



CITIC ENVIROTECH LTD
(Company Registration Number: 200306466G)

CITIC Envirotech Ltd Secured River Restoration Project In Ningbo City, Zhejiang Province Worth RMB 3 Billion

1. Introduction

The board of directors (the “**Board**”) of CITIC Envirotech Ltd (“**Company**”) wishes to announce that the Company has secured a Build-Transfer project (“**Project**”) in Feng Hua District, Ningbo City, worth RMB 3 billion. The Project involves the investment, design, construction, procurement and commissioning to restore the rivers and its surrounding environment in Feng Hua District.

The Project will be undertaken by a project company (“**Joint Venture**”). The Company, 中信绿洲环境治理有限公司 (“**CITIC Oasis**”) and the local government will have 60%, 35% and 5% respectively in the Joint Venture.

CITIC Oasis is a 50:50 joint venture company between CITIC Environment Investment Group Co., Limited (“**CITIC Env**”) and 无锡绿洲建设投资有限公司 (“**Wuxi Oasis**”). It was set up to undertake, among other things, river restoration and soil rehabilitation projects in China. Wuxi Oasis is a state-owned enterprise funded by the municipal government and has an extensive track record in large scale urban planning, city development and related infrastructure projects, including environmental projects.

CITIC Env is the controlling shareholder of the Company. As such, CITIC Oasis is an associate of CITIC Env and the Joint Venture is an interested person transaction (“**IPT**”) under the listing manual of the Singapore Exchange Securities Trading Limited (“**Listing Manual**”).

2. Details of the Transaction

The total investment value in the Joint Venture for the Project is expected to be approximately RMB 3 billion (equivalent to approximately S\$610 million) with phase 1 valued at approximately RMB 1.4 billion (equivalent to approximately S\$280 million). Phase 1 of the Project will commence immediately and involves river restoration works on 25 rivers and its surrounding landscape.

Each joint venture partner will contribute to the total investment value in proportion to their respective equity interest in the Joint Venture.

Accordingly, the Company's proportionate total investment in the Joint Venture will be approximately S\$366 million, which represents approximately 29.5% of the audited net tangible assets of the Group as at 31 December 2016 of S\$1,240,153,000. Shareholders' approval is not required to be obtained for the Joint Venture under Chapter 9 of the Listing Manual as it falls under Rule 916(2) of the Listing Manual.

As the Joint Venture is to undertake the Project, it is regarded as a transaction entered into in connection with the ordinary course of the Company's business under Rule 1002(1) of the Listing Manual. Accordingly, it falls outside the ambit of Chapter 10 of the Listing Manual.

3. Rationale

The synergistic partnership between the Company and CITIC Oasis in the Joint Venture is beneficial to the Project and the Company as it allows the Company to tap on the expertise of CITIC Oasis in river restoration, soil rehabilitation and water pollution control gained from its 50% shareholder, Wuxi Oasis. Wuxi Oasis has established strong track record in large scale infrastructure planning, design, construction and development.

4. Audit Committee's Statement

Pursuant to Rule 916(2) of the Listing Manual, the Audit Committee of the Company, having considered the terms of the Joint Venture, is of the view that:

- (i) the entry into the Joint Venture is not prejudicial to the interests of the Company and its minority shareholders;
- (ii) the risks and rewards of the Joint Venture are in proportion to the equity of each joint venture partner; and
- (iii) the terms of the Joint Venture are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

5. Current Total of IPTs

Other than transactions of less than S\$100,000, the following table sets out the current total of all transactions for the financial year ending 31 December 2017 with the particular interested person whose transaction is the subject of this announcement and the current total of all interested person transactions for the same financial year, as at the date of this announcement:

IPTs entered into with CITIC Oasis: Setting up of Joint Venture	Value (S\$) 366 million
Total for all IPTs for the current financial year	372.2 million

6. Further Information

The capital injection to be provided by the Company for the Joint Venture will be funded from the proceeds of the issuance of the US\$180,000,000 5.45 per cent. senior perpetual securities pursuant to its US\$750,000,000 multicurrency perpetual securities issuance programme and bank financing.

The entry by the Company into the Joint Venture is not expected to have a material effect on the net tangible assets per share or earnings per share of the Company for the financial year ending 31 December 2017.

Save as provided in this announcement, none of the directors or controlling shareholders of the Company has an interest, direct or indirect, in the Joint Venture.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

18 May 2017