

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**



**中信环境技术**  
**CITIC ENVIROTECH**

(Company Registration Number: 200306466G)  
(Incorporated in the Republic of Singapore)

**CIRCULAR TO SHAREHOLDERS  
DATED 12 APRIL 2019**

**in relation to:**

**THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

**This Circular is issued to you together with the Annual Report of CITIC Envirotech Ltd. for the financial year ended 31 December 2018. The resolution proposed to be passed in relation to the above matter is set out in the Notice of AGM attached to the Annual Report 2018.**

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## DEFINITIONS

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In this Circular, the following definitions apply throughout unless otherwise stated.

<b>“2018 AGM”</b>	:	The annual general meeting of the Company held on 26 April 2018
<b>“2019 AGM”</b>	:	The annual general meeting of the Company to be held on 29 April 2019
<b>“ACRA”</b>	:	The Accounting and Corporate Regulatory Authority of Singapore
<b>“AGM”</b>	:	Annual general meeting
<b>“Annual Report 2018”</b>	:	The annual report of the Company for FY2018
<b>“Average Closing Market Price”</b>	:	Shall have the meaning ascribed to it in paragraph 2.3(iv)
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular to Shareholders dated 12 April 2019
<b>“Companies Act”</b>	:	Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
<b>“Constitution”</b>	:	The constitution of the Company, as may be amended or modified from time to time
<b>“Company”</b>	:	CITIC Envirotech Ltd.
<b>“Directors”</b>	:	The directors of the Company as at the date of this Circular
<b>“EGM”</b>	:	Extraordinary general meeting
<b>“EPS”</b>	:	Earnings per Share
<b>“FY2018”</b>	:	Financial year ended on 31 December 2018
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Latest Practicable Date”</b>	:	20 March 2019, being the latest practicable date prior to the printing of this Circular
<b>“Listing Manual”</b>	:	Listing manual of the SGX-ST, as amended, modified and supplemented from time to time
<b>“Listing Rules”</b>	:	The listing rules of the SGX-ST as set out in the Listing Manual
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Market Purchases”</b>	:	Shall have the meaning ascribed to it in paragraph 2.3(iii)
<b>“Maximum Price”</b>	:	Shall have the meaning ascribed to it in paragraph 2.3(iv)
<b>“NAV”</b>	:	Net asset value
<b>“Notice of AGM”</b>	:	The notice of AGM of the Company dated 12 April 2019, convening the 2019 AGM, as set out at pages 169 to 172 of the Annual Report 2018

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## DEFINITIONS

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“NTA”	:	Net tangible assets
“Off-Market Purchases”	:	Shall have the meaning ascribed to it in paragraph 2.3(iii)
“Public Float”	:	Shall have the meaning ascribed to it in paragraph 2.9
“Public Shareholders”	:	Persons other than the Directors, chief executive officer, Substantial Shareholders or controlling shareholders of the Company or its subsidiaries, as well as the associates of such persons
“Relevant Period”	:	The period commencing from the date of the 2019 AGM and expiring on the date the next AGM is held or is required by law to be held, whichever is earlier
“Securities Account”	:	The securities account maintained by a Depositor directly with CDP, but not including a securities sub-account maintained with a Depository Agent
“SFA”	:	Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Purchase”	:	Purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate
“Share Purchase Mandate”	:	The general mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in the Circular as well as the rules and regulations set forth in the Companies Act and the Listing Rules
“Shareholders”	:	The registered holders of the Shares, except that where the registered holder is CDP, the term “ <b>Shareholders</b> ” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose Securities Accounts with CDP are credited with those Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Substantial Shareholder”	:	A Shareholder who has 5% or more of the total issued share capital of the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“usage”	:	Shall have the meaning ascribed to it in paragraph 2.5(iii)
“S\$” or “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
“%” or “per cent.”	:	Per centum or percentage

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## DEFINITIONS

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The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

References to persons, where applicable, shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the SFA, the Companies Act or the Listing Rules or any modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the SFA, the Companies Act or the Listing Rules or any modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in the tables included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Circular may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date respectively, unless otherwise stated.

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## LETTER TO SHAREHOLDERS

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**CITIC ENVIROTECH LTD.**  
(Company Registration Number: 200306466G)  
(Incorporated in the Republic of Singapore)

**Board of Directors:**

Mr. Hao Weibao (Executive Chairman and Group Chief Executive Officer)  
Mr. Zhang Yong (Executive Director)  
Mr. Wang Song (Executive Director)  
Dr. Lin Yucheng (Non-Executive Director)  
Mr. Bi Jingshuang (Non-Executive Director)  
Mr. Yeung Koon Sang alias David Yeung (Lead Independent Director)  
Mr. Tay Beng Chuan (Independent Director)  
Mr. Lee Suan Hiang (Independent Director)

**Registered Office:**

80 Robinson Road  
#02-00  
Singapore 068898

12 April 2019

To: The Shareholders of CITIC Envirotech Ltd.

Dear Sir/Madam,

**THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

**1. INTRODUCTION**

**1.1. Background**

We refer to:

- (a) the Notice of AGM accompanying the Annual Report 2018, convening the 2019 AGM; and
- (b) Ordinary Resolution Number 12 relating to the proposed renewal of the Share Purchase Mandate, as set out in the Notice of AGM.

**1.2. Purpose of Circular**

The purpose of this Circular is to provide Shareholders with information relating to the proposed renewal of the Share Purchase Mandate and to seek Shareholders' approval for the same at the 2019 AGM.

**1.3. SGX-ST**

The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

**1.4. Advice to Shareholders**

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, financial, tax or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Circular and the Annual Report 2018, containing the Notice of AGM and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

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## LETTER TO SHAREHOLDERS

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### 2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

#### 2.1. Background

Any purchase or acquisition of Shares by the Company has to be made in accordance with, and in the manner prescribed by, the Companies Act, the Listing Rules and such other laws and regulations as may, for the time being, be applicable. The Company is also required to obtain the approval of its Shareholders at a general meeting if it wishes to purchase or acquire its own Shares.

At the 2018 AGM, the Company obtained Shareholders' approval for the renewal of the Share Purchase Mandate. The rationale for, the authority and limitations on, and the financial effects of, the Share Purchase Mandate were set out in the Company's Circular to Shareholders dated 29 March 2018 and the Ordinary Resolution set out in the Notice of the 2018 AGM dated 11 April 2018.

The Share Purchase Mandate was expressed to take effect from 26 April 2018 and will, unless renewed again, expire on the earliest of:

- (i) the date on which the next AGM of the Company is held or required by law to be held;
- (ii) the date on which Share Purchases are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in a general meeting.

Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2019 AGM.

#### 2.2. Rationale

The renewal of the Share Purchase Mandate will give the Company the flexibility to undertake Share Purchases at any time, subject to market conditions, during the period that the Share Purchase Mandate is in force. Share Purchases provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The Directors believe that Share Purchases by the Company will also help mitigate short-term market volatility, offset the effects of short-term speculation and bolster shareholder confidence. In addition, Share Purchases will also allow management to effectively manage and minimise the dilution impact associated with any issuance of Shares (if any) on existing Shareholders.

It should be noted that Share Purchases will only be undertaken if such Share Purchases can benefit the Company and Shareholders. If and when circumstances permit, the Directors will decide whether to effect such Share Purchases via Market Purchases or Off-Market Purchases, after taking into account the amount of cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out Share Purchases to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Group as a whole and/or affect the listing status of the Company on the SGX-ST.

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## LETTER TO SHAREHOLDERS

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### 2.3. Authority and Limitations of the Share Purchase Mandate

The authority and limitations placed on Share Purchases, if the Share Purchase Mandate is renewed at the 2019 AGM, are similar in terms to those previously approved by Shareholders at the 2018 AGM, which for the benefit of Shareholders, are summarised below.

(i) ***Maximum Number of Shares***

Only Shares which are issued and fully paid-up may be purchased by the Company. The total number of Shares that may be purchased is limited to that number of Shares representing not more than 10% of the total number of issued Shares as at the date of the AGM at which the renewal of the Share Purchase Mandate is approved, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company, as altered. Any Shares which are held as treasury shares will be disregarded for the purpose of computing the 10% limit.

**While the Share Purchase Mandate would authorise Share Purchases up to the 10% limit, Shareholders should note that Share Purchases may not be carried out up to the full 10% limit as authorised, or at all. In particular, no Share Purchase would be made in circumstances which would have or may have a material adverse effect on the financial condition of the Group as a whole. Further, no Share Purchase would be made if it would cause the Public Float to be less than 10%.**

The Directors would like to note that, as at the Latest Practicable Date, the Public Float was approximately 19.98%. Therefore, the Company will not be able to purchase Shares exceeding approximately 9.98% of the total number of issued Shares pursuant to the Share Purchase Mandate if the Share Purchase Mandate was exercised on the Latest Practicable Date. Please refer to paragraph 2.9 for further information in relation to the Public Float.

**For illustrative purposes only**, on the basis of 2,420,387,356 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the 2019 AGM, then not more than 241,614,392 Shares (representing approximately 9.98% of the total number of issued Shares as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate during the duration referred to in paragraph 2.3(ii) below.

(ii) ***Duration of Authority***

Share Purchases may be made, at any time and from time to time, on and from the date of the AGM at which the renewal of the Share Purchase Mandate is approved, up to the earliest of:

- (a) the date on which the next AGM of the Company is held or required by law to be held;
- (b) the date on which Share Purchases are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in a general meeting.

The authority conferred on the Directors by the Share Purchase Mandate may be renewed at the next AGM or at an EGM of the Company to be convened immediately after the conclusion or adjournment of the next AGM. When seeking approval of the Shareholders for the Share Purchase Mandate, the Company is required to disclose details pertaining to Share Purchases made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, and where relevant, the total consideration paid for such Share Purchases.



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## LETTER TO SHAREHOLDERS

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(iii) ***Manner of Purchase or Acquisition of Shares***

Share Purchases may be made on the SGX-ST (“**Market Purchases**”) and/or otherwise than on the SGX-ST, in accordance with an equal access scheme (“**Off-Market Purchases**”).

Market Purchases refer to Share Purchases effected through the SGX-ST’s trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to Share Purchases made under an equal access scheme or schemes for the purchase or acquisition of Shares from Shareholders. The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Listing Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (a) the offers under the equal access scheme shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued shares;
- (b) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers are the same except that there shall be disregarded:
  - (1) differences in consideration attributable to the fact that the offers relate to shares with different accrued dividend entitlements;
  - (2) (if applicable) differences in consideration attributable to the fact that the offers relate to shares with different amounts remaining unpaid; and
  - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, pursuant to the Listing Rules, in making an Off-Market Purchase under an equal access scheme, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share Purchases;
- (d) the consequences, if any, of the proposed Share Purchases that will arise under the Take-over Code then in force or other applicable take-over rules;
- (e) whether the Share Purchases, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any Share Purchases in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the Share Purchases, where relevant, and the total consideration paid for the Share Purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

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## LETTER TO SHAREHOLDERS

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(iv) **Maximum Purchase Price**

The purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price must not exceed (in the case of both a Market Purchase and an Off-Market Purchase pursuant to an equal access scheme) 105% of the Average Closing Market Price of the Shares (the “**Maximum Price**”), in either case, excluding related expenses of the Share Purchase.

For the above purposes:

“**Average Closing Market Price**” means the average of the closing market prices of the Shares over the last five Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

### 2.4. Status of Purchased or Acquired Shares

Any Share which is purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on such cancellation), unless such Share is held by the Company as a treasury share, to the extent permitted under the Companies Act. All Shares (excluding Shares held by the Company as treasury shares) purchased or acquired by the Company will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

The Constitution currently provides that all the Shares purchased by the Company shall be cancelled. This means that unless the Constitution is amended to permit purchased Shares to be held as treasury shares, the Company can only cancel Shares purchased by it.

### 2.5. Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below.

(i) **Maximum Holdings**

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(ii) **Voting and Other Rights**

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company’s assets may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully-paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is also allowed, so long as the total value of the treasury shares after the subdivision or consolidation, as the case may be, remains the same.

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## LETTER TO SHAREHOLDERS

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(iii) ***Disposal and Cancellation***

Where Shares are held as treasury shares, the Company may at any time:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employee's share scheme or for the purposes of, or pursuant to, any share scheme, whether for employees, directors or other persons;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “usage”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage, and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

As stated in paragraph 2.4, the Company will not be able to hold any purchased Shares as treasury shares unless relevant amendments are made to the Company's Constitution.

### **2.6. Source of Funds**

The Companies Act permits the Company to purchase or acquire its Shares out of capital, as well as from its distributable profits so long as the Company is solvent.

The Company intends to use internal sources of funds, or a combination of internal sources of funds and external borrowings, to finance Share Purchases. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the liquidity and capital of the Company and the Group would be materially adversely affected.

### **2.7. Financial Effects**

It is not possible for the Company to realistically calculate or quantify the impact of future Share Purchases on the NAV and EPS as the resultant effect would depend on, *inter alia*, whether the purchase or acquisition is made out of capital or profits or both, the aggregate number of Shares purchased or acquired, the price paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions, and whether the Shares purchased or acquired are held in treasury or cancelled.

Pursuant to the Companies Act, Share Purchases may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the Share Purchase is made out of profits, such consideration (which may include expenses such as brokerage or commission incurred directly on the Share Purchase but exclude stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for distribution of cash dividends by the Company. Where the consideration paid by the Company for the Share Purchase is made out of capital, the amount available for distribution of cash dividends by the Company will not be reduced.

The purchase of Shares would result in the total number of issued Shares being diminished, by the number of Shares repurchased and cancelled by the Company.

## LETTER TO SHAREHOLDERS

The Directors do not propose to exercise the Share Purchase Mandate to such extent as to materially affect the working capital requirements or the gearing of the Company. Any Share Purchase will only be effected after considering relevant factors such as working capital requirements, the availability of financial resources, the expansion and investment plans of the Group, prevailing market conditions and the Public Float.

**For illustrative purposes only**, the financial effects of a Share Purchase pursuant to the Share Purchase Mandate on the Company and the Group, based on the audited financial statements of the Group for the twelve months ended 31 December 2018, are set out below based on the following assumptions:

- (i) based on 2,420,387,356 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2019 AGM, a purchase or acquisition of 241,614,392 Shares (representing approximately 9.98% of the total number of issued Shares as at that date) by way of purchases made entirely out of capital and cancelled;
- (ii) the Share Purchase is made at the Maximum Price of S\$0.4925 per Share (being the price equivalent to 5% above the Average Closing Market Price of the Shares for the five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 241,614,392 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$118,983,000;
- (iii) the Share Purchase is financed by internal sources of funds available as at 31 December 2018;
- (iv) the Share Purchase Mandate has been effective on 1 January 2018; and
- (v) the Share Purchase was made on 1 January 2018 (for the purpose of computing the effect of the Share Purchase on the EPS) and 31 December 2018 (for all other cases).

	Group Before Share Purchase	Group After Share Purchase	Company Before Share Purchase	Company After Share Purchase
<b>As at 31 December 2018</b>				
Profit after income tax attributable to owners of the Company (S\$'000)	105,141	105,141	59,625	59,625
Share capital (S\$'000)	717,855	598,872	717,855	598,872
Other reserves <sup>(1)</sup> (S\$'000)	(26,246)	(26,246)	(21,062)	(21,062)
Accumulated profits (S\$'000)	254,839	254,839	19,552	19,552
Perpetual capital securities (S\$'000)	236,350	236,350	236,350	236,350
Non-controlling interests (S\$'000)	191,310	191,310	–	–
Shareholders' funds <sup>(2)</sup> (S\$'000)	1,347,108	1,255,125	952,695	833,712
NTA (S\$'000) <sup>(3)</sup>	1,118,743	999,760	952,695	833,712
Current assets (S\$'000)	1,096,452	977,469	911,407	792,424
Current liabilities (S\$'000)	1,349,872	1,349,872	320,989	320,989
Total borrowings <sup>(4)</sup> (S\$'000)	1,383,713	1,383,713	545,515	545,515
Number of issued Shares ('000)	2,420,387	2,178,773	2,420,387	2,178,773
Weighted average number of Shares ('000)	2,375,167	2,133,553	2,375,167	2,133,553
<b>Financial ratios</b>				
NTA/Share (cents) <sup>(5)</sup>	46.22	45.89	39.36	38.27
Gearing ratio <sup>(6)</sup>	1.01	1.10	0.57	0.65
Current ratio (times)	0.81	0.72	2.84	2.47
EPS (cents)	4.43	4.93	2.51	2.79

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## LETTER TO SHAREHOLDERS

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**Notes:**

- (1) Other reserves include general reserve, capital reserve, share option reserve and currency translation reserve.
- (2) Shareholders' funds means the aggregate amounts of share capital, perpetual capital securities, other reserves, accumulated profits and non-controlling Shareholders.
- (3) NTA means total assets less total liabilities less goodwill on consolidation.
- (4) Total borrowings means the aggregate of bank loans, finance leases and medium term notes.
- (5) NTA/Share is computed based on NTA divided by the number of issued Shares.
- (6) Gearing ratio represents the ratio of total borrowings to shareholders' funds.

In view of the terms of the Share Purchase Mandate and the information provided within this Circular, the financial effects are the same, whether the Shares are purchased by way of a Market Purchase or an Off-Market Purchase.

**Shareholders should note that the financial effects set out above are purely for illustrative purposes only. Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of issued Shares. The Company will take into account both financial and non-financial factors (for example, stock market conditions, the performance of the Shares and the Public Float) in assessing the relative impact of a Share Purchase before execution.**

### 2.8. Tax Implications

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Purchase Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

### 2.9. Listing Status of the Shares

Rule 723 of the Listing Rules requires a listed company to ensure that at least 10% of any class of its listed securities (excluding Shares held as treasury shares) is held by Public Shareholders ("**Public Float**").

As at the Latest Practicable Date, there were 483,653,128 Shares in the hands of the public, representing approximately 19.98% of the total number of issued Shares of the Company. Given that the Public Float is close to 10%, assuming that the Company exercises the Share Purchase Mandate on the Latest Practicable Date, it will not purchase or acquire more than 241,614,392 Shares representing approximately 9.98% of its issued Shares as at the Latest Practicable Date as that would cause the Public Float to go below 10%.

In undertaking any Share Purchase through a Market Purchase, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the Share Purchases will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

### 2.10. Listing Rules

Under the Listing Rules, a listed company may purchase or acquire shares by way of Market Purchases at a price per share which is not more than 5% above the "Average Closing Market Price", being the average of the closing market prices of a share over the last five Market Days on which transactions in the shares were recorded, before the day on which the purchases or acquisitions were made (which is deemed to be adjusted for any corporate action that occurs after such five Market Day period). The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in paragraph 2.3(iv) above, conforms to this restriction. Although the Listing Rules do not prescribe a maximum price in relation to purchases or acquisitions of shares by way of Off-Market Purchases, the Company has set a cap of 5% above the Average Closing Market Price of a Share as the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase.

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## LETTER TO SHAREHOLDERS

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While the Listing Rules do not expressly prohibit the purchase or acquisition of shares by a listed company during any particular time, as such a listed company would be considered an “insider” in relation to any buy back of its shares, the Company will not purchase or acquire any Shares after a price-sensitive development has occurred or has been the subject of a decision until such time as the price-sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases during the period of two weeks immediately preceding the announcement of the Company’s financial statements for each of the first three quarters of its financial year, and one month immediately preceding the announcement of the Company’s financial statement for the financial year, as the case may be.

### **2.11. Reporting Requirements**

Within 30 days of the passing of a Shareholders’ resolution to approve the renewal of the Share Purchase Mandate, the Company shall lodge a copy of such resolution with ACRA.

The Company shall notify ACRA within 30 days of a Share Purchase on the SGX-ST or otherwise. Such notification shall include details of the Share Purchase, including:

- (i) the date of the Share Purchase;
- (ii) the total number of Shares purchased or acquired by the Company;
- (iii) the number of Shares cancelled;
- (iv) the number of Shares held as treasury shares (if applicable);
- (v) the Company’s issued share capital before the Share Purchase or acquisition;
- (vi) the Company’s issued share capital after the Share Purchase or acquisition;
- (vii) the amount of consideration paid by the Company for the Share Purchase or acquisition;
- (viii) whether the Shares were purchased or acquired out of profits or the capital of the Company; and
- (ix) such other particulars as may be required in the prescribed form.

The Listing Rules specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 a.m.:

- (i) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such Share Purchases to the SGX-ST shall be in such form and shall include such details, such as the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Shares, that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

### **2.12. Share Purchases in the preceding 12 months**

The Company has not made any Share Purchases pursuant to the Share Purchase Mandate in the preceding 12 months.

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## LETTER TO SHAREHOLDERS

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### 2.13. Take-over Implications

(i) **Requirement to make a general offer**

Under Rule 14 of the Take-over Code, a person will be required to make a general offer for a public company if:

- (a) he acquires 30% or more of the voting rights of the company; or
- (b) he holds between 30% and 50% of the voting rights of the company and he increases his voting rights in the company by more than 1% in any six-month period.

If the proportionate shareholding in the voting capital of the company of a shareholder and persons acting in concert with him increases as a result of the company buying back its shares, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in the shareholder and persons acting in concert with him obtaining or consolidating effective control of the company, they may be obliged to make a take-over offer under Rule 14 of the Take-over Code.

(ii) **Persons acting in concert**

Under the Take-over Code, the following persons are deemed to be acting in concert unless the contrary is established:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which the person manages on a discretionary basis;
- (e) a financial or other professional advisor, with its client in respect of the shareholdings of the advisor and the persons controlling, controlled by or under the same control as the advisor; and all the funds which the advisor manages on a discretionary basis, where the shareholdings of the advisor and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the above persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the equity share capital of a company will be regarded as the test of associated company status.

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## LETTER TO SHAREHOLDERS

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(iii) ***Effect of Rule 14 and Appendix 2 of the Take-over Code***

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a Share Purchase by the Company are set out under Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of a Share Purchase by the Company, the voting rights of such Directors and their concert parties will increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of a Share Purchase by the Company, the voting rights of the Shareholder will increase to 30% or more, or, if he holds between 30% and 50% of the Company's voting rights, his voting rights increase by more than 1% in any period of six months as a result of the Company buying back its Shares.

In addition, under Appendix 2 of the Take-over Code, a Shareholder and persons acting in concert with him will incur an obligation to make a take-over offer after a Share Purchase if, *inter alia*, their voting rights increase to 30% or more as a result of such Share Purchase by the Company and they acquire any Shares between the date of the Notice of AGM to authorise the Share Purchase Mandate and the next AGM of the Company, or, if they already hold between 30% and 50% of the Company's voting rights and as a result of a Share Purchase by the Company their voting rights increase by more than 1% in any period of six months and they acquire Shares between the date of the Notice of AGM to authorise the Share Purchase Mandate and the next AGM of the Company.

Based on the Substantial Shareholders' interests as at the Latest Practicable Date as set out in paragraph 3 below, none of the Substantial Shareholders will become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of any Share Purchase by the Company pursuant to the Share Purchase Mandate of the maximum limit of 10% of the total number of issued Shares as at the Latest Practicable Date.

The Directors are not aware of any other Shareholder who may become obliged to make a mandatory offer in the event that the Company purchases or acquires the maximum number of Shares under the Share Purchase Mandate.

**Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any Share Purchase by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisors and/or the Securities Industry Council of Singapore before they acquire any Shares during the period when the Share Purchase Mandate is in force.**



## LETTER TO SHAREHOLDERS

### 3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date were:

	Direct		Deemed	
	Number of Shares	% of total issued Shares <sup>(1)</sup>	Number of Shares	% of total issued Shares <sup>(1)</sup>
<b><u>Directors</u></b>				
Hao Weibao	–	–	–	–
Lin Yucheng <sup>(2)</sup>	32,305,600	1.33%	57,121,334	2.36%
Zhang Yong	–	–	–	–
Wang Song	–	–	–	–
Bi Jingshuang <sup>(3)</sup>	–	–	538,048,010	22.23%
Yeung Koon Sang alias David Yeung	1,200,000	0.05%	–	–
Tay Beng Chuan	2,250,000	0.09%	–	–
Lee Suan Hiang <sup>(4)</sup>	721,000	0.03%	800,000	0.03%
<b><u>Substantial Shareholders (other than Directors)</u></b>				
CRF Envirotech Co., Ltd.	538,048,010	22.23%	–	–
CRF Envirotech Fund L.P. <sup>(5)</sup>	–	–	538,048,010	22.23%
China Reform Conson Soochow Overseas Fund I L.P. <sup>(6)</sup>	–	–	538,048,010	22.23%
CRF Envirotech GP Ltd. <sup>(7)</sup>	–	–	538,048,010	22.23%
China Reform Puissance Overseas GP L.P. <sup>(8)</sup>	–	–	538,048,010	22.23%
China Reform Puissance Overseas Holdings Limited <sup>(9)</sup>	–	–	538,048,010	22.23%
China Reform Overseas Feeder GP Ltd. <sup>(10)</sup>	–	–	538,048,010	22.23%
China Reform Overseas Cayman Company Limited <sup>(11)</sup>	–	–	538,048,010	22.23%
China Reform Fund Management Co., Ltd. <sup>(12)</sup>	–	–	538,048,010	22.23%
Golden Bridge Capital Holdings Limited <sup>(13)</sup>	–	–	538,048,010	22.23%
Soochow International Capital Limited <sup>(14)</sup>	–	–	538,048,010	22.23%
Soochow Securities (Hong Kong) Financial Holdings Limited <sup>(15)</sup>	–	–	538,048,010	22.23%
Soochow Securities Co., Ltd <sup>(16)</sup>	–	–	538,048,010	22.23%

## LETTER TO SHAREHOLDERS

	Direct		Deemed	
	Number of Shares	% of total issued Shares <sup>(1)</sup>	Number of Shares	% of total issued Shares <sup>(1)</sup>
<b>Substantial Shareholders (other than Directors) (cont'd)</b>				
Bi Jingshuang <sup>(17)</sup>	–	–	538,048,010	22.23%
Haitian (HK) Financial Development Limited <sup>(18)</sup>	–	–	538,048,010	22.23%
Qingdao Conson Financial Holdings Co., Ltd. <sup>(19)</sup>	–	–	538,048,010	22.23%
Qingdao Conson Development (Group) Co., Ltd. <sup>(20)</sup>	–	–	538,048,010	22.23%
SASAC of the Qingdao Municipal Government <sup>(21)</sup>	–	–	538,048,010	22.23%
CKM (Cayman) Company Limited <sup>(22)</sup>	–	–	1,304,288,284	53.89%
CITIC Environment (International) Company Limited <sup>(23)</sup>	–	–	1,304,288,284	53.89%
CITIC Environment Investment Group Co., Ltd. <sup>(24)</sup>	–	–	1,304,288,284	53.89%
CITIC Corporation Limited <sup>(24)</sup>	–	–	1,304,288,284	53.89%
CITIC Limited <sup>(24)</sup>	–	–	1,304,288,284	53.89%
CITIC Group Corporation <sup>(24)</sup>	–	–	1,304,288,284	53.89%
CENVIT (Cayman) Company Limited	1,304,288,284	53.89%	–	–

**Notes:**

- (1) There were 2,420,387,356 issued Shares as at the Latest Practicable Date.
- (2) Dr. Lin Yucheng is deemed interested in the Shares held by Green Resources Limited.
- (3) Bi Jingshuang is deemed interested in the Shares held by CRF Envirotech Co., Ltd. through his shareholding interest in Golden Bridge Capital Holdings Limited.
- (4) Lee Suan Hiang is deemed interested in the Shares held by his wife.
- (5) CRF Envirotech Fund L.P. is deemed interested in the Shares held by CRF Envirotech Co., Ltd. through its holding of two-thirds of the voting power in CRF Envirotech Co., Ltd..
- (6) China Reform Conson Soochow Overseas Fund I L.P. is deemed interested in the Shares held by CRF Envirotech Co., Ltd. through its holding of one-third of the voting power in CRF Envirotech Co., Ltd..
- (7) CRF Envirotech GP Ltd. is deemed interested in the Shares held by CRF Envirotech Co., Ltd. as it is the general partner of CRF Envirotech Fund L.P..
- (8) China Reform Puissance Overseas GP L.P. is deemed interested in the Shares held by CRF Envirotech Co., Ltd. as it is the general partner of China Reform Conson Soochow Overseas Fund I L.P. and the parent company of CRF Envirotech GP Ltd..
- (9) China Reform Puissance Overseas Holdings Limited is deemed interested in the Shares held by CRF Envirotech Co., Ltd. as it is the general partner of China Reform Puissance Overseas GP L.P..
- (10) China Reform Overseas Feeder GP Ltd. is deemed interested in the Shares held by CRF Envirotech Co., Ltd. through its holding of 25.5% of the voting power in China Reform Puissance Overseas Holdings Limited.
- (11) China Reform Overseas Cayman Company Limited is deemed interested in the Shares held by CRF Envirotech Co., Ltd. through its shareholding interest in China Reform Overseas Feeder GP Ltd..

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## LETTER TO SHAREHOLDERS

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- (12) China Reform Fund Management Co., Ltd. is deemed interested in the Shares held by CRF Envirotech Co., Ltd. through its shareholding interest in China Reform Overseas Cayman Company Limited.
- (13) Golden Bridge Capital Holdings Limited is deemed interested in the Shares held by CRF Envirotech Co., Ltd. through its holding of 24.5% of the voting power in China Reform Puissance Overseas Holdings Limited.
- (14) Soochow International Capital Limited is deemed interested in the Shares held by CRF Envirotech Co., Ltd. through its holding of 22% of the voting power in China Reform Puissance Overseas Holdings Limited.
- (15) Soochow Securities (Hong Kong) Financial Holdings Limited is deemed interested in the Shares held by CRF Envirotech Co., Ltd. through its shareholding interest in Soochow International Capital Limited.
- (16) Soochow Securities Co., Ltd is deemed interested in the Shares held by CRF Envirotech Co., Ltd. through its shareholding interest in Soochow Securities (Hong Kong) Financial Holdings Limited.
- (17) Bi Jingshuang is deemed interested in the Shares held by CRF Envirotech Co., Ltd. through his shareholding interest in Golden Bridge Capital Holdings Limited.
- (18) Haitian (HK) Financial Development Limited is deemed interested in the Shares held by CRF Envirotech Co., Ltd. through its holding of 22% of the voting power in China Reform Puissance Overseas Holdings Limited.
- (19) Qingdao Conson Financial Holdings Co., Ltd. is deemed interested in the Shares held by CRF Envirotech Co., Ltd. through its shareholding interest in Haitian (HK) Financial Development Limited.
- (20) Qingdao Conson Development (Group) Co., Ltd. is deemed interested in the Shares held by CRF Envirotech Co., Ltd. through its shareholding interest in Qingdao Conson Financial Holdings Co., Ltd..
- (21) SASAC of the Qingdao Municipal Government is deemed interested in the Shares held by CRF Envirotech Co., Ltd. through its shareholding interest in Qingdao Conson Development (Group) Co., Ltd..
- (22) CKM (Cayman) Company is deemed interested in the Shares held by its subsidiary CENVIT (Cayman) Company Limited.
- (23) CITIC Environment (International) Company Limited is deemed interested in the Shares held by CKM (Cayman) Company Limited through its controlling interest in CKM (Cayman) Company Limited.
- (24) These companies are deemed interested in the Shares held by CITIC Environment (International) Company Limited through their direct and indirect shareholding interest in CITIC Environment (International) Company Limited.

#### 4. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company and its Shareholders. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution Number 12 in respect of the proposed renewal of the Share Purchase Mandate as set out in the Notice of AGM.

The Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, the Directors recommend that any individual Shareholder who may require specific advice in relation to the proposed Share Purchase Mandate should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

#### 5. ACTIONS TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the 2019 AGM and wishes to appoint a proxy to attend and vote in his place or on his behalf, he should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and, in any event, to reach the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 not less than 48 hours before the time appointed for holding the AGM.

The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM if he subsequently wishes to do so. In such an event, the Proxy Form shall be deemed to be revoked.

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## LETTER TO SHAREHOLDERS

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A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote at the AGM unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP at least 72 hours before the AGM.

### 6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 this Circular in its proper form and context.

### 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 during normal business hours from the date of this Circular up to the date of the 2019 AGM:

- (i) the Constitution; and
- (ii) the Annual Report 2018.

Yours faithfully

For and on behalf of  
the Board of Directors of  
**CITIC ENVIROTECH LTD.**

Mr. Hao Weibao  
Executive Chairman and Group Chief Executive Officer