



CITIC ENVIROTECH LTD
(Company Registration Number: 200306466G)

**RESPONSE TO SGX IN RELATION TO THE COMPANY'S ANNOUNCEMENT
DATED 7 DECEMBER 2016**

The Board of Directors (the "Board") of CITIC Envirotech Ltd ("CEL", the "Company" or "Group") wishes to respond to the queries raised by SGX in relation to the Company's announcement dated 7 December 2016, titled "CITIC Envirotech Led Consortium Won The Tender For A RMB3.2 billion PPP Project In Shantou City, Guangdong Province, China".

SGX query 1

Please disclose the breakdown of the RMB 3.2 billion Public Private Partnership project ("PPP") in Shantou Chaonan.

Company's response

The bid price of RMB3.2 billion is based on the consortium's assessment of the project. Given the commercial sensitivity of the breakdown for the RMB 3.2 billion Public Private Partnership project ("PPP") in Shantou Chaonan, the Company is not able to disclose the information.

SGX query 2

Identify the party that has awarded the contract (the "Counterparty").

Company's response

The party who had awarded the contract was Chaonan District Dyeing Park Management Company ("Chaonan MC").

SGX query 3

We note that Zhongsheng Technology (Jiangsu) Co., Ltd ("Zhongsheng") was part of the consortium that was awarded the PPP but is not part of the Joint Venture Company ("JVC"). Please clarify the role of Zhongsheng in the PPP and their respective financial interest (if any).

Company's response

A consortium comprising of CEL, Guangdong Keying Zhiran Environmental Co., Ltd (“Guangdong KZ”) and Zhongsheng won the tender for the PPP project. As at the date of the announcement, a JVC comprising of CEL, Guangdong KZ and Chaonan MC will undertake the investment of the entire PPP project which includes the wastewater treatment, water recycling plant and cogeneration plant. Zhongsheng is not a party in the JVC and therefore it has no financial interest in the JVC. However, the JVC is currently in negotiation with Zhongsheng on possible collaboration, including financial participation, to undertake the design, build and operation of the cogeneration plant.

The formation of the consortium partners were based on the track records and credentials of each party, with Zhongsheng having the relevant credentials in the construction and operation of cogeneration plants; CEL having the relevant credentials as an integrated water solutions provider, and Guangdong KZ for its experience in park management.

Under the conditions of the contract awarded, Zhongsheng will be responsible for the design, build and operation of the cogeneration plant and CEL will be responsible for the design, build and operation of wastewater and recycling plants.

SGX query 4

What is the Company's financial contribution to the RMB 600 million total registered capital of the JVC?

Company's response

The Company's contribution to the RMB 600 million total registered capital of the JVC is RMB306 million, being 51% of the total registered capital of the JVC.

SGX query 5

Will the Company's and the JV Partners' financial contributions to the PPP be proportionate to their respective interest in the JVC going forward?

Company's response

The final deal structure of the entire PPP is still under negotiations. Once the deal structure is finalized and agreed by all parties, the Company's and the JV Partners' financial contributions to the PPP will be proportionate to their respective interests in the JVC and/or PPP.

SGX query 6

Please disclose whether the contractual responsibility and the liability for the PPP project are in proportion to the respective party's financial contribution to the JVC. If not, kindly provide the breakdown of how this has been proportioned. Please clarify if the proportional contractual obligations and liability of the respective parties for the PPP project are specified in the PPP contract with Counterparty for the project in Chaonan, Guangdong Province, China.

Company's response

The parties are currently still in negotiations of the deal structure for the entire PPP project (Phases 1 and 2). Hence, the Company is unable to disclose the proportional contractual obligations and liability of the respective parties for the PPP project currently. The Company will disclose in due course once the negotiations are completed.

The proportional contractual obligations and liability of the respective parties for the PPP project are not specified in the PPP contract.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

12 January 2017