitted out of the PRC for full payment of the Placement Price for all the Placement Shares to the Company,

and the satisfaction and fulfilment by Shandong Hi-speed of such other filing and approval processes as are necessary for Shandong Hi-speed to obtain pursuant to PRC laws and regulations in connection with the Proposed Placement (“**Requisite PRC Approvals Condition**”);

- (d) the warranties given by the Company under the Placement Agreement being true and correct in all respects and not misleading in any respect in each case as of the date of

the Placement Agreement and as at Completion;

- (e) the Company, having, as of the Completion Date, performed and complied with all covenants and agreements contained in the Placement Agreement which are required to be performed by or complied with by it, on or prior to Completion;
- (f) there having been no material adverse change in the financial condition, turnover, prospects, businesses, operations, properties or assets of the Company and/ or the Company, its subsidiaries and associated companies (“**Group**”) as a whole since the signing of the Placement Agreement, and no event, fact or matter has occurred or is likely to occur which will or is likely to give rise to any such change; and
- (g) Shandong Hi-speed (or another person at the direction of Shandong Hi-speed) having injected a sum in cash equal to S\$70,380,000 into the Placee’s designated Singapore bank account in connection with the Proposed Placement,

each, a “**Condition Precedent**” and collectively, the “**Conditions Precedent**”.

- 2.2 In respect of the Condition Precedent set out in Paragraph 2.1(a) above, the Company will be submitting an additional listing application to the SGX-ST for the AIP for the listing and quotation of the Placement Shares on the Main Board of the SGX-ST. The Company will make the necessary announcement(s) once the AIP has been obtained from the SGX-ST.
- 2.3 Subject to Paragraph 2.5 below, the Parties agree that the Conditions Precedent set out in Paragraphs 2.1(c) to (g) are for the benefit of the Placee, and the Placee may, save as otherwise provided in Paragraph 2.5, at any time waive in whole or in part and conditionally or unconditionally the Conditions Precedent set out in Paragraphs 2.1(c) to (g) by notice in writing to the Company.
- 2.4 Under the terms of the Placement Agreement, the Company agrees to use its best endeavours to ensure the satisfaction of the Conditions Precedent set out in Paragraph 2.1 (save for the Conditions Precedent set out in Paragraphs 2.1(c) and 2.1(g)) and the Placee agrees to use its best endeavours to ensure the satisfaction of the Conditions Precedent set out in Paragraphs 2.1(c) and 2.1(g), in each case, as soon as possible.
- 2.5 The Party responsible for the satisfaction of each Condition Precedent as specified in Paragraph 2.4 shall give notice to the other Party of the satisfaction of the relevant Conditions Precedent immediately after becoming aware of the same (and, in any event, not later than one (1) Business Day thereof). If:
 - (a) any of the Conditions Precedent in Paragraph 2.1 (other than the Conditions Precedent set out in Paragraphs 2.1(c) and 2.1(g)) is not satisfied on or before 28 March 2018 (or such later date as the Parties may agree in writing), the Placement Agreement (other than the prescribed surviving provisions under the Placement Agreement) shall lapse and cease to have effect as between the Parties, and the Parties shall be released and discharged from their respective obligations under the Placement Agreement with no claim against the other for costs, damages, compensation or otherwise save in respect of any antecedent or existing breaches (if any) and except for the prescribed surviving provisions under the Placement Agreement;

- (b) the Condition Precedent set out in Paragraph 2.1(c) is not satisfied on or before the date falling two (2) months after the date of the Placement Agreement, the said Condition Precedent shall be deemed to be waived by the Placee; and
 - (c) the Condition Precedent set out in Paragraph 2.1(g) is not satisfied on or before a date falling 10 Business Days after the Unconditional Date, the said Condition Precedent shall be deemed to be waived by the Placee.
- 2.6 For the purposes of this announcement, “**Unconditional Date**” means the date on which all the Conditions Precedent set out in Paragraphs 2.1(a) and 2.1(c) are satisfied or (if applicable) otherwise waived in writing or deemed to be waived pursuant to Paragraph 2.5 by the relevant Party/ies thereto, “**Completion Date**” means the Business Day falling immediately after fifteen (15) Business Days after the Unconditional Date, or such other date as the Parties may agree in writing and “**Business Day**” means a day on which banks are open for business in Singapore, the PRC and the Cayman Islands, excluding Saturdays, Sundays and public holidays.
- 2.7 In conjunction with the execution of the Placement Agreement, China Everbright Finance Limited (“**CE**”) has on 27 December 2017 issued an undertaking letter (“**Undertaking Letter**”), the terms of which have been acknowledged and agreed by the Placee, the Company and Shandong Hi-speed, pursuant to which each of CE and Shandong Hi-speed (severally and not jointly) irrevocably agrees and undertakes with the Company and the Placee that, in the event that the Requisite PRC Approvals Condition is not satisfied on or before the date falling two (2) months after the date of the Placement Agreement and the Requisite PRC Approvals Condition is deemed to be waived by the Placee pursuant to Paragraph 2.5(b) above, CE will, on or prior to the Completion Date, against compliance by the Company of its relevant obligations as set out under the Placement Agreement relating to Completion and at the direction of Shandong Hi-speed and the Placee, transfer an amount in cash equal to S\$70,380,000 (“**Remittance Amount**”) directly to the Placee’s designated Singapore bank account.
- 2.8 In addition, the Undertaking Letter provides that CE and the Placee agree with one another and undertake to the Company that, upon completion of the transfer by CE of the Remittance Amount to the Placee, the Placee shall, and CE shall procure that the Placee shall, transfer the Remittance Amount to the Company in accordance with the Placement Agreement, to the extent that such amount has not already been remitted by the Placee to the Company. CE’s associated company, China Everbright Holdings, is a member and general partner of Shandong Hi-speed.

3. MANDATE FOR THE ISSUE OF THE PLACEMENT SHARES

- 3.1 The Placement Shares will be issued pursuant to the share issuance mandate approved by the shareholders of the Company at the annual general meeting of the Company held on 27 April 2017 for the Company to issue shares.
- 3.2 As at the date of this announcement, there are 2,284,973,276 issued shares in the capital of the Company.
- 3.3 The aggregate of 83,216,080 Placement Shares, when allotted and issued in full, will represent approximately 3.64% of the Company’s existing and paid-up capital of 2,284,973,276 Shares as at the date of this announcement, and approximately 3.51% of the enlarged issued and paid-up share capital of 2,368,189,356 Shares upon completion of the Proposed Placement

(assuming that no further Shares are issued on or prior to the completion of the Proposed Placement). Accordingly, the proposed issuance of the Placement Shares will fall within the limit of the general mandate.

4. FINANCIAL EFFECTS

The financial effects set out below are purely for illustrative purposes only and may not reflect the actual effects of the Proposed Placement on the Group:

(a) Share Capital

The effect of the Proposed Placement on the issued and paid-up share capital of the Company ("**Share Capital**") are as follows:

	Number of Shares Before Completion of the Proposed Placement	Number of Shares Upon Completion of the Proposed Placement
No. of Shares	2,284,973,276	2,368,189,356
Share Capital (S\$'000)	616,508	687,232

(b) Net Tangible Assets

Based on the last audited financial statements of the Group for the financial year ended 31 December 2016, and assuming that the Proposed Placement had been completed on 31 December 2016, the effects of the Proposed Placement on the consolidated net tangible assets ("**NTA**") per Share are as follows:

	Before Completion of the Proposed Placement	After Completion of the Proposed Placement
Consolidated NTA (S\$'000)	1,240,153	1,310,877
Consolidated NTA per Share (cents)	54.27	55.35

(c) Earnings per Share

Based on the last audited financial statements of the Group for the financial year ended 31 December 2016, and assuming that the Proposed Placement had been completed on 1 January 2016, the effects of the Proposed Placement on the consolidated earnings per Share ("**EPS**") are as follows:

	Before Completion of the Proposed Placement	After Completion of the Proposed Placement
Consolidated profit attributable to equity holders of the Company (S\$'000)	101,956	101,956
Consolidated EPS (cents)	4.46	4.31

5. RATIONALE FOR THE PROPOSED PLACEMENT AND USE OF PROCEEDS

5.1 When the Placement Shares are allotted and issued in full on Completion, the approximate net proceeds from the Proposed Placement after deducting expenses incurred in connection with the Proposed Placement ("**Net Proceeds**") is expected to amount to approximately S\$70.7 million. The rationale for the Proposed Placement is to raise the Net Proceeds which will be utilised by the Company to fund its projects, and for its general working capital purposes in the following manner:

- (a) approximately S\$63.7 million (which is equivalent to approximately 90% of the Net Proceeds of the Proposed Placement) to fund its investment projects; and
- (b) approximately S\$7 million (which is equivalent to approximately 10% of the Net Proceeds of the Proposed Placement) for general working capital purposes.

5.2 The Company will make an announcement as to the use of the Net Proceeds from the Proposed Placement as and when such proceeds are materially disbursed, and state whether such the use of such proceeds is in accordance with the stated use and in accordance with the percentage allocated. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report of the use of the Net Proceeds from the Proposed Placement in the Company's annual report.

5.3 Pending the deployment of the Net Proceeds from the Proposed Placement, such proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short-term basis, subject to relevant laws and regulations, as the Directors may deem fit, from time to time.

6. INFORMATION ON THE PLACEE

6.1 The Placee is an investment holding limited liability company incorporated under the laws of the Cayman Islands.

6.2 The Placee is a willing investor who has entered into the Placement Agreement purely for

investment purposes. As at the date of this announcement, the Placee does not hold, directly or indirectly, any Shares and does not have any connection with any director or substantial shareholder of the Company.

- 6.3 The members of the Placee are Shandong Hi-speed and China InnoVision Capital GP Limited (“IVC”). Mr. Zhao Fu is the founder and chief executive officer of IVC and also a former director of the Company.

7. GENERAL

- 7.1 None of the Placement Shares will be placed to any person or group of persons as set out under Rule 812 of the Listing Manual of the SGX-ST.
- 7.2 Upon Completion, the Placee shall have the right to nominate its representative Mr. Zhao Fu to attend the board meetings of the Company as an observer but such right shall lapse on and from the date Mr. Zhao Fu becomes appointed as a director of the Company.
- 7.3 Save for their existing shareholding interests in the Company, none of the Directors of the Company have any interest, direct or indirect, in the Proposed Placement.
- 7.4 The Proposed Placement would not result in any transfer of controlling interest in the Company.
- 7.5 The Directors are of the opinion that after taking into consideration the present bank facilities and Net Proceeds of the Proposed Placement, the working capital available to the Group is sufficient to meet its present requirements.

8. DIRECTORS’ RESPONSIBILITY STATEMENT

- 8.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Placement Agreement, the Proposed Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.
- 8.2 Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

9. DOCUMENT FOR INSPECTION

Copies of the Placement Agreement and the Undertaking Letter are available for inspection during normal business hours at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 for a period of three (3) months from the date hereof.

10. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. Shareholders should note that the Proposed Placement is subject to the fulfillment of, *inter alia*, the Conditions Precedent set out above. There is no certainty or assurance as at the date of this announcement that the Proposed Placement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board

Lotus Isabella Lim Mei Hua

Company Secretary

28 December 2017