



CITIC ENVIROTECH LTD

(Company Registration Number: 200306466G)

CLARIFICATIONS TO THE RESULTS ANNOUNCEMENT FOR THE PERIOD FROM 1 APRIL 2015 TO 31 DECEMBER 2015

The Board of Directors of CITIC Envirotech Ltd. (“CEL” or “Company”) wishes to clarify on the queries raised by SGX on the results announcement for the financial period from 1 April 2015 to 31 December 2015.

SGX’s query 1:

- a. In paragraph 8 of the Company’s FY2015 Results Announcement (the “Announcement”), the Company announced that its non-current assets increased from \$943.4 million as at 31 March 2015 to \$1,200.1 million mainly due to the additions of service concession receivables during the financial year.
 - i. Please provide details of the service concession receivables including the name of such service concession receivables.

Company’s response:

The additions of service concession receivables during the financial period comprised mainly of the following service concessions:

Name of subsidiary as operator	Project name	Location in PRC	Name of grantor	Type of service concession arrangement	Contracted daily design capacity (tons/day)	Service concession period
United Envirotech Water (Dongying) Co. Ltd	东营污水处理厂	Dongying city, Shandong Province	山东省东营市经济技术开发区管委会	TOT	30,000	30 years from 2014

Name of subsidiary as operator	Project name	Location in PRC	Name of grantor	Type of service concession arrangement	Contracted daily design capacity (tons/day)	Service concession period
Gaoyang Bishuilantian Water Co. Ltd	高阳县污水处理厂一期与二期工程	Gaoyang County, Hebei Province	河北省高阳县人民政府	BOT	80,000/120,000	28 years from 2010/2013
United Envirotech Water (Mianchi) Co. Ltd	滏池污水处理厂	Mianchi County, Henan Province	滏池县人民政府	BOT	20,000	25 years from 2013

SGX's query 2:

- b. The Company announced an increase of current bank loans from \$60.4 million to \$237.1 million in paragraph 8 of the Announcement, the Company disclosed that it had taken on new loans to finance the acquisition of the investment projects.
- i. Please provide details of the investment projects as mentioned in the announcement.

Company's response:

The investment projects mentioned in the announcement refers to the following:

Name of subsidiary as operator	Project name	Location in PRC	Name of grantor	Type of service concession arrangement	Contracted daily design capacity (tons/day)	Service concession period
Gaoyang Bishuilantian Water Co. Ltd	高阳县污水处理厂一期与二期工程	Gaoyang County, Hebei Province	河北省高阳县人民政府	BOT	80,000/120,000	28 years from 2010/2013

SGX's query 3:

- c. Please provide a breakdown of Other Receivables of Prepayment and an explanation for the increase in the balance of Other Receivables and Prepayment.

Company's response:

The breakdown of current Other Receivables and Prepayments as at 31 December 2015 are as follows:

	<u>Group</u>	
	December 31, <u>2015</u> S\$'000	March 31, <u>2015</u> S\$'000
Deposits for project tender and acquisition	87,080	17,428
Prepayments and advance payment to suppliers	38,924	24,943
Deposits	1,131	57
VAT receivable	7,299	6,555
Deposit for acquisition of subsidiaries	16,702	9,312
Commission income receivable	-	4,000
Other receivables	<u>12,555</u>	<u>7,728</u>
Total	<u>163,691</u>	<u>70,023</u>

The increase in the balance of Other Receivables and Prepayment was mainly due to increase in deposits placed for projects tender and acquisition. The deposits are refundable.

SGX's query 4:

- d. Please provide an explanation for the increase in intangible assets.

Company's response:

The increase in intangible assets was mainly due to the operating concessions that the Group acquired during the financial period of which the detail was as follow. The operating concessions pertained to the portion of the consideration paid for the intangible assets recognised under *INT FRS 112 Service Concession Arrangements*.

Name of subsidiary as operator	Project name	Location in PRC	Name of grantor	Type of service concession arrangement	Contracted daily design capacity (tons/day)	Service concession period
Gaoyang Bishuilantian Water Co. Ltd	高阳县污水处理厂一期与二期工程	Gaoyang County, Hebei Province	河北省高阳县人民政府	BOT	80,000/ 120,000	28 years from 2010/2013

For and on behalf of the Board

Dr Lin Yucheng
Group CEO and Executive Director
11 March 2016