

CIRCULAR DATED 16 DECEMBER 2019

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

If you are in any doubt in relation to this Circular (as defined herein) or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of CITIC Envirotech Ltd. (the “**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying proxy form to the purchaser, the transferee or the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

This Circular, the Exit Offer Letter (as defined here) and the Acceptance Forms (as defined herein) shall not be construed as, and may not be used for the purpose of, and do not constitute a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstance in which such a notice or proposal or advertisement or an offer or invitation or solicitation is unlawful or not authorised, or to any person to whom it is unlawful to make such a notice or proposal or advertisement or an offer or invitation or solicitation.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



CITIC ENVIROTECH LTD.

中信环境技术有限公司

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200306466G)

CIRCULAR TO SHAREHOLDERS

in relation to the

**PROPOSED VOLUNTARY DELISTING OF CITIC ENVIROTECH LTD.
PURSUANT TO RULES 1307 AND 1309 OF THE SGX-ST LISTING MANUAL**

Independent Financial Adviser to the Independent Directors in respect of the Exit Offer



NOVUS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201723484W)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	29 December 2019 at 10 a.m.
Date and time of Extraordinary General Meeting	:	31 December 2019 at 10 a.m.
Place of Extraordinary General Meeting	:	Amara Hotel, Ballroom 1, Level 3, 165 Tanjong Pagar Road, Singapore 088539

TABLE OF CONTENTS

	PAGE
DEFINITIONS.....	3
CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS	10
INDICATIVE TIMETABLE.....	11
LETTER TO SHAREHOLDERS.....	13
1. INTRODUCTION	13
2. THE DELISTING PROPOSAL	13
3. PRE-CONDITION.....	15
4. TERMS OF THE EXIT OFFER.....	16
5. IRREVOCABLE UNDERTAKINGS.....	19
6. OPTIONS PROPOSAL.....	20
7. RULINGS AND CONFIRMATIONS FROM THE SIC	21
8. INFORMATION ON THE CONCERT GROUP	23
9. INFORMATION ON THE COMPANY	25
10. RATIONALE FOR THE EXIT OFFER AND INTENTIONS RELATING TO THE COMPANY	26
11. FINANCIAL ASPECTS OF THE EXIT OFFER.....	29
12. CONFIRMATION OF FINANCIAL RESOURCES.....	31
13. IMPLICATIONS OF COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS	32
14. OVERSEAS SHAREHOLDERS.....	33
15. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS.....	35
16. EXEMPTION RELATING TO DIRECTORS' RECOMMENDATION	35
17. ADVICE OF INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS IN RELATION TO THE EXIT OFFER.....	36
18. INDEPENDENT DIRECTORS' RECOMMENDATIONS	42
19. EXTRAORDINARY GENERAL MEETING	42
20. ACTION TO BE TAKEN BY SHAREHOLDERS	42
21. RESPONSIBILITY STATEMENT	44

TABLE OF CONTENTS

22. CONSENTS	44
23. DOCUMENTS AVAILABLE FOR INSPECTION	45
24. ADDITIONAL INFORMATION	45
APPENDIX I – IFA LETTER	I-1
APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP	II-1
APPENDIX III – 3Q2019 RESULTS	III-1
APPENDIX IV – PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING	IV-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	N-1
PROXY FORM	P-1

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular.

“3Q2019”	:	Third quarter ended 30 September 2019
“3Q2019 Results”	:	Third quarter unaudited financial statement for the financial period ended 30 September 2019, which was issued in the Company’s announcement released on the website of the SGX-ST at www.sgx.com on 24 October 2019, as set out in Appendix III to this Circular
“Acceptance Forms”	:	The FAA and the FAT collectively or any one of them, as the case may be
“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“Business Day”	:	A day (other than a Saturday, a Sunday or a gazetted public holiday) on which commercial banks are open for business in China, Hong Kong and Singapore
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 16 December 2019 issued by the Company for the purpose of convening the EGM to obtain Shareholders’ approval for the Delisting
“Closing Date”	:	At 5.30 p.m. (Singapore time) on such date as may be announced by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Exit Offer
“CLSA”	:	CLSA Singapore Pte Ltd, the financial adviser to the Offeror in connection with the Exit Offer
“Code”	:	The Singapore Code on Take-overs and Mergers, as amended, supplemented or modified from time to time
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time
“Company”	:	CITIC Envirotech Ltd.
“Company Securities”	:	Shares, securities which carry voting rights in the Company, or other convertible securities, warrants, options or derivatives in respect of such Shares or securities which carry voting rights in the Company

DEFINITIONS

“Concert Group”	:	The Offeror and the parties acting or deemed to be acting in concert with it, details of which are set out in Section 8 of this Circular
“Constitution”	:	The Memorandum and Articles of Association of the Company
“Controlling Shareholders”	:	Shareholders who: (a) hold directly or indirectly 15% or more of the total number of the issued Shares; or (b) in fact exercise control over the Company
“CPF”	:	Central Provident Fund
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	Central Provident Fund Investment Scheme
“CPFIS Investors”	:	Investors who have purchased the Shares using their CPF contributions pursuant to the CPFIS
“CRF”	:	CRF Envirotech Co., Ltd.
“Delisting”	:	The proposed voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual
“Delisting Proposal”	:	The formal proposal presented by the Offeror to the board of directors of the Company to seek the Delisting pursuant to Rules 1307 and 1309 of the Listing Manual
“Delisting Resolution”	:	The resolution to be proposed at the EGM to approve the Delisting
“Despatch Date”	:	16 December 2019, being the date of despatch of this Circular and the Exit Offer Letter
“Directors” or “Board”	:	The directors of the Company (including the Independent Directors) as at the Latest Practicable Date
“Dissenting Shareholders”	:	Shall have the meaning ascribed to it in Section 13.2 of this Circular
“EGM”	:	The extraordinary general meeting to be convened by the Company on 31 December 2019 to seek the approval of the Shareholders for the Delisting, notice of which is given on pages N-1 to N-2 of this Circular

DEFINITIONS

“Encumbrances”	:	All liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever
“Exit Offer”	:	The exit offer made by CLSA, for and on behalf of the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in the Exit Offer Letter and the Acceptance Forms
“Exit Offer Letter”	:	The letter dated 16 December 2019 by CLSA, for and on behalf of the Offeror, to Shareholders in relation to the Exit Offer, which is despatched to Shareholders concurrently with this Circular, including the FAA, the FAT and any other document(s) which may be issued by or on behalf of the Offeror to amend, revise, supplement or update this document(s) from time to time
“Exit Offer Price”	:	Shall have the meaning as ascribed to it in paragraph 3.1 of the Exit Offer Letter, as reproduced in Section 4 of this Circular
“FAA”	:	Form of Acceptance and Authorisation for Offer Shares, which forms part of the Exit Offer Letter and which is issued to Shareholders whose Shares are deposited with CDP
“FAT”	:	Form of Acceptance and Transfer for Offer Shares, which forms part of the Exit Offer Letter and which is issued to Shareholders whose Shares are not deposited with CDP
“Formal Exit Offer Announcement”	:	Shall have the meaning ascribed to it in paragraph 2.2 of the Exit Offer Letter, as reproduced in Section 3 of this Circular.
“Founder Shareholders”	:	Dr. Lin Yucheng and Ms. Pan Shuhong
“FY”	:	Financial year ended 31 December
“Group”	:	The Company and its subsidiaries
“IFA”	:	Novus Corporate Finance Pte. Ltd., the independent financial adviser to the Independent Directors in respect of the Exit Offer
“IFA Letter”	:	The letter from the IFA setting out its advice to the Independent Directors in respect of the Exit Offer, as set out in Appendix I to this Circular

DEFINITIONS

“Independent Directors”	:	The Directors who are considered independent for the purposes of making the recommendation to Shareholders in respect of the Delisting and the Exit Offer, namely: (i) Mr. Yeung Koon Sang alias David Yeung; (ii) Mr. Tay Beng Chuan; and (iii) Mr. Lee Suan Hiang
“Irrevocable Undertakings”	:	The irrevocable undertakings provided by certain Shareholders to the Offeror, as more particularly described in Section 5 of this Circular
“Joint Announcement”	:	The joint announcement dated 6 November 2019 released by the Offeror and the Company, in connection with the Delisting and the Exit Offer
“Joint Announcement Date”	:	6 November 2019, being the date on which the Joint Announcement was made
“Latest Practicable Date”	:	9 December 2019, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The Listing Manual of the SGX-ST, as amended up to the Latest Practicable Date
“Long-Stop Date”	:	A date falling within four (4) calendar months of the Joint Announcement Date, or such Pre-Condition being waived by the Offeror
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“NTA”	:	Net tangible assets
“Offer Shares”	:	All the Shares, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it as at the date of the Exit Offer
“Offeror”	:	CKM (Cayman) Company Limited
“Option Scheme”	:	The CITIC Envirotech Share Option Scheme which was last amended and adopted by Shareholders on 14 February 2013

DEFINITIONS

“Options”	:	Outstanding options granted by the Company pursuant to the Option Scheme
“Options Proposal”	:	Shall have the meaning ascribed to it in paragraph 4.1 of the Exit Offer Letter as reproduced in Section 6 of this Circular
“Overseas Shareholders”	:	Shareholders whose addresses are outside Singapore as shown in the Register or the Depository Register
“Perpetual Securities”	:	The Company’s senior perpetual securities issued on 19 October 2017
“Pre-Condition”	:	The requisite approvals and requisite filings of/with PRC National Development and Reform Commission, PRC Ministry of Commerce and PRC State Administration for Foreign Exchange having been obtained, as described in paragraph 2.1 of the Exit Offer Letter
“Register”	:	The register of holders of Shares as maintained by the Registrar
“Registrar”	:	Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), the share registrar of the Company
“Relevant Directors”	:	Mr. Hao Weibao, Mr. Wang Song, Dr. Chong Weng Chiew, Mr. Sun Lei and Mr. Bi Jingshuang
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, supplemented or modified from time to time
“SGXNET”	:	A system network used by listed companies to send information and announcements to the SGX-ST, available at www.sgx.com , or any other system networks prescribed by the SGX-ST
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register

DEFINITIONS

“Shareholders’ Approval”	:	Shall have the meaning ascribed to it in Section 2.1 of this Circular
“Shares”	:	Issued and fully paid-up ordinary shares in the capital of the Company
“SIC”	:	The Securities Industry Council of Singapore
“SRS”	:	The Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under SRS
“SRS Investors”	:	Investors who purchase Shares pursuant to SRS
“S\$” and “cents”	:	Singapore dollars and Singapore cents, respectively
“Undertaking Shareholders”	:	The Founder Shareholders and CRF
“Voting Directors”	:	Mr. Yeung Koon Sang alias David Yeung, Mr. Tay Beng Chuan and Mr. Lee Suan Hiang
“VWAP”	:	Volume-weighted average price
“%” or “per cent.”	:	Percentage or per centum

Acting in Concert and Associates. The expressions “**acting in concert**” and “**associates**” shall have the meanings ascribed to them respectively in the Code.

Announcements and Notices. References to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by CLSA or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, facsimile, through the SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

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

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

Exit Offer Letter. References to “**Exit Offer Letter**” shall include the Acceptance Forms, unless the context otherwise requires.

Genders. 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. References to persons shall, where applicable, include corporations.

DEFINITIONS

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

Shareholders. References to “you”, “your” and “yours” in this Circular are, as the context so determines, to the Shareholders.

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code, the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to that word under the Companies Act, the Code, the Listing Manual or that modification, as the case may be, unless the context otherwise requires.

Subsidiary and Related Corporation. References to “subsidiary” and “related corporation” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

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

Total number of Shares. Any reference in this Circular to the total number of Shares is a reference to a total of 2,432,361,356 Shares in issue as at the Latest Practicable Date (based on the electronic instant information search conducted on the Company from the ACRA on such date), unless otherwise stated. As at the Latest Practicable Date, the Company did not hold any Shares in treasury.

CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

All statements other than statements of historical fact included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “**aim**”, “**seek**”, “**expect**”, “**anticipate**”, “**estimate**”, “**believe**”, “**intend**”, “**project**”, “**plan**”, “**potential**”, “**strategy**”, “**forecast**”, “**possible**”, “**probable**” and similar expressions or future or conditional verbs such as “**if**”, “**will**”, “**would**”, “**should**”, “**could**”, “**may**” or “**might**”. These statements reflect the current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future results, performance, events or achievements and involve known and unknown risks and uncertainties.

Accordingly, actual future results, performance, events or achievements may differ materially from those described in such forward-looking statements. Given the risks and uncertainties involved, Shareholders and investors should not place undue reliance on such forward-looking statements and information. Neither the Company nor the Offeror undertakes any obligation to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements, subject to compliance with any applicable laws and regulations, the Code, the Listing Manual and/or any regulatory or supervisory body or agency.

INDICATIVE TIMETABLE

Date of despatch of this Circular and the Exit Offer Letter:	:	16 December 2019
Last date and time for lodgement of proxy forms for the EGM ⁽¹⁾	:	29 December 2019 at 10.00 a.m.
Date and time of the EGM	:	31 December 2019 at 10.00 a.m.
Date of the announcement on the Shareholders' Approval being obtained	:	31 December 2019
Expected date of Formal Exit Offer Announcement	:	Within five (5) Business Days from the date of the fulfilment or waiver of the Pre-Condition
Expected Closing Date and time	:	5.30 p.m (Singapore time) on such date as may be announced by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Exit Offer which shall be at least 14 days after the date on which the Exit Offer (if and when made) becomes or is declared to be unconditional in all respects in accordance with its terms
Expected date and time of the suspension of trading of the Shares by the SGX-ST ⁽²⁾	:	At 9.00 a.m., approximately five (5) days before the Closing Date, or such other date(s) as may be announced from time to time by or on behalf of the Company
Expected date for the Delisting of the Shares	:	Approximately two (2) to three (3) weeks after the Closing Date, or such other date(s) as may be announced from time to time by or on behalf of the Company
Expected date(s) for the payment of the Exit Offer Price, in respect of valid acceptances of the Exit Offer	:	<p>(a) In respect of acceptances of the Exit Offer (if and when made) which are complete and valid in all respects and are received on or before the date on which the Exit Offer (if and when made) becomes or is declared to be unconditional in all respects in accordance with its terms, within seven (7) Business Days of that date; or</p> <p>(b) in respect of acceptances of the Exit Offer (if and when made) which are complete and valid in all respects and are received after the date on which the Exit Offer (if and when made) becomes or is declared to be unconditional in all respects in accordance with its terms, but on or before the Closing Date, within seven (7) Business Days of the date of such receipt.</p>

INDICATIVE TIMETABLE

An announcement will be made by or on behalf of the Offeror when the Exit Offer (if and when made) becomes or is declared to be unconditional in all respects in accordance with its terms and when the Closing Date is determined. Shareholders should note that, save for the last date and time for lodgement of proxy forms for the EGM, and the date and time of the EGM, the above timetable is indicative only and may be subject to change. For events listed above which are described as “expected”, please refer to future announcement(s) by or on behalf of the Company and/or the Offeror via SGXNET for the exact dates and times of such events.

Notes:

- (1) The instrument appointing a proxy must be deposited at the registered office of the Company’s Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #11-02, Singapore 068898 not less than 48 hours before the time appointed for holding the EGM.

SHAREHOLDERS ARE TO NOTE THAT THE EXIT OFFER IS SUBJECT TO FULFILMENT OR WAIVER OF THE PRE-CONDITION. ACCORDINGLY, ALL REFERENCES TO THE EXIT OFFER IN THIS CIRCULAR REFER TO AN EXIT OFFER IN CASH WHICH WILL BE DEEMED TO HAVE BEEN MADE ONLY IF AND WHEN THE PRE-CONDITION IS FULFILLED OR WAIVED BY THE LONG STOP DATE.

SHAREHOLDERS SHOULD ALSO NOTE THAT THE DELISTING AND THE EXIT OFFER WILL BE CONDITIONAL UPON THE DELISTING RESOLUTION BEING PASSED AT THE EGM. PURSUANT TO RULE 1307 OF THE LISTING MANUAL, THE DELISTING RESOLUTION IS CONSIDERED PASSED IF IT IS APPROVED BY A MAJORITY OF AT LEAST 75 PER CENT. (75%) OF THE TOTAL NUMBER OF SHARES (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS) HELD BY THE SHAREHOLDERS PRESENT AND VOTING, ON A POLL, EITHER IN PERSON OR BY PROXY AT THE EGM, AND THE CONCERT PARTY GROUP MUST ABSTAIN FROM VOTING ON THE DELISTING RESOLUTION. IF THIS CONDITION IS NOT SATISFIED AT THE EGM TO BE CONVENED, THE DELISTING WILL NOT PROCEED, AND THE COMPANY WILL REMAIN LISTED ON THE SGX-ST AND THE EXIT OFFER WILL LAPSE.

IF THE DELISTING RESOLUTION IS APPROVED IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING MANUAL, THE COMPANY WILL BE DELISTED, REGARDLESS OF THE ACCEPTANCE LEVEL OF THE EXIT OFFER. FOLLOWING THE DELISTING, SHAREHOLDERS WHO DO NOT ACCEPT THE EXIT OFFER WILL CONTINUE TO HOLD SHARES IN THE COMPANY, WHICH WILL THEN BE AN UNLISTED COMPANY. PLEASE REFER TO SECTION 13 OF THIS CIRCULAR ENTITLED “IMPLICATIONS OF COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS” FOR THE IMPLICATIONS OF THE DELISTING FOR SHAREHOLDERS.

APPROVING THE DELISTING RESOLUTION AT THE EGM DOES NOT AUTOMATICALLY MEAN THAT YOU HAVE ACCEPTED THE EXIT OFFER. PLEASE REFER TO SECTION 20 OF THIS CIRCULAR ENTITLED “ACTION TO BE TAKEN BY SHAREHOLDERS” AND APPENDIX I TO THE EXIT OFFER LETTER ENTITLED “PROCEDURES FOR ACCEPTANCE AND SETTLEMENT OF THE EXIT OFFER” FOR FURTHER DETAILS ON THE ACTIONS TO TAKE IF YOU WISH TO ACCEPT THE EXIT OFFER.

LETTER TO SHAREHOLDERS

CITIC ENVIROTECH LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200306466G)

Directors:

Mr. Hao Weibao
Mr. Wang Song
Dr. Chong Weng Chiew
Mr. Sun Lei
Mr. Bi Jingshuang
Mr. Yeung Koon Sang alias David Yeung
Mr. Tay Beng Chuan
Mr. Lee Suan Hiang

Registered Office:

80 Robinson Road,
#02-00,
Singapore 068898

16 December 2019

To: The Shareholders of CITIC Envirotech Ltd.

Dear Sir/Madam

PROPOSED VOLUNTARY DELISTING OF CITIC ENVIROTECH LTD. PURSUANT TO RULES 1307 AND 1309 OF THE LISTING MANUAL

1. INTRODUCTION

- 1.1. On the Joint Announcement Date, the Company and the Offeror jointly announced that the Offeror had presented to the Board the Delisting Proposal to seek the voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.
- 1.2. The Directors, having reviewed the Delisting Proposal, have resolved to seek an application to the SGX-ST for the Delisting and convene an EGM to seek Shareholders' Approval.
- 1.3. The purpose of this Circular is to provide Shareholders with information relating to the Delisting Proposal and the Exit Offer, and to seek Shareholders' Approval.
- 1.4. The Exit Offer is not extended to the senior perpetual securities issued by the Company on 19 October 2017 (the "**Perpetual Securities**"). For the avoidance of doubt, the Perpetual Securities will remain listed on the SGX-ST after completion of the Delisting.
- 1.5. Electronic copies of the Exit Offer Letter and this Circular are available on the website of the SGX-ST at <http://www.sgx.com>.

2. THE DELISTING PROPOSAL

Under the terms of the Delisting Proposal, subject to the fulfilment or waiver of the Pre-Condition, CLSA will make, for and on behalf of the Offeror, a conditional exit offer ("**Exit Offer**") in cash, to acquire all the Shares other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it as at the date of the Exit Offer, but including the Shares held by the Founder Shareholders ("**Offer**

LETTER TO SHAREHOLDERS

Shares”). The Delisting and Exit Offer, if made, will also be conditional on the obtaining of Shareholders’ approval at the EGM for the Delisting Resolution to be passed. The Concert Group (which includes the Founder Shareholders and CRF) must abstain from voting on the Delisting Resolution.

THE EXIT OFFER IS SUBJECT TO FULFILMENT OR WAIVER OF THE PRE-CONDITION. ACCORDINGLY, ALL REFERENCES TO THE EXIT OFFER IN THIS CIRCULAR REFER TO AN EXIT OFFER IN CASH WHICH WILL BE DEEMED TO HAVE BEEN MADE ONLY IF AND WHEN THE PRE-CONDITION IS FULFILLED OR WAIVED BY THE LONG-STOP DATE.

THE DELISTING AND THE EXIT OFFER WILL ALSO BE CONDITIONAL UPON SHAREHOLDERS’ APPROVAL BEING OBTAINED AT THE EGM AND FAILING WHICH, (A) THE DELISTING WILL NOT PROCEED AND THE COMPANY WILL REMAIN LISTED ON THE SGX-ST, AND (B) THE EXIT OFFER WILL ALSO LAPSE AND ALL ACCEPTANCES OF THE EXIT OFFER WILL BE RETURNED.

IN THE EVENT THAT THE EXIT OFFER LAPSES, PURSUANT TO RULE 33.1 OF THE CODE, NONE OF THE CONCERT GROUP MAY, EXCEPT WITH THE CONSENT OF THE SIC, WITHIN 12 MONTHS FROM THE DATE ON WHICH THE EXIT OFFER LAPSES (I) ANNOUNCE AN OFFER OR POSSIBLE OFFER FOR THE COMPANY OR (II) ACQUIRE ANY VOTING RIGHTS OF THE COMPANY IF THE CONCERT GROUP WOULD THEREBY BECOME OBLIGED UNDER RULE 14 OF THE CODE TO MAKE AN OFFER.

2.1. Rules 1307 and 1309 of the Listing Manual

Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by the Company to delist from the Official List of the SGX-ST if:

- (a) the Company convenes the EGM to obtain Shareholders’ approval for the Delisting; and
- (b) the resolution to approve the Delisting (“**Delisting Resolution**”) has been approved by a majority of at least 75% of the total number of issued Shares excluding treasury shares and subsidiary holdings held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM. The Offeror and the parties acting or deemed to be acting in concert with it (the “**Concert Group**”) (details of which are set out in Sections 5 and 8 of this Circular) must abstain from voting on the Delisting Resolution,

(collectively, “**Shareholders’ Approval**”).

In addition, under Rule 1309 of the Listing Manual, if the Company is seeking to delist from the SGX-ST:

- (a) an exit offer must be made to the issuer’s shareholders and holders of any other classes of listed securities to be delisted. The exit offer must:
 - (i) be fair and reasonable; and
 - (ii) include a cash alternative as the default alternative; and
- (b) the Company must appoint an independent financial adviser to advise on the Exit Offer and the independent financial adviser must opine that the Exit Offer is fair and reasonable.

LETTER TO SHAREHOLDERS

2.2. Application to the SGX-ST

The Company had on 15 November 2019 made an application to the SGX-ST to delist the Company from the Official List of the Mainboard of the SGX-ST. The SGX-ST has, in its letter dated 11 December 2019, advised that it had no objections to the Delisting, subject to (a) shareholder approval of the resolution to delist the Company, in accordance with Rule 1307 of the SGX-ST Listing Manual, at a general meeting to be convened; and (b) fulfilment or waiver of the Pre-Condition. **Please note that the SGX-ST's decision is not to be taken as an indication of the merits of the Delisting.**

3. PRE-CONDITION

- 3.1. The information relating to the Pre-Condition has been extracted from paragraph 2 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

"2. PRE-CONDITION

2.1 Pre-Condition

*The making of the Exit Offer remains subject to the approvals and requisite filings of/with PRC National Development and Reform Commission, PRC Ministry of Commerce and PRC State Administration for Foreign Exchange having been obtained ("**Pre-Condition**") on or before 5 March 2020 ("**Long-Stop Date**"), being a date falling within four calendar months of the Joint Announcement Date, or such Pre-Condition being waived by the Offeror by the Long-Stop Date.*

In accordance with Rule 15 of the Code, the Pre-Condition shall not be relied upon to cause the Exit Offer to lapse unless: (a) the Offeror has demonstrated reasonable efforts to fulfil the Pre-Condition within the time frame specified; and (b) the circumstances that give rise to the right to rely upon the Pre-Condition are material in the context of the Exit Offer. The Offeror will make an announcement when the Pre-Condition has been fulfilled or waived by the Long-Stop Date.

2.2 Formal Exit Offer Announcement

*If and when the Pre-Condition has been fulfilled or waived by the Long-Stop Date, the Offeror will announce its firm intention to undertake the Exit Offer ("**Formal Exit Offer Announcement**") within five Business Days of fulfilment or waiver of the Pre-Condition. On 17 October 2019, the SIC confirmed that it has no objections to the Formal Exit Offer Announcement being released within the said five Business Days period.*

For avoidance of doubt, if the Pre-Condition is not fulfilled or otherwise waived by the Long-Stop Date, nothing in this Exit Offer Letter (including the Acceptance Forms) shall constitute an offer to acquire the Offer Shares and the Offeror is under no obligation to acquire or make an offer to acquire the Offer Shares, and CLSA will issue an announcement, for and on behalf of the Offeror, to update Shareholders as soon as reasonably practicable."

LETTER TO SHAREHOLDERS

4. TERMS OF THE EXIT OFFER

- 4.1. The information relating to the Exit Offer has been extracted from paragraph 3 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

“3. TERMS OF THE EXIT OFFER

Subject to fulfilment or waiver of the Pre-Condition, CLSA, for and on behalf of the Offeror, hereby offers to acquire all the Offer Shares, on the terms and subject to the conditions set out in this Exit Offer Letter (including the Acceptance Forms), and on the following basis:

3.1 Exit Offer Price

For each Offer Share: S\$0.55 in cash.

The Exit Offer Price shall be applicable to any number of the Offer Shares that are tendered in acceptance of the Exit Offer.

3.2 Offer Shares

The Exit Offer is extended to:

- (a) all Shares, other than those held by the Company as treasury shares and those already owned, controlled or agreed to be acquired by the Offeror and CRF as at the date of the Formal Exit Offer Announcement;*
- (b) all new Shares unconditionally issued or to be issued prior to Closing Date pursuant to the valid exercise of outstanding options granted by the Company (“Options”) pursuant to the CITIC Envirotech Share Option Scheme which was last amended and adopted by Shareholders on 14 February 2013 (“Option Scheme”),*

(collectively, “Offer Shares”).

3.3 Rights and Encumbrances

The Offer Shares will be acquired:

- (a) fully paid;*
- (b) free from all claims, charges, pledges, mortgages, encumbrances, liens, options, equity, power of sale, declarations of trust, hypothecation, retention of title, rights of pre-emption, rights of first refusal, moratoriums or other third party rights or interests of any nature whatsoever (“Encumbrances”); and*

LETTER TO SHAREHOLDERS

(c) *together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date, and thereafter attaching thereto (including but not limited to all voting rights and the right to all dividends, rights and other distributions, if any, which may be announced, declared, paid or made thereon by the Company, on or after the Joint Announcement Date (collectively “Entitlements”)).*

If any Entitlement is declared, made or paid by the Company on or after the Joint Announcement Date, the Offeror reserves the right to reduce the Exit Offer Price by the amount of such Entitlement.

3.4 Shareholders’ Approval

Subject to the fulfilment or waiver of the Pre-Condition, the Delisting and the Exit Offer will further be conditional on Shareholders’ Approval being obtained. The Concert Group (which includes the Founder Shareholders and CRF) must abstain from voting on the Delisting Resolution.

Shareholders are to note that even if the Pre-Condition is fulfilled or waived by the Long-Stop Date, but Shareholders’ Approval is not obtained at the EGM, the Delisting will not proceed and the Company will remain listed on the SGX-ST. The Exit Offer will also lapse and all acceptances of the Exit Offer will be returned.

3.5 Acceptances

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares.

Shareholders may choose to accept the Exit Offer in respect of their Offer Shares before fulfilment or waiver of the Pre-Condition and/or the Shareholders’ Approval is obtained at the EGM. However, the Offeror will only be bound to acquire these Offer Shares and pay the Exit Offer Price for these Offer Shares if the Pre-Condition is fulfilled or waived by the Long-Stop Date AND Shareholders’ Approval is obtained at the EGM.

As at the Latest Practicable Date, the Concert Group holds Shares representing more than 50% of the total number of issued Shares. Accordingly, the Exit Offer is not conditional on a minimum number of acceptances being received by the Offeror.

3.6 Warranty

A Shareholder who tenders his Offer Shares in acceptance of the Exit Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as, or on behalf of, the beneficial owner(s) thereof, (a) fully paid, and (b) free from all Encumbrances, and (c) together with all Entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including but not limited to the right to all Entitlements, if any, which may be announced, declared, paid or made thereon by the Company on or after the Joint Announcement Date).

LETTER TO SHAREHOLDERS

3.7 **Choices**

A Shareholder can, in relation to all or part of his Offer Shares, either:

- (a) accept the Exit Offer in respect of such Offer Shares in full or in part, in accordance with such procedures set out in **Appendix 1**; or*
- (b) take no action and let the Exit Offer lapse in respect of his Offer Shares.*

Subject to fulfilment or waiver of the Pre-Condition, and provided that the Shareholders' Approval is obtained at the EGM, Shareholders should note that the Company will be delisted from the Official List of the SGX-ST after the close of the Exit Offer, irrespective of the level of acceptances of the Exit Offer. In such event, Shareholders who do not accept the Exit Offer will be left holding Shares in an unlisted company.

*Shareholders should also note that voting in favour of the Delisting Resolution does not constitute an acceptance of the Exit Offer and Shareholders who wish to accept the Exit Offer must tender their acceptances in accordance with the procedures set out in **Appendix 1**.*

3.8 **Duration**

In the event that:

- (a) the Pre-Condition is fulfilled or waived by the Long-Stop Date; and*
- (b) Shareholders' Approval is obtained at the EGM,*

the Exit Offer will be open for acceptance by the Shareholders for at least 14 days after the later of (i) the date of the Formal Exit Offer Announcement, and (ii) the date of the announcement on Shareholders' Approval being obtained, and in other words, when the Exit Offer becomes or is declared to be unconditional in all respects in accordance with its terms.

CLSA will issue an announcement for and on behalf of the Offeror to update Shareholders of the Closing Date as soon as reasonably practicable.

If the Exit Offer is extended, an announcement will be made and the Exit Offer will remain open for acceptance for such period as may be announced.

...

3.10 **Procedures for Acceptance and Settlement**

*The procedures for acceptance of the Exit Offer are set out in **Appendix 1** and the accompanying FAA and/or FAT (as the case may be)."*

- 4.2. Please refer to **Appendix 1** to the Exit Offer Letter for the procedures relating to acceptance and settlement of the Exit Offer.

LETTER TO SHAREHOLDERS

5. IRREVOCABLE UNDERTAKINGS

- 5.1. The information relating to the Irrevocable Undertakings has been extracted from paragraph 3.9 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

“3.9 Irrevocable Undertakings

(a) ***Undertakings to Accept:*** *As at the Latest Practicable Date, the Offeror has received irrevocable undertakings from the following Shareholders to accept the Exit Offer in respect of an aggregate 15,560,244 Shares (comprising 0.64% of the issued Shares):*

- (i) *Dr. Lin in respect of 7,010,834 Shares (held through his wholly-owned special purpose vehicle, Green Resources Limited); and*
- (ii) *Ms. Pan in respect of 8,549,410 Shares (held through her wholly-owned special purpose vehicle, P&L Capital Limited),*

such undertakings being valid for the period until the earlier of lapse or close of the Exit Offer. The Founder Shareholders are part of the Concert Group pursuant to the Consortium Agreement. The Consortium Agreement was entered into in connection with the earlier pre-conditional voluntary offer announcement dated 12 November 2014 wherein the Offeror first acquired shares in the Company. The Consortium Agreement remains binding on its parties as it is intended to regulate the relationship of the parties to the extent they continue to hold shares in the Company post the earlier offer. The Consortium Agreement will cease to apply subsequent to Dr. Lin and Ms. Pan accepting their shares into the Exit Offer pursuant to their Irrevocable Undertakings. For the avoidance of doubt, while CRF is part of the Concert Group, CRF is not a party to the Consortium Agreement.

(b) ***Undertaking to Reject:*** *As at the Latest Practicable Date, the Offeror has received an irrevocable undertaking from CRF (being part of the Concert Group) to reject the Exit Offer in respect of 538,048,010 Shares (comprising 22.12% of the issued Shares) (“Existing Relevant Shares”), such undertaking being valid for the period until the earlier of lapse or close or (unless approved by CRF) material revision or amendment in the terms of the Exit Offer. Please refer to **paragraph 5.3** for more information on CRF.*

(c) *Save for the irrevocable undertakings as set out in **paragraphs 3.9(a) and 3.9(b) (“Irrevocable Undertakings”)**, as at the Latest Practicable Date, neither the Offeror nor any party in the Concert Group has received any undertakings from any other party to accept or reject the Exit Offer.*

(d) *Copies of the Irrevocable Undertakings are available for inspection at the office of CLSA at 80 Raffles Place, No. 18-01, UOB Plaza 1, Singapore 048624 during normal business hours from the Joint Announcement Date until the date on which the Exit Offer closes or lapses or is withdrawn in accordance with its terms.”*

LETTER TO SHAREHOLDERS

6. OPTIONS PROPOSAL

- 6.1. The information relating to the Options Proposal has been extracted from paragraph 4 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

“4. OPTIONS PROPOSAL

4.1 Options Proposal

As at the Latest Practicable Date, there are 7,857,200 outstanding Options which are exercisable into an equivalent number of Shares, which exercise prices vary between S\$0.276 to S\$0.5675 per Share.

*Under the rules of the Option Scheme, the Options are not transferable by the holders thereof (“**Optionholders**”). In view of this restriction, the Offeror will not make an offer to acquire the Options although, for the avoidance of doubt, the Exit Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any Options prior to the final Closing Date. Instead, the Offeror will make a proposal (“**Options Proposal**”) to the Optionholders on the following terms, that subject to:*

(a) the Exit Offer becoming or being declared unconditional in all respects in accordance with its terms; and

(b) the relevant Options continuing to be exercisable into new Shares,

*the Offeror will pay to such Optionholders a cash amount (as determined below) (“**Option Price**”) in consideration of such Optionholders agreeing:*

(i) not to exercise any of such Options into new Shares; and

(ii) not to exercise any of their rights as Optionholders,

and in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Options.

Further, if the Exit Offer becomes or is declared unconditional in all respects in accordance with its terms, Optionholders who have accepted the Options Proposal will also be required to surrender their relevant Options for cancellation. If the Exit Offer lapses or is withdrawn or if the relevant Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.

The Option Price is computed on a “see-through” basis. In other words, the price to be paid for each Option will be the amount (if positive) of the Exit Offer Price less the exercise price of the Option. If the exercise price of an Option is equal to or more than the Exit Offer Price, the Option Price for each Option will be the nominal amount of S\$0.000001.

Details of the Options Proposal are set out in the letter to Optionholders which has been despatched on the Despatch Date.

As at the Latest Practicable Date, none of members of the Concert Party Group (including the Founder Shareholders and CRF) holds any Options in the Company.

LETTER TO SHAREHOLDERS

4.2 ***Exit Offer and Options Proposal Mutually Exclusive***

The Exit Offer and the Options Proposal are separate and mutually exclusive. Whilst the Options Proposal is conditional upon the Exit Offer becoming or being declared unconditional in all respects in accordance with its terms, the Exit Offer will not be conditional upon acceptances received in relation to the Options Proposal. The Options Proposal does not form part of the Exit Offer, and vice versa.

Without prejudice to the foregoing, if Optionholders exercise their Options in order to accept the Exit Offer in respect of the new Shares to be issued pursuant to such exercise, they may not accept the Options Proposal in respect of such Options. Conversely, if Optionholders wish to accept the Options Proposal in respect of their Options, they may not exercise those Options in order to accept the Exit Offer in respect of the new Shares to be issued pursuant to such exercise.

Subject to fulfilment or waiver of the Pre-Condition, and provided that Shareholders' Approval is obtained at the EGM, Optionholders should note that the Company will be delisted from the Official List of the SGX-ST after the close of the Exit Offer, irrespective of the level of acceptances of the Exit Offer. In such event, Optionholders who do not exercise their Options and do not accept the Options Proposal will be left holding Options in an unlisted company. Optionholders who have exercised their Options and do not accept the Exit Offer will be left holding Shares in an unlisted company."

7. **RULINGS AND CONFIRMATIONS FROM THE SIC**

- 7.1. The information on applications made by the Offeror to the SIC to seek clarification regarding the extent to which the provisions of the Code apply to the Exit Offer and to obtain certain rulings from the SIC in relation to the Exit Offer and the Delisting, has been extracted from paragraph 9 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

9. Regulatory Approvals

An application was made by the Offeror to the SIC regarding the extent to which the provisions of the Code applied to the Exit Offer. The SIC has ruled, inter alia, that:

- (a) the SIC has no objections to the Pre-Condition;*
- (b) the SIC has no objections to a period of four calendar months for the satisfaction of the Pre-Condition;*
- (c) the Exit Offer is exempted from compliance with the following provisions of the Code:*
 - (i) Rule 20.1 to keep offer open for 14 days after it is revised;*
 - (ii) Rule 22 on offer timetable;*
 - (iii) Rule 28 on acceptances; and*

LETTER TO SHAREHOLDERS

(iv) Rule 29 on the right of acceptors to withdraw their acceptances,

subject to:

(A) Shareholders' Approval being obtained within three months from the date of the Formal Exit Offer Announcement;

(B) disclosure in the Delisting Circular of:

(1) the consolidated NTA per Share of the Group comprising the Company, its subsidiaries and associated companies based on the published accounts prior to the date of the Delisting Circular; and

*(2) particulars of all known material changes as of the Latest Practicable Date which may affect the consolidated NTA per Share referred to in **sub-paragraph 1** above or a statement that there are no such known material changes; and*

(C) the Exit Offer remaining open for at least:

(1) 21 days after the date of the despatch of the Exit Offer Letter if the Exit Offer Letter, together with the relevant acceptance form(s), are despatched after Shareholders' Approval has been obtained; or

(2) 14 days after the date of the announcement of Shareholders' Approval if the Exit Offer Letter, together with the relevant acceptance form(s), are despatched on the same date as the Delisting Circular;

(d) the financial resources confirmation to be given by CLSA (acting as the Financial Adviser to the Offeror) pursuant to Rule 3.5 of the Code may exclude the Shares held by the Offeror and CRF as at the date of the Exit Offer; and

*(e) Mr. Hao Weibao, Mr. Wang Song, Dr. Chong Weng Chiew, Mr. Sun Lei and Mr. Bi Jingshuang (collectively, "**Relevant Directors**") are exempted under Rule 24.1 of the Code from the requirement to make a recommendation to the Shareholders on the Exit Offer as the Relevant Directors, being Directors and parties acting in concert with the Offeror, face irreconcilable conflicts of interest in doing so. Nevertheless, the Relevant Directors must still assume responsibility for the accuracy of the facts stated and opinions expressed in documents or advertisements issued by, or on behalf of, the Company in connection with the Exit Offer."*

LETTER TO SHAREHOLDERS

8. INFORMATION ON THE CONCERT GROUP

- 8.1. The information relating to the Concert Group has been extracted from paragraph 5 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

“5. INFORMATION ON THE CONCERT GROUP

5.1 Offeror

The Offeror is an investment holding company incorporated in the Cayman Islands on 30 September 2014 and is an indirect wholly-owned subsidiary of CITIC Environment, through CITIC Environment (International) Company Limited.

*The Directors are set out in **Paragraph 1 of Appendix 2.***

As at the Latest Practicable Date, the Offeror owns (directly and/or indirectly) 1,370,889,284 Shares, representing approximately 56.36% of the total number of issued Shares.

5.2 CITIC Limited

CITIC Environment is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 29 September 2014. Its principal activities are those of an investment holding company. CITIC Environment is a subsidiary of CITIC Corporation Limited which is in turn a subsidiary of CITIC Limited. CITIC Limited is incorporated in the People's Republic of China and majority owned by CITIC Group Corporation. It is listed in Hong Kong (SEHK: 267) and is one of the constituent stocks of the Hang Seng Index. CITIC Environment is accordingly a member of the CITIC Group Corporation which comprises one of the largest PRC state-owned conglomerates and international conglomerates, with diverse interests in businesses in the PRC and internationally ranging from financial, securities and brokerage services, resources and energy, manufacturing, real estate and infrastructure to engineering contracting. For more information about CITIC Limited, please visit its company website at <https://www.citic.com>.

As at the Latest Practicable Date, the directors of CITIC Limited are Mr. Chang Zhenming (Chairman and Executive Director), Mr. Wang Jiong (Vice Chairman and President), Ms. Li Qingping (Executive Director), Mr. Song Kangle (Non-Executive Director), Ms. Yan Shuqin (Non-Executive Director), Mr. Liu Zhuyu (Non-Executive Director), Mr. Peng Yanxiang (Non-Executive Director), Mr. Liu Zhongyuan (Non-Executive Director), Mr. Yang Xiaoping (Non-Executive Director), Mr. Francis Siu Wai Keung (Independent Non-Executive Director), Dr. Xu Jinwu (Independent Non-Executive Director), Mr. Anthony Francis Neoh (Independent Non-Executive Director), Mr. Shohei Harada (Independent Non-Executive Director) and Mr. Gregory Lynn Curl (Independent Non-Executive Director).

LETTER TO SHAREHOLDERS

5.3 CRF Envirotech Co., Ltd

CRF is a joint venture between CRF Envirotech Fund L.P. and China Reform Conson Soochow Overseas Fund I L.P., which are in turn sponsored mainly by China Reform Holdings Corporation Ltd (“CRHC”). CRHC, a wholly stated-owned investment company plays a unique and crucial role in China’s state-owned assets management and restructuring process. The Offeror is also ultimately PRC state-owned. CRF is part of the Concert Group, as it has irrevocably undertaken to reject the Exit Offer and will also, subsequent to the delisting, be involved in the Offeror’s strategic review of the corporate structure, businesses and operations of the Group, with a view to managing and driving its future growth (including supporting the Group in competing effectively in the industry, facilitating its business growth and transformation, promoting implementation of strategic and operational changes and optimising use of management and capital resources).

5.4 Concert Group Shareholding

As at the Latest Practicable Date, the shareholding of the Concert Group is set out as follows:

Concert Group member	Number of Shares	Percentage of Shareholdings
The Offeror ⁽¹⁾	1,370,889,284	56.36%
CRF	538,048,010	22.12%
Dr. Lin ⁽²⁾	7,010,834	0.29%
Ms. Pan ⁽³⁾	8,549,410	0.35%

Notes:

(1) Held through its wholly-owned special purpose vehicle, CENVIT (Cayman) Company Limited.

(2) Held through his wholly-owned special purpose vehicle, Green Resources Limited.

(3) Held through her wholly-owned special purpose vehicle, P&L Capital Limited.

5.4 Additional information on the Offeror and CITIC Limited can be found in **Appendix 2.**

Please refer to Appendix 2 of the Exit Offer letter for additional information on the Concert Group.

LETTER TO SHAREHOLDERS

9. INFORMATION ON THE COMPANY

- 9.1. The information relating to the Company has been extracted from paragraph 6 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

“6. INFORMATION ON THE COMPANY

6.1 Introduction

The Company was incorporated in Singapore in July 2003 and is an indirect subsidiary of CITIC Environment through the Offeror. The Company is a leading membrane-based integrated environmental solutions provider specialising in water and wastewater treatment, water supply and recycling. It is also engaged in sludge and hazardous waste treatment as well as river restoration. It undertakes both turnkey and investment projects as well as provides plant operation and maintenance services in water and environmental projects.

Additional information on the Company can be found at its website at <http://www.unitedenvirotech.com>.

6.2 Directors of the Company

As at the Latest Practicable Date, the board of directors of the Company are Mr. Hao Weibao (Executive Chairman and Group Chief Executive Officer), Mr. Wang Song (Executive Director), Dr. Chong Weng Chiew (Executive Director), Mr. Bi Jingshuang (Non-Executive Director), Mr. Sun Lei (Non-Executive Director), Mr. Yeung Koon Sang alias David Yeung (Lead Independent Director), Mr. Tay Beng Chuan (Independent Director) and Mr. Lee Suan Hiang (Independent Director).

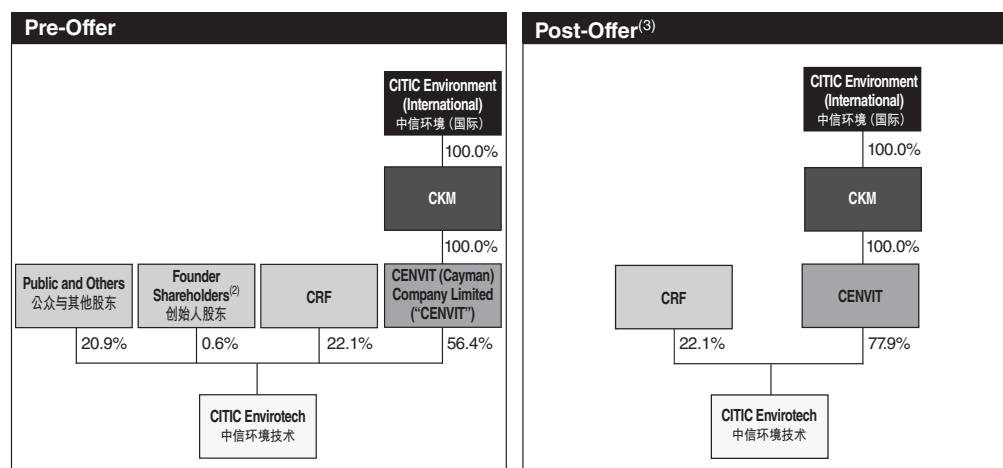
6.3 Share Capital of the Company

As at the Latest Practicable Date, based on the latest information available to the Offeror, the Company has (a) an issued and fully paid up share capital of S\$723,648,000 comprising 2,432,361,356 Shares; and (b) up to 7,857,200 outstanding Options, which are exercisable into Shares. The Company does not hold any Shares in treasury.

LETTER TO SHAREHOLDERS

6.4 Potential Pro forma Shareholding Structure of the Company

The current shareholding structure of the Company and the potential pro forma shareholding structure of the Company following the close of the Exit Offer are set out as follows:



Notes:

- (1) The figures do not factor in the potential dilutive effect of options. As at the Latest Practicable Date, there were 7,857,200 options outstanding
- (2) Founder Shareholders refer to Dr. Lin Yucheng and Ms. Pan Shuhong
- (3) Assuming all shareholders other than CENVIT and CRF accept the Exit Offer

6.5 Registered Office of the Company

The registered office of the Company is at 80 Robinson Road, #02-00, Singapore 068898.

Appendix 3 sets out additional information on the Company."

9.2. Additional information on the Company and the Group is set out in **Appendix II** to this Circular.

10. RATIONALE FOR THE EXIT OFFER AND INTENTIONS RELATING TO THE COMPANY

10.1. The information relating to the Company has been extracted from Section 7 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

7. RATIONALE FOR THE EXIT OFFER AND INTENTIONS RELATING TO THE COMPANY

7.1 To further drive the growth of the Company's business

The successful delisting of the Company will enable, amongst others, the Offeror together with the management of the Company to have a longer horizon to manage and plan its business. It will also provide the Offeror and the management more control and flexibility to manage and drive the future business growth of the Company.

LETTER TO SHAREHOLDERS

The Offeror, as part of the CITIC group of companies, has a wealth of industry experience and resources which it has contributed and will continue to contribute to the Company's operations and its water and environmental businesses. By the successful delisting of the Company through the Exit Offer and with the combined resources to be contributed by the Offeror's upstream shareholder group, the Offeror can better support the Company in competing effectively in the industry, facilitating its business growth and transformation, promote implementation of strategic and operational changes and optimise use of management and capital resources.

7.2 Opportunity for minority Shareholders to realise their investment in the Shares at a premium without incurring brokerage costs

(a) The Exit Offer Price is at an attractive premium to the prevailing share prices in the last 12 months

The Exit Offer Price is at an attractive premium to the prevailing share prices in the last 12 months, and provides an opportunity for Shareholders who are not prepared to bear the business risks associated with the Group to realise a clean cash exit at a premium.

The Exit Offer Price is at a premium above the historical market prices of the Shares over the last 12-month period prior to the Joint Announcement Date. The Exit Offer also represents a premium of approximately 48.6% over the last transacted price per Share of S\$0.370 on the Last Trading Day.

The Exit Offer Price also represents a premium of approximately 61.9%, 68.5%, 65.5% and 39.6% above the VWAP per Share for the one-month, three-month, six-month and 12-month periods, respectively.

Shareholders who tender their Offer Shares pursuant to the Exit Offer will have an opportunity to realise their investment in the Company for a cash consideration at a premium above the historical market share prices, without incurring any brokerage and other trading costs.

(b) The Company's price-to-NAV⁽¹⁾ multiple implied by the Exit Offer Price exceeds its historical average

The price-to-NAV multiple as implied by the Exit Offer Price is 1.15 times, which is higher when compared to the historical average for the past one year, up to and including the Last Trading Day.

LETTER TO SHAREHOLDERS

(c) **Opportunity for Shareholders who may find it difficult to exit their investment in the Company on-market amidst the low historical trading liquidity of Shares**

The historical trading liquidity of the Shares on the SGX-ST has been relatively low. The average daily trading volume of the Shares over the last one-month, three-month, six-month and 12-month periods up to and including the Last Trading Day are detailed in the table below:

	ADTV⁽²⁾ (No. of Shares)	ADTV as a percentage of total number of issued Shares⁽³⁾⁽⁴⁾ (%)
<i>One month period up to and including the Last Trading Day</i>	2,078,761	0.085
<i>Three month period up to and including the Last Trading Day</i>	1,204,147	0.050
<i>Six month period up to and including the Last Trading Day</i>	1,583,633	0.065
<i>12 month period up to and including the Last Trading Day</i>	1,864,618	0.077

Notes:

- (1) The NAV calculated is adjusted for the Company's preferred equity, hybrid capital and minority interest as of 30 September 2019.
- (2) The figures set out in the table above are based on data extracted from Bloomberg L.P.. The average daily trading volume is computed based on the total trading volume of the Shares divided by the number of Market Days with respect to the relevant period immediately prior to and including the Last Trading Day.
- (3) Calculated using the average daily total volume of Shares traded divided by the total number of issued Shares.
- (4) Rounded to the nearest three decimal places.

7.3 **No need for access to capital markets**

The Offeror is of the view that the Company is unlikely to require access to Singapore capital markets to finance its operations in the foreseeable future. Accordingly, it is not necessary for the Company to maintain a listing on the SGX-ST.

7.4 **Compliance costs of maintaining listing**

The Company incurs compliance and associated costs in maintaining its listed status. Delisting will allow the Company to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.

LETTER TO SHAREHOLDERS

7.5 **Offeror's intentions**

The Offeror does not currently have any intention to (a) introduce any major changes to the business of the Company; (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business.

Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves.

7.6 **No right of compulsory acquisition**

*Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Exit Offer (or otherwise acquires Shares during the period when the Exit Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or its nominees as at the date of the Exit Offer and excluding any Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Exit Offer ("**Dissenting Shareholders**") at a price equal to the Exit Offer Price.*

In addition, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at a price equal to the Exit Offer Price in the event that the Offeror, its related corporations or its nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the treasury shares and the Shares held by the Offeror, its related corporations or its nominees, comprise 90% or more of the total number of issued Shares.

In view that CRF has undertaken to reject the Exit Offer (if and when made), such rights under Sections 215(1) and (3) of the Companies Act will not arise.

10.2. The Board is aware of, and welcomes the intentions of the Offeror in respect of the Company.

11. **FINANCIAL ASPECTS OF THE EXIT OFFER**

11.1. **Benchmarking of the Exit Offer Price**

The information on the benchmarking of the Exit Offer Price is set out in paragraph 7.2 of the Exit Offer Letter entitled "Opportunity for Minority Shareholders to realise their Investment in the Shares at a Premium Without Incurring Brokerage Costs", and has been reproduced in Section 10 of this Circular entitled "Rationale for the Exit Offer and Intentions Relating to the Company".

11.2. **Market Quotations**

The information on certain market quotations has been extracted from paragraph 8 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

LETTER TO SHAREHOLDERS

8. MARKET QUOTATIONS

8.1 Closing Prices

The closing price of the Shares on SGX-ST (as reported by Bloomberg L.P.) on the Latest Practicable Date was S\$0.540 and on the Last Trading Day was S\$0.370.

The following table sets out the closing prices of the Shares on the SGX-ST (as reported by Bloomberg L.P.) on the last Market Day on which there was trading in the Shares on the SGX-ST for each of the six calendar months preceding the Joint Announcement Date, and the corresponding premia based on the Exit Offer Price:

Period	Closing Price⁽¹⁾ (S\$)	Premium over Closing Price⁽²⁾ (%)
October 2019	0.345	59.4
September 2019	0.320	71.9
August 2019	0.305	80.3
July 2019	0.325	69.2
June 2019	0.305	80.3
May 2019	0.325	69.2

Notes:

(1) Figures rounded to the nearest three decimal places.

(2) Percentage figures are rounded to the nearest one decimal place.

8.2 Highest and Lowest Closing Prices

The highest and lowest closing prices of the Shares on the SGX-ST (as reported by Bloomberg L.P.) during the period commencing six calendar months prior to the Joint Announcement Date and ending on the Latest Practicable Date, the respective dates transacted and corresponding premium based on the Exit Offer Price are as follows:

	Closing Price⁽¹⁾ (S\$)	Date(s) transacted	Premium of Exit Offer Price over Closing Price⁽²⁾
Highest closing price	0.540	15 November 2019, 26 November 2019, 27 November 2019, 2 December 2019, 3 December 2019, 5 December 2019, 6 December 2019 and 9 December 2019	1.9%

LETTER TO SHAREHOLDERS

	Closing Price⁽¹⁾ (S\$)	Date(s) transacted	Premium of Exit Offer Price over Closing Price⁽²⁾
<i>Lowest closing price</i>	<i>0.290</i>	<i>21 June 2019, 13 August 2019, 14 August 2019, 28 August 2019, 3 October 2019 and 4 October 2019</i>	<i>89.7%</i>

Notes:

(1) *Figures rounded to the nearest three decimal places.*

(2) *Percentage figures are rounded to the nearest one decimal place."*

11.3. **Net Asset Value of the Group as at 3Q2019**

Based on its unaudited 3Q2019 financial statements, the Group has a net asset value attributable to the owners of the Company of approximately S\$1.162 billion and net asset value attributable to the owners of the Company per Share of approximately S\$0.478.¹ The Exit Offer Price represents a premium of approximately 15.1% to the net asset value attributable to the owners of the Company per Share as at 30 September 2019.

12. **CONFIRMATION OF FINANCIAL RESOURCES**

12.1. The information relating to the confirmation of financial resources available to the Offeror to satisfy in full all acceptances of the Exit Offer has been extracted from paragraph 11 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

"11. CONFIRMATION OF FINANCIAL RESOURCES

CLSA, being the Offeror's Financial Adviser for the Delisting and in connection with the Exit Offer, will provide the requisite confirmation of financial resources in accordance with Rule 23.8 of the Code in the Formal Exit Offer Announcement on the basis that, taking into account the Irrevocable Undertakings, sufficient financial resources are available to the Offeror to satisfy in full all acceptances of the Exit Offer at the Exit Offer Price (excluding the Shares held (directly and indirectly) by the Offeror and the Existing Relevant Shares held by CRF as at the date of the Exit Offer)."

¹ Based on the annual report of the Company for FY2018, the perpetual capital securities are recorded under equity of the Group as they do not have a maturity date and the Company is able to elect to defer making a distribution subject to the terms and conditions of the perpetual capital securities, hence the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of the perpetual capital securities. Adjusting for the perpetual capital securities on the assumption that they would be eventually redeemed, the NAV of the Group would be approximately S\$925.6 million or approximately S\$0.381 per Share based on 2,432,361,356 issued Shares, and the Exit Offer Price would represent a significant premium of approximately 44.4% over such NAV per share and would value the Group at a P/NAV ratio of 1.44 times.

LETTER TO SHAREHOLDERS

13. IMPLICATIONS OF COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS

13.1. Implications of Delisting for Shareholders

Shareholders should note that if the Delisting Resolution is approved in accordance with the requirements of the Listing Manual, the Company will be delisted, regardless of the acceptance level of the Exit Offer. Following the Delisting, Shareholders who do not accept the Exit Offer will continue to hold shares in the Company, which will then be an unlisted company.

Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies due to the lack of marketability. Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Shareholders to exit. Even if such Shareholders were able to sell their Shares, they would likely receive a lower price as compared with the market prices of the shares of comparable listed companies, or as compared with the Exit Offer Price. Further, any transfer or sale of Shares represented by share certificates will be subject to stamp duty.

Shareholders should also note that, under Rule 33.2 of the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six (6) months of the close of the Exit Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Exit Offer.

If the Company is delisted from the Official List of the SGX-ST, it will no longer be required to comply with the listing requirements of the SGX-ST. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Constitution, and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Companies Act and the Company's Constitution.

If the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with CDP and does not accept the Exit Offer will be entitled to one (1) share certificate representing his delisted Shares. The Company's Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), will arrange to forward the share certificates to such Shareholders who are not CPFIS Investors or SRS Investors, by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP for their physical safekeeping. The share certificates belonging to CPFIS Investors and SRS Investors will be forwarded to their respective CPF/SRS Agent Banks for their safekeeping.

Shareholders who are in doubt of their position should seek independent legal advice.

13.2. Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Exit Offer (or otherwise acquires Shares during the period when the Exit Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or its nominees as at the date of the Exit Offer and excluding any Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to

LETTER TO SHAREHOLDERS

compulsorily acquire all the Shares of the Shareholders who have not accepted the Exit Offer (“**Dissenting Shareholders**”) at a price equal to the Exit Offer Price.

In addition, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at a price equal to the Exit Offer Price in the event that the Offeror, its related corporations or its nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the treasury shares and the Shares held by the Offeror, its related corporations or its nominees, comprise 90% or more of the total number of issued Shares.

In view that CRF has undertaken to reject the Exit Offer (if and when made), such rights under Sections 215(1) and (3) of the Companies Act will not arise.

14. OVERSEAS SHAREHOLDERS

- 14.1. The information relating to the availability of the Exit Offer to the Shareholders who are not resident in Singapore has been extracted from paragraph 13 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

“13. OVERSEAS SHAREHOLDERS

13.1 Overseas Shareholders

This Exit Offer Letter, the relevant Acceptance Forms and/or any related documents do not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction in contravention of applicable law, nor shall there be any sale, issuance or transfer of the securities referred to in this Exit Offer Letter, the relevant Acceptance Forms, and/or any related documents in any jurisdiction in contravention of applicable law.

*The availability of the Exit Offer to Shareholders whose addresses are outside Singapore, as shown on the Register of Members of the Company or, as the case may be, in the records of CDP (“**Overseas Shareholders**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Shareholders should inform themselves about and observe any applicable legal requirements in their own jurisdictions, and exercise caution in relation to the Exit Offer, as this Exit Offer Letter, the Acceptance Forms and the Delisting Circular have not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending this Exit Offer Letter, the Acceptance Forms and the Delisting Circular to any overseas jurisdiction, the Offeror, CLSA, CDP and the Company each reserves the right not to send these documents to such overseas jurisdictions.** For the avoidance of doubt, the Exit Offer is open to all Shareholders holding Offer Shares, including those to whom this Exit Offer Letter, the Acceptance Forms and the Delisting Circular have not been, or may not be, sent.*

*Copies of this Exit Offer Letter, the Acceptance Forms, the Delisting Circular and any other formal documentation relating to the Exit Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Exit Offer would violate the applicable law of that jurisdiction (“**Restricted Jurisdiction**”). The Exit*

LETTER TO SHAREHOLDERS

Offer will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Exit Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Exit Offer will not be capable of acceptance by any such use, means, instrumentality or facility.

13.2 Copies of the Exit Offer Letter, Acceptance Forms and Delisting Circular

Overseas Shareholders may, nonetheless, obtain copies of this Exit Offer Letter, the relevant Acceptance Forms, the Delisting Circular and any related documents, during normal business hours, from the date of this Exit Offer Letter and up to the Closing Date, from as the case may be, (a) the Registrar, at Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), at 80 Robinson Road, #11-02, Singapore 068898 or (b) CDP at 11 North Buona Vista Drive, #01-19/20 The Metropolis Tower 2, Singapore 138589. Electronic copies of the Exit Offer Letter, the relevant Acceptance Forms, the Delisting Circular and any related documents may also be obtained from the website of the SGX-ST at www.sgx.com.

Alternatively, an Overseas Shareholder may write in to the Registrar at the address listed above to request for this Exit Offer Letter, the relevant Acceptance Forms, the Delisting Circular and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk (the last day for despatch in respect of such request shall be a date falling three Market Days prior to the Closing Date).

13.3 Compliance with Applicable Laws

It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Exit Offer Letter, the relevant Acceptance Form(s), the Delisting Circular, and/or any related documents, and/or (b) accept the Exit Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror, CLSA, CDP, the Company and/or any person acting on its behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror, CLSA, CDP, the Company and/or any person acting on its behalf may be required to pay. In (i) requesting for this Exit Offer Letter, the relevant Acceptance Form(s), the Delisting Circular and/or any related documents, and/or (ii) accepting the Exit Offer, the Overseas Shareholder represents and warrants to the Offeror, CLSA, CDP and the Company that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

LETTER TO SHAREHOLDERS

OVERSEAS SHAREHOLDERS WHO ARE IN DOUBT ABOUT THEIR POSITIONS SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS IN THE RELEVANT JURISDICTIONS.

13.4 Notice

The Offeror and CLSA each reserves the right to (a) reject any acceptance of the Exit Offer where it believes, or has reason to believe, that such acceptance may violate the applicable laws of any jurisdiction, and (b) notify any matter, including the despatch of this Exit Offer Letter, any formal documentation relating to the Exit Offer, and the fact that the Exit Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST and if necessary, paid advertisement in a newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.”

15. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

- 15.1. The information pertaining to CPFIS Investors and SRS Investors have been extracted from paragraph 14 of the Exit Offer Letter and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

“14. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

Investors who have purchased Shares using (a) their CPF savings under the CPFIS or (b) using their SRS contributions pursuant to the SRS should receive further information on how to accept the Exit Offer from their respective CPF Agent Banks approved by CPF to be its agent banks or SRS Agent Banks. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

CPFIS Investors and SRS Investors who wish to accept the Exit Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks accordingly by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the Closing Date. CPFIS Investors and SRS Investors will receive the Exit Offer Price payable in respect of their Offer Shares validly tendered in acceptance of the Exit Offer through appropriate intermediaries in their respective CPF investment accounts and SRS investment accounts.”

16. EXEMPTION RELATING TO DIRECTORS' RECOMMENDATION

- 16.1. Save for Mr. Hao Weibao, Mr. Wang Song, Dr. Chong Weng Chiew, Mr. Sun Lei and Mr. Bi Jingshuang (collectively, the “**Relevant Directors**”), all the Directors are independent for the purposes of the Exit Offer and are required to make a recommendation to Shareholders in respect of the Exit Offer.
- 16.2. As stated in paragraph 9 of the Exit Offer Letter as reproduced in Section 7 of this Circular, the SIC has ruled that the Relevant Directors are exempted under Rule 24.1 of the Code from the requirement of making a recommendation to Shareholders on the Exit Offer as Relevant Directors, being Directors and parties acting in concert with the Offeror, face

LETTER TO SHAREHOLDERS

irreconcilable conflicts of interest in doing so. Nevertheless, the Relevant Directors must still assume responsibility for the accuracy of the facts stated and opinions expressed in documents or advertisements issued by, or on behalf of, the Company in connection with the Exit Offer.

16.3. All the Directors (including, for the avoidance of doubt, the Relevant Directors) are responsible for the accuracy of facts stated and completeness of the information contained in announcements and documents issued by or on behalf of the Company in connection with the Exit Offer.

17. **ADVICE OF INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS IN RELATION TO THE EXIT OFFER**

17.1. **IFA**

Novus Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser to the Independent Directors (the “**IFA**”) in relation to the Exit Offer. The IFA Letter from the IFA setting out its advice to the Independent Directors is set out in **Appendix I** to this Circular. Shareholders are advised to read and consider the IFA Letter in its entirety.

17.2. **IFA’s Advice**

Information relating to the advice of the IFA in relation to the Exit Offer and the key factors it has taken into consideration have been extracted from paragraph 11 of the IFA Letter (and reproduced below in italics), and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the IFA Letter unless otherwise stated:

“11. OPINION AND ADVICE

11.1. Our Opinion

In arriving at our opinion on the financial terms of the Exit Offer, we have taken into consideration, inter alia, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

- (a) *the Group recorded increasing revenues of approximately S\$544.6 million, S\$677.2 million and S\$994.5 million in FY2016, FY2017 and FY2018 respectively, but its revenue decreased significantly from approximately S\$788.4 million in 9M2018 to approximately S\$439.3 million in 9M2019. Similarly, the net profits attributable to owners of the Company amounted to approximately S\$99.3 million, S\$70.2 million and S\$105.1 million in FY2016, FY2017 and FY2018 respectively, and decreased significantly from S\$104.6 million in 9M2018 to S\$10.6 million in 9M2019. The Group’s net profit margins amounted to 18.2%, 10.4% and 10.6% in FY2016, FY2017 and FY2018 respectively, and decreased significantly from 13.3% in 9M2018 to 2.4% in 9M2019. The Group also recorded net cash flows used in operating activities ranging from approximately S\$27.6 million to S\$315.4 million in each of FY2016, FY2017, FY2018, 9M2018 and 9M2019;*

LETTER TO SHAREHOLDERS

- (b) *the Exit Offer Price represents (i) a significant premium of approximately 39.6%, 65.5%, 68.5% and 61.6% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, (ii) a significant premium of 48.6% over the closing price of the Shares of S\$0.370 on the Last Trading Day, (iii) a marginal premium of approximately 2.8% over the VWAP of the Shares of S\$0.5348 for the period after the Last Trading Day and up to the Latest Practicable Date, and (iv) a marginal premium of approximately 1.9% over the closing price of the Shares of S\$0.540 on the Latest Practicable Date. The Exit Offer Price is above the closing prices of the Shares during the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date;*
- (c) *the Shares had generally underperformed the FSTEMM Index and the FSTSE China Index during the one-year period prior to and including the Last Trading Day, but had outperformed the FSTEMM Index and the FSTSE China Index during the period after the Last Trading Day and up to the Latest Practicable Date;*
- (d) *the Exit Offer Price represents a premium of approximately 15.1% over the unaudited NAV per Share of the Group as at 30 September 2019, and values the Group at a P/NAV ratio of 1.15 times;*
- (e) *the P/NAV multiple of 1.15 times as implied by the Exit Offer Price is (i) significantly above the average historical trailing P/NAV multiples of the Shares of 0.69 times, 0.66 times, 0.64 times and 0.65 times for the one-year, 6-month, 3-month and one-month periods respectively prior to and including the Last Trading Day, and (ii) close to the average historical trailing P/NAV multiple of the Shares of 1.12 times for the period after the Last Trading Day and up to the Latest Practicable Date;*
- (f) *in respect of the Comparable Companies:*
 - (i) *the LTM EV/EBITDA ratio of the Company of 21.9 times (as implied by the Exit Offer Price) is (aa) above the range of LTM EV/EBITDA ratios of the Comparable Companies of between 6.9 times and 10.1 times, (bb) at a significant premium of approximately 151.7% over the mean LTM EV/EBITDA ratio of the Comparable Companies of 8.7 times, and (cc) at a significant premium of approximately 146.1% over the median LTM EV/EBITDA ratio of the Comparable Companies of 8.9 times; and*
 - (ii) *the P/NAV ratio of the Company of 1.15 times (as implied by the Exit Offer Price) is (aa) within the range of P/NAV ratios of the Comparable Companies of between 0.44 times and 1.41 times, (bb) at a premium of approximately 27.8% over the mean P/NAV ratio of the Comparable Companies of 0.90 times, and (cc) at a premium of approximately 32.2% over the median P/NAV ratio of the Comparable Companies of 0.87 times;*

LETTER TO SHAREHOLDERS

- (g) *in respect of the Precedent Privatisations:*
- (i) *the premium of approximately 48.6% (as implied by the Exit Offer Price) over the last transacted price of the Shares on the Last Trading Day is (aa) within the range of the Precedent Privatisations of between a discount of 1.5% and a premium of 195.0%, and (bb) significantly above the corresponding mean and median premia of the Precedent Privatisations of 26.9% and 25.2% respectively;*
 - (ii) *the premium of approximately 61.6% (as implied by the Exit Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 0.0% and 266.7%, and (bb) significantly above the corresponding mean and median premia of the Precedent Privatisations of 32.9% and 30.4% respectively;*
 - (iii) *the premium of approximately 68.5% (as implied by the Exit Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 10.0% and 267.5%, and (bb) significantly above the corresponding mean and median premia of the Precedent Privatisations of 34.8% and 30.3% respectively;*
 - (iv) *the premium of approximately 65.5% (as implied by the Exit Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 15.7% and 267.5%, and (bb) significantly above the corresponding mean and median premia of the Precedent Privatisations of 35.0% and 30.3% respectively; and*
 - (v) *the P/NAV ratio of the Company of 1.15 times (as implied by the Exit Offer Price) is (aa) within the range of P/NAV ratios of the Precedent Privatisations of between 0.28 times and 5.62 times, (bb) close to the corresponding mean P/NAV ratio of the Precedent Privatisations of 1.20 times, and (cc) above the corresponding median P/NAV ratio of the Precedent Privatisations of 0.81 times;*
- (h) *the Exit Offer Price represents a significant premium of approximately 61.8% over the analyst's target price of S\$0.34 for the Shares;*
- (i) *in respect of the past acquisitions of Shares by the Offeror:*
- (i) *the Exit Offer Price represents a premium of approximately 17.3% over the 2019 Effective Price of S\$0.469 for each Share pursuant to the 2019 Share Transfer;*
 - (ii) *the Exit Offer Price represents a discount of approximately 22.8% to the 2018 Effective Price of S\$0.7124 for each Share pursuant to the 2018 Share Transfer;*

LETTER TO SHAREHOLDERS

- (iii) *although the Exit Offer Price represents a significant discount of approximately 33.3% to the Adjusted Placement Price of S\$0.825 under the 2015 Placement, the premium of approximately 48.6% (as implied by the Exit Offer Price) over the last transacted price of the Shares on the Last Trading Day is significantly higher than the aforesaid premium of approximately 11.5% in relation to the 2015 Placement; and*
- (iv) *although the Exit Offer Price represents a significant discount of approximately 33.3% to the Adjusted 2015 Offer Price of S\$0.825 under the 2015 Offer, the premia implied by the Exit Offer Price of approximately 39.6%, 65.5%, 68.5% and 61.6% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods respectively prior to and including the Last Trading Day are higher than the corresponding premia of approximately 38.8%, 28.1%, 20.2% and 16.5% in relation to the 2015 Offer;*
- (j) *although the Exit Offer Price represents a significant discount of 35.3% to the NR Placement Price of S\$0.85 under the 2018 NR Placement, the premium of approximately 48.6% (as implied by the Exit Offer Price) over the last transacted price of the Shares on the Last Trading Day is significantly higher than the corresponding premium of approximately 14.8% in relation to the 2018 NR Placement;*
- (k) *the likelihood of a competing offer for the Shares is remote in view of the Offeror's shareholding interest of approximately 56.36% in the Company as at the Latest Practicable Date;*
- (l) *the Offeror already has statutory control over the Company which places the Offeror in a position to significantly influence, inter alia, the management, operating and financial policies of the Company and the ability to pass all ordinary resolutions at the Company's general meetings on matters in which the Offeror and the Concert Group do not have an interest;*
- (m) *in the event that the Pre-Condition is not fulfilled or waived by the Long-Stop Date and/or the Shareholders' Approval is not obtained at the EGM, the Delisting will not proceed and the Company will remain listed on the SGX-ST. The Exit Offer will lapse and all acceptances of the Exit Offer will be returned to the relevant Shareholders;*
- (n) *in view that CRF has undertaken to reject the Exit Offer (if and when made), inter alia, the Offeror would not be entitled to exercise the right to compulsorily acquire all the Shares of the Dissenting Shareholders pursuant to Section 215(1) of the Companies Act; and*
- (o) *the implications of delisting or suspension for Shareholders, as set out in paragraph 10.9.11 of this Letter.*

*Having considered the aforesaid points including the various factors set out in this Letter and summarised in this section, we are of the opinion that, on balance, the financial terms of the Exit Offer are **fair and reasonable**.*

LETTER TO SHAREHOLDERS

*In determining that the Exit Offer is **fair**, we have considered the following pertinent factors:*

- (i) the Exit Offer Price represents (aa) a significant premium over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day, (bb) a significant premium over the closing price of the Shares on the Last Trading Day, (cc) a marginal premium over the VWAP of the Shares for the period after the Last Trading Day and up to the Latest Practicable Date, and (dd) a marginal premium over the closing price of the Shares on the Latest Practicable Date. The Exit Offer Price is above the closing prices of the Shares during the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date;*
- (ii) the Exit Offer Price represents a premium over the unaudited NAV per Share of the Group as at 30 September 2019; and*
- (iii) the P/NAV multiple as implied by the Exit Offer Price is (aa) significantly above the average historical trailing P/NAV multiples of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day, and (bb) close to the average historical trailing P/NAV multiple of the Shares for the period after the Last Trading Day and up to the Latest Practicable Date.*

*In determining that the Exit Offer is **reasonable**, we have considered the following pertinent factors:*

- (i) the Group recorded significant decreases in revenue, net profit attributable to owners of the Company and net profit margin in 9M2019 vis-à-vis 9M2018;*
- (ii) the Shares had generally underperformed the FSTELM Index and the FSTSE China Index during the one-year period prior to and including the Last Trading Day, but had outperformed the FSTELM Index and the FSTSE China Index during the period after the Last Trading Day and up to the Latest Practicable Date;*
- (iii) in respect of the Comparable Companies, (aa) the LTM EV/EBITDA ratio of the Company (as implied by the Exit Offer Price) is significantly above the mean and median LTM EV/EBITDA ratios of the Comparable Companies, and (bb) the P/NAV ratio of the Company (as implied by the Exit Offer Price) is above the mean and median P/NAV ratios of the Comparable Companies;*
- (iv) in respect of the Precedent Privatisations, (aa) the premia of the Exit Offer Price over the last transacted price of the Shares on the Last Trading Day and the one-month VWAP, 3-month VWAP and 6-month VWAP of the Shares up to and including the Last Trading Day are significantly above the corresponding mean and median premia of the Precedent Privatisations, and (bb) the P/NAV ratio of the Company (as implied by the Exit Offer Price) is close to the corresponding mean P/NAV ratio of the Precedent Privatisations and above the corresponding median P/NAV ratio of the Precedent Privatisations;*
- (v) the Exit Offer Price represents a significant premium over the analyst's target price for the Shares;*

LETTER TO SHAREHOLDERS

- (vi) *in respect of the past acquisitions of Shares by the Offeror, (aa) the Exit Offer Price represents a premium over the 2019 Effective Price for each Share pursuant to the 2019 Share Transfer, (bb) the Exit Offer Price represents a discount to the 2018 Effective Price for each Share pursuant to the 2018 Share Transfer, (cc) although the Exit Offer Price represents a significant discount to the Adjusted Placement Price under the 2015 Placement, the premium implied by the Exit Offer Price over the last transacted price of the Shares on the Last Trading Day is significantly higher than the corresponding premium in relation to the 2015 Placement, and (dd) although the Exit Offer Price represents a significant discount to the Adjusted 2015 Offer Price under the 2015 Offer, the premia implied by the Exit Offer Price over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day are higher than the corresponding premia offered under the 2015 Offer;*
- (vii) *although the Exit Offer Price represents a significant discount to the NR Placement Price under the 2018 NR Placement, the premium implied by the Exit Offer Price over the last transacted price of the Shares on the Last Trading Day is significantly higher than the corresponding premium in relation to the 2018 NR Placement;*
- (viii) *there is no alternative take-over offer for the Shares as at the Latest Practicable Date; and*
- (ix) *the Offeror already has statutory control over the Company which places the Offeror in a position to significantly influence, inter alia, the management, operating and financial policies of the Company and the ability to pass all ordinary resolutions at the Company's general meetings on matters in which the Offeror and the Concert Group do not have an interest.*

11.2. Our Advice

*Based on the foregoing, we advise the Independent Directors to recommend that Shareholders **accept** the Exit Offer (if and when made), unless Shareholders are able to obtain a price higher than the Exit Offer Price on the open market, after taking into account the brokerage and related costs in connection with open market transactions.*

*With regard to the Options Proposal, as the Option Price is computed on a "see-through" basis, an Optionholder would receive the same consideration from accepting the Options Proposal vis-à-vis converting his Options and accepting the Exit Offer. Our analysis and conclusion with respect to the Exit Offer Price will therefore be similarly relevant to the Optionholders. Accordingly, we advise the Independent Directors to recommend that Optionholders whose Options have exercise prices lower than the Exit Offer Price **accept** the Options Proposal.*

We would advise the Independent Directors to consider highlighting to the Shareholders that there is no assurance that the market prices of the Shares may be maintained at current levels prevailing as at the Latest Practicable Date.

The Independent Directors should note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion and advice on the Exit Offer do not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review."

LETTER TO SHAREHOLDERS

18. INDEPENDENT DIRECTORS' RECOMMENDATIONS

Shareholders are advised by the Independent Directors to read and consider carefully the following recommendation of the Independent Directors and the advice of the IFA contained in the letter from the IFA to the Independent Directors as reproduced in **Appendix I** to this Circular in its entirety. The Independent Directors would also like to draw the attention of the Shareholders to Section 13 of this Circular entitled "Implications of Compulsory Acquisition and Delisting for Shareholders".

The Independent Directors have reviewed the terms of the Delisting Proposal (including the Exit Offer) and have carefully considered the advice of the IFA in its letter set out in **Appendix I** to this Circular. The Independent Directors concur with the advice of the IFA in respect of the Exit Offer. Accordingly, the Independent Directors recommend that Shareholders should **VOTE IN FAVOUR** of the Delisting Resolution and **ACCEPT** the Exit Offer.

In rendering the above opinion and giving the above recommendations, both the IFA and the Independent Directors have not had regard to the general or specific investment objectives, financial situation, tax status or position, risk profiles or unique needs and constraints or other particular circumstances of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that an individual Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Accordingly, the Independent Directors advise that the opinion and advice of the IFA should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Exit Offer.

19. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 and N-2 of this Circular, will be held at Amara Hotel, Ballroom 1, Level 3, 165 Tanjong Pagar Road, Singapore 088589 on 31 December 2019 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modification, the Delisting Resolution set out in the notice of EGM.

20. ACTION TO BE TAKEN BY SHAREHOLDERS

20.1. Proxy Form

A Shareholder who is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, may complete, sign and return the proxy form accompanying this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the office of the Company's Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #11-02, Singapore 068898, not later than 10.00 a.m. on 29 December 2019. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM, if he wishes to do so, in place of his proxy.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat. A Depositor who wishes to attend and vote at the EGM and whose name appears on the Depository Register maintained by CDP not less than 72 hours before the EGM, may attend as CDP's proxy.

LETTER TO SHAREHOLDERS

20.2. Exit Offer Letter and Acceptance Forms

The Exit Offer Letter and the relevant Acceptance Forms have been despatched on the same date as this Circular.

A Shareholder who holds Offer Shares standing to the credit of the “Free Balance” of his/her Securities Account (not including a securities sub-account) maintained with CDP should receive a FAA together with the Exit Offer Letter. A Shareholder who does not receive the FAA may obtain a copy of the FAA during normal business hours from CDP, at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, upon production of satisfactory evidence that it is a Shareholder.

A Shareholder who holds Offer Shares that are represented by share certificate(s) and are not deposited with CDP should receive a FAT together with the Exit Offer Letter. A Shareholder who does not receive the FAT may request and obtain a copy of the FAT from the office of the Registrar, at 80 Robinson Road, #11-02, Singapore 068898, upon production of satisfactory evidence that it is a Shareholder.

Electronic copies of this Circular, the Exit Offer Letter and the Acceptance Forms are also available on the website of the SGX-ST at <http://www.sgx.com>.

The Exit Offer may only be accepted by the relevant Shareholder to whom the Exit Offer Letter is addressed.

Shareholders may choose to accept the Exit Offer in respect of their Offer Shares before fulfilment or waiver of the Pre-Condition and/or Shareholders’ Approval is obtained at the EGM. However, the Offeror will only be bound to acquire these Offer Shares and pay the Exit Offer Price for these Offer Shares if the Pre-Condition is fulfilled or waived by the Long-Stop Date AND Shareholders’ Approval is obtained at the EGM.

20.3. Accepting the Exit Offer

If you wish to accept the Exit Offer, you should complete, sign and return the relevant Acceptance Form(s) in accordance with the provisions and instructions in the Exit Offer Letter and the relevant Acceptance Form(s) during the period commencing from the Despatch Date and ending at 5.30 p.m. on the Closing Date. Additional information on the procedures for acceptance and settlement of the Exit Offer is set out in Appendix I to the Exit Offer Letter.

If you hold share certificate(s) of the Offer Shares beneficially owned by you and wish to accept the Exit Offer in respect of such Offer Shares, you **SHOULD NOT** deposit the share certificate(s) with CDP during the period commencing on the Despatch Date and ending on the Closing Date (both dates inclusive) as the “Free Balance” of your Securities Account may not be credited with the relevant number of Offer Shares in time for you to accept the Exit Offer.

LETTER TO SHAREHOLDERS

20.4. Not Accepting the Exit Offer

If you decide not to accept the Exit Offer, you do not have to take any action. In the event that the Pre-Condition is fulfilled or waived by the Long-Stop Date and the Shareholders' Approval is obtained at the EGM, you will continue to hold unlisted Shares in the Company as an unlisted company.

If you hold Shares that are deposited with CDP, a share certificate in respect of your Shares that are deposited with CDP will be sent, by ordinary post and at your own risk, to your address as it appears in the records of CDP, after the Company has been delisted from the Official List of the SGX-ST.

21. RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular (other than information relating to the Offeror and the parties acting in concert with it, the recommendations of the Independent Directors, the IFA Letter, or other information directly extracted from the Exit Offer Letter to which all Directors jointly and severally take responsibility for the correctness and fairness of its reproduction or presentation) 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 Delisting, the Exit Offer and 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 (including, without limitation, information in relation to the Offeror and the parties acting in concert with it, the Undertaking Shareholders and the Financial Adviser), 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.

The recommendations of the Independent Directors to Shareholders as set out in Section 18 to this Circular entitled "Independent Directors' Recommendations" are the responsibility of the Independent Directors.

22. CONSENTS

- 22.1. The IFA, Novus Corporate Finance Pte. Ltd., has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter set out in **Appendix I** to this Circular and all references to it and its name in the form and context in which they appear in this Circular.
- 22.2. The Company's Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references to its name in the form and context in which it appears in this Circular.

LETTER TO SHAREHOLDERS

23. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be 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 until the date of the EGM:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2016, FY2017 and FY2018;
- (c) the Joint Announcement;
- (d) the Delisting Proposal;
- (e) the Exit Offer Letter;
- (f) the Irrevocable Undertakings;
- (g) the IFA Letter as set out in **Appendix I** to this Circular; and
- (h) the letters of consent referred to in Section 22 of this Circular.

24. ADDITIONAL INFORMATION

Your attention is drawn to the Appendices which form part of this Circular.

Issued by

CITIC ENVIROTECH LTD.

16 December 2019

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APPENDIX I IFA LETTER

NOVUS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201723484W)

9 Raffles Place
#17-05 Republic Plaza Tower 1
Singapore 048619

16 December 2019

To: The Independent Directors of CITIC Envirotech Ltd. (the “**Company**”)
(in respect of the Exit Offer (as defined herein))

Mr. Yeung Koon Sang alias David Yeung (Lead Independent Director)
Mr. Tay Beng Chuan (Independent Director)
Mr. Lee Suan Hiang (Independent Director)

Dear Sirs,

PRE-CONDITIONAL EXIT OFFER FOR THE PROPOSED VOLUNTARY DELISTING OF CITIC ENVIROTECH LTD.

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 16 December 2019 (the “**Circular**”) issued by the Company to the shareholders of the Company (the “**Shareholders**”) shall have the same meanings herein.*

1. INTRODUCTION

On 6 November 2019 (the “**Joint Announcement Date**”), the Company and CKM (Cayman) Company Limited (the “**Offeror**”) jointly announced (the “**Joint Announcement**”) that the Offeror had presented to the directors of the Company (the “**Directors**”) a formal proposal (the “**Delisting Proposal**”) to seek the voluntary delisting of the Company (the “**Delisting**”) from the Official List of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) pursuant to Rules 1307 and 1309 of the listing manual of the SGX-ST (the “**Listing Manual**”). Under the Delisting Proposal, subject to the fulfilment or waiver of the Pre-Condition (as defined herein), CLSA Singapore Pte Ltd (“**CLSA**”) will make, for and on behalf of the Offeror, a conditional exit offer (the “**Exit Offer**”) in cash, to acquire all the issued and paid-up ordinary shares (the “**Shares**”) in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting or deemed to be acting in concert with it (collectively, the “**Concert Group**”) as at the date of the Exit Offer, but including the Shares held by the Founder Shareholders (as defined herein) (the “**Offer Shares**”). The Delisting and the Exit Offer, if made, will also be conditional on the obtaining of the Shareholders’ Approval (as defined herein).

The Company will, *inter alia*, be convening an extraordinary general meeting (the “**EGM**”) to seek the approval of the Shareholders for the Delisting. The resolution to approve the Delisting (the “**Delisting Resolution**”) must be approved by a majority of at least 75% of the total number of issued Shares excluding treasury shares and subsidiary holdings held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (the “**Shareholders’ Approval**”). The Concert Group must abstain from voting on the Delisting Resolution.

The Exit Offer will not be made unless and until the Pre-Condition is fulfilled or waived by the Long-Stop Date (as defined herein) and the Shareholders’ Approval is obtained at the EGM.

Novus Corporate Finance Pte. Ltd. (“**NCF**”) has been appointed by the Company as the independent financial adviser in connection with the Exit Offer pursuant to Rule 1309 of the Listing Manual, as well as to advise the Directors who are considered independent for the purposes of the Delisting Proposal and the Exit Offer (the “**Independent Directors**”) on their recommendation to the Shareholders in respect of the Exit Offer. This letter (“**Letter**”) which sets out, *inter alia*, our evaluation of the financial terms of the Exit Offer and our opinion and advice thereon, has been prepared as required under Rule

APPENDIX I IFA LETTER

1309 of the Listing Manual and forms part of the Circular providing, *inter alia*, details of the Exit Offer and the recommendation of the Independent Directors on the Delisting Proposal and the Exit Offer.

2. TERMS OF REFERENCE

We have been appointed as the independent financial adviser in compliance with Rule 1309 of the Listing Manual as well as to advise the Independent Directors on the Exit Offer. We have confined our evaluation to the financial terms of the Exit Offer and have not taken into account the strategic, legal, commercial risks and/or commercial merits of the Exit Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for or the strategic or long-term merits of the Delisting Proposal and/or the Exit Offer or on the future prospects of the Company, its subsidiaries and associates (collectively, the "**Group**") or the method and terms by which the Delisting Proposal and/or the Exit Offer has been made or any other alternative methods by which the Delisting Proposal and/or the Exit Offer may be made. Such evaluations and comments remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion and advice as set out in this Letter.

We are not authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. We are therefore not addressing the relative merits of the Delisting Proposal and/or the Exit Offer as compared to any alternative transaction that may be available to the Company (or the Shareholders) or as compared to any alternative offer that might otherwise be available in the future.

In the course of our evaluation of the financial terms of the Exit Offer, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Group. We have also relied on information and representations, whether written or verbal, including relevant financial analyses, estimates and information contained in the Circular, provided by the management of the Company (the "**Management**"), the Directors and the Company's solicitors and/or auditors (where relevant). We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information or representations. We have nevertheless made reasonable enquiries and exercised our judgement as we deemed necessary in assessing the information and representations provided to us and have found no reason to doubt the reliability of the information and representations.

We have relied upon the assurances of the Directors that, upon making all reasonable enquiries and to the best of their respective knowledge, information and belief, (a) all material information in connection with the Exit Offer, the Company and/or the Group has been disclosed to us, (b) such information is true, complete and accurate in all material respects, and (c) there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Exit Offer, the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the Exit Offer and reaching our conclusion thereon, we have not conducted a comprehensive independent review of the business, operations or financial condition of the Group. We have also not relied upon any financial projections or forecasts in respect of the Company and/or the Group in our evaluation of the Exit Offer. We are not required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion and advice in this Letter.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group. As such, we have relied on the disclosures and representations made by the Company on the value of the assets, liabilities and profitability of the Company and/or the Group. We have also not been furnished with any such independent valuation or appraisal reports.

APPENDIX I

IFA LETTER

Our analysis, opinion and advice as set out in this Letter are based on the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at, 9 December 2019 (the “**Latest Practicable Date**”). Such conditions may change significantly over a relatively short period of time, and we assume no responsibility to update, revise or reaffirm our opinion and advice in light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Exit Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In rendering our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax status, risk profile or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profile, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. As such, our opinion and advice should not be the sole basis for any Shareholder in deciding whether or not to accept the Exit Offer.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this Letter).

Our opinion and advice in respect of the Exit Offer, as set out in paragraph 11 of this Letter, should be considered in the context of the entirety of this Letter and the Circular.

3. THE DELISTING PROPOSAL

Under the terms of the Delisting Proposal, subject to the fulfilment or waiver of the Pre-Condition, CLSA will make, for and on behalf of the Offeror, the Exit Offer in cash to acquire all the Offer Shares. The Delisting and Exit Offer, if made, will also be conditional on the obtaining of the Shareholders’ Approval at the EGM for the Delisting Resolution to be passed. The Concert Group (which includes the Founder Shareholders and CRF Envirotech Co., Ltd. (“**CRF**”)) must abstain from voting on the Delisting Resolution.

The Exit Offer is subject to fulfilment or waiver of the Pre-Condition. Accordingly, all references to the Exit Offer in this Letter refer to an Exit Offer in cash which will be deemed to have been made only if and when the Pre-Condition is fulfilled or waived by the Long-Stop Date.

The Delisting and the Exit Offer will also be conditional upon Shareholders’ Approval being obtained at the EGM and failing which (a) the Delisting will not proceed and the Company will remain listed on the SGX-ST, and (b) the Exit Offer will also lapse and all acceptances of the Exit Offer will be returned.

3.1. Rules 1307 and 1309 of the Listing Manual

Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by the Company to delist from the Official List of the SGX-ST if:

- (a) the Company convenes the EGM to obtain the Shareholders' Approval for the Delisting; and
- (b) the Delisting Resolution has been approved by a majority of at least 75% of the total number of issued Shares excluding treasury shares and subsidiary holdings held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM. The Concert Group (details of which are set out in sections 5 and 8 of the Circular) must abstain from voting on the Delisting Resolution.

In addition, under Rule 1309 of the Listing Manual, if the Company is seeking to delist from the SGX-ST:

APPENDIX I IFA LETTER

- (a) an exit offer must be made to the issuer's shareholders and holders of any other classes of listed securities to be delisted. The exit offer must:
 - (i) be fair and reasonable; and
 - (ii) include a cash alternative as the default alternative; and
- (b) the Company must appoint an independent financial adviser to advise on the Exit Offer and the independent financial adviser must opine that the Exit Offer is fair and reasonable.

3.2. Application to the SGX-ST

The Company had on 15 November 2019 made an application to the SGX-ST to delist the Company from the Official List of the Mainboard of the SGX-ST. The SGX-ST has, in its letter dated 11 December 2019, advised that it had no objections to the Delisting, subject to (a) the Shareholders' Approval on the Delisting Resolution at the EGM in accordance with Rule 1307 of the Listing Manual; and (b) fulfilment or waiver of the Pre-Condition. **Please note that the SGX-ST's decision is not to be taken as an indication of the merits of the Delisting.**

4. PRE-CONDITION

4.1. Pre-Condition

The making of the Exit Offer remains subject to the approvals and requisite filings of/with the People's Republic of China ("PRC") National Development and Reform Commission, PRC Ministry of Commerce and PRC State Administration for Foreign Exchange having been obtained (the "**Pre-Condition**") on or before 5 March 2020 (the "**Long-Stop Date**"), being a date falling within 4 calendar months of the Joint Announcement Date, or such Pre-Condition being waived by the Offeror by the Long-Stop Date.

In accordance with Rule 15 of The Singapore Code on Take-overs and Mergers (the "**Code**"), the Pre-Condition shall not be relied upon to cause the Exit Offer to lapse unless: (a) the Offeror has demonstrated reasonable efforts to fulfil the Pre-Condition within the time frame specified; and (b) the circumstances that give rise to the right to rely upon the Pre-Condition are material in the context of the Exit Offer. The Offeror will make an announcement when the Pre-Condition has been fulfilled or waived by the Long-Stop Date.

4.2. Formal Exit Offer Announcement

If and when the Pre-Condition has been fulfilled or waived by the Long-Stop Date, the Offeror will announce its firm intention to undertake the Exit Offer (the "**Formal Exit Offer Announcement**") within 5 Business Days of fulfilment or waiver of the Pre-Condition. On 17 October 2019, the Securities Industry Council (the "**SIC**") confirmed that it has no objections to the Formal Exit Offer Announcement being released within the said 5 Business Days period.

For avoidance of doubt, if the Pre-Condition is not fulfilled or otherwise waived by the Long-Stop Date, nothing in the Exit Offer Letter (including the Form of Acceptance and Authorisation for Offer Shares and the Form of Acceptance and Transfer for Offer Shares (collectively, the "Acceptance Forms")) shall constitute an offer to acquire the Offer Shares and the Offeror is under no obligation to acquire or make an offer to acquire the Offer Shares, and CLSA will issue an announcement, for and on behalf of the Offeror, to update Shareholders as soon as reasonably practicable.

5. TERMS OF THE EXIT OFFER

Shareholders should have by now received a copy of the Exit Offer Letter that contains the Exit Offer. Subject to fulfilment or waiver of the Pre-Condition by the Long-Stop Date, CLSA, for and on behalf of the Offeror, has offered to acquire all the Offer Shares, on the terms and subject to the conditions set out in the Exit Offer Letter (including the Acceptance Forms), and on the following basis:

APPENDIX I IFA LETTER

5.1. Exit Offer Price

For each Offer Share: S\$0.55 in cash (the “Exit Offer Price”).

The Exit Offer Price shall be applicable to any number of the Offer Shares that are tendered in acceptance of the Exit Offer.

5.2. Offer Shares

The Exit Offer is extended to:

- (a) all Shares, other than those held by the Company as treasury shares and those already owned, controlled or agreed to be acquired by the Offeror and CRF as at the date of the Formal Exit Offer Announcement; and
- (b) all new Shares unconditionally issued or to be issued prior to **5.30 p.m. (Singapore time)** on such date as may be announced by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Exit Offer (the “**Closing Date**”) pursuant to the valid exercise of outstanding options granted by the Company (the “**Options**”) pursuant to the CITIC Envirotech Share Option Scheme which was last amended and adopted by the Shareholders on 14 February 2013 (the “**Option Scheme**”).

5.3. Rights and Encumbrances

The Offer Shares will be acquired:

- (a) fully paid;
- (b) free from all claims, charges, pledges, mortgages, encumbrances, liens, options, equity, power of sale, declarations of trust, hypothecation, retention of title, rights of pre-emption, rights of first refusal, moratoriums or other third party rights or interests of any nature whatsoever (“**Encumbrances**”); and
- (c) together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date, and thereafter attaching thereto (including but not limited to all voting rights and the right to all dividends, rights and other distributions, if any, which may be announced, declared, paid or made thereon by the Company, on or after the Joint Announcement Date (collectively, the “**Entitlements**”).

If any Entitlement is declared, made or paid by the Company on or after the Joint Announcement Date, the Offeror reserves the right to reduce the Exit Offer Price by the amount of such Entitlement.

5.4. Shareholders’ Approval

Subject to the fulfilment or waiver of the Pre-Condition, the Delisting and the Exit Offer will further be conditional on Shareholders’ Approval being obtained. The Concert Group (which includes the Founder Shareholders and CRF) must abstain from voting on the Delisting Resolution.

Shareholders are to note that even if the Pre-Condition is fulfilled or waived by the Long-Stop Date, but the Shareholders’ Approval is not obtained at the EGM, the Delisting will not proceed and the Company will remain listed on the SGX-ST. The Exit Offer will also lapse and all acceptances of the Exit Offer will be returned.

5.5. Acceptances

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of the Offer Shares.

Shareholders may choose to accept the Exit Offer in respect of their Offer Shares before fulfilment or waiver of the Pre-Condition and/or the Shareholders’ Approval is obtained at the EGM. However, the Offeror will only be bound to acquire these Offer Shares and pay the Exit Offer Price for these Offer

APPENDIX I IFA LETTER

Shares if the Pre-Condition is fulfilled or waived by the Long-Stop Date AND Shareholders' Approval is obtained at the EGM.

As at the Latest Practicable Date, the Concert Group holds Shares representing more than 50% of the total number of issued Shares. Accordingly, the Exit Offer is not conditional on a minimum number of acceptances being received by the Offeror.

5.6. Warranty

A Shareholder who tenders his Offer Shares in acceptance of the Exit Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as, or on behalf of, the beneficial owner(s) thereof, (a) fully paid, and (b) free from all Encumbrances, and (c) together with all Entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including but not limited to the right to all Entitlements, if any, which may be announced, declared, paid or made thereon by the Company on or after the Joint Announcement Date).

5.7. Further Details of the Exit Offer

Further details of the Exit Offer, including the procedures for acceptance and settlement are set out in Appendix 1 to the Exit Offer Letter.

6. IRREVOCABLE UNDERTAKINGS IN RELATION TO THE EXIT OFFER

6.1. Undertakings to Accept

As at the Latest Practicable Date, the Offeror has received irrevocable undertakings in relation to the Exit Offer from the following Shareholders to accept the Exit Offer in respect of an aggregate of 15,560,244 Shares (comprising 0.64% of the issued Shares):

- (a) Dr. Lin Yucheng in respect of 7,010,834 Shares (held through his wholly-owned special purpose vehicle, Green Resources Limited); and
- (b) Pan Shuhong (together with Dr. Lin Yucheng, the "**Founder Shareholders**") in respect of 8,549,410 Shares (held through her wholly-owned special purpose vehicle, P&L Capital Limited),

such undertakings being valid for the period until the earlier of lapse or close of the Exit Offer. The Founder Shareholders are part of the Concert Group pursuant to the consortium agreement dated 11 November 2014 made between, *inter alia*, the Founder Shareholders, CITIC Environment Protection Co. Ltd., CITIC Environment (International) Company Limited and the Offeror, as supplemented from time to time (including the shareholders' agreement dated 3 September 2018 made between the parties) (the "**Consortium Agreement**"). The Consortium Agreement was entered into in connection with the earlier pre-conditional voluntary offer announcement dated 12 November 2014 wherein the Offeror first acquired Shares. The Consortium Agreement remains binding on its parties as it is intended to regulate the relationship of the parties to the extent that they continue to hold the Shares post the earlier offer. The Consortium Agreement will cease to apply subsequent to Dr. Lin Yucheng and Pan Shuhong accepting their Shares into the Exit Offer pursuant to their irrevocable undertakings. For the avoidance of doubt, while CRF is part of the Concert Group, CRF is not a party to the Consortium Agreement.

6.2. Undertaking to Reject

As at the Latest Practicable Date, the Offeror has received an irrevocable undertaking in relation to the Exit Offer from CRF (being part of the Concert Group) to reject the Exit Offer in respect of 538,048,010 Shares (comprising 22.12% of the issued Shares), such undertaking being valid for the period until the earlier of lapse or close or (unless approved by CRF) material revision or amendment in the terms of the Exit Offer. Please refer to section 5.3 of the Exit Offer Letter for further information on CRF.

APPENDIX I IFA LETTER

Save for the irrevocable undertakings as set out above (the “**Irrevocable Undertakings**”), as at the Latest Practicable Date, neither the Offeror nor any party in the Concert Group has received any undertakings from any other party to accept or reject the Exit Offer.

As set out in paragraph 3 of this Letter, the Concert Group (which includes the Founder Shareholders and CRF) must abstain from voting on the Delisting Resolution pursuant to Rule 1307(2) of the Listing Manual regardless of whether the Concert Group accepts or rejects the Exit Offer.

7. OPTIONS PROPOSAL

7.1. Options Proposal

As at the Latest Practicable Date, there are 7,857,200 outstanding Options which are exercisable into an equivalent number of Shares, which exercise prices are S\$0.276 and S\$0.5675 per Share. Under the rules of the Option Scheme, the Options are not transferable by the holders thereof (the “**Optionholders**”). In view of this restriction, the Offeror will not make an offer to acquire the Options although, for the avoidance of doubt, the Exit Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any Options prior to the final Closing Date. Instead, the Offeror will make a proposal (the “**Options Proposal**”) to the Optionholders on the following terms, that subject to:

- (a) the Exit Offer becoming or being declared unconditional in all respects in accordance with its terms; and
- (b) the relevant Options continuing to be exercisable into new Shares,

the Offeror will pay to such Optionholders a cash amount (as determined below) (the “**Option Price**”) in consideration of such Optionholders agreeing:

- (i) not to exercise any of such Options into new Shares; and
- (ii) not to exercise any of their rights as Optionholders,

and in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Options.

Further, if the Exit Offer becomes or is declared unconditional in all respects in accordance with its terms, Optionholders who have accepted the Options Proposal will also be required to surrender their relevant Options for cancellation. If the Exit Offer lapses or is withdrawn or if the relevant Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.

The Option Price is computed on a “see-through” basis. In other words, the price to be paid for each Option will be the amount (if positive) of the Exit Offer Price less the exercise price of the Option. If the exercise price of an Option is equal to or more than the Exit Offer Price, the Option Price for each Option will be the nominal amount of S\$0.000001.

Details of the Options Proposal are set out in the letter to Optionholders which has been despatched on the date of despatch of the Exit Offer Letter and the Circular.

As at the Latest Practicable Date, none of the members of the Concert Group (including the Founder Shareholders and CRF) holds any Options in the Company.

APPENDIX I IFA LETTER

7.2. Exit Offer and Options Proposal Mutually Exclusive

The Exit Offer and the Options Proposal are separate and mutually exclusive. Whilst the Options Proposal is conditional upon the Exit Offer becoming or being declared unconditional in all respects in accordance with its terms, the Exit Offer will not be conditional upon acceptances received in relation to the Options Proposal. The Options Proposal does not form part of the Exit Offer, and *vice versa*.

Without prejudice to the foregoing, if Optionholders exercise their Options in order to accept the Exit Offer in respect of the new Shares to be issued pursuant to such exercise, they may not accept the Options Proposal in respect of such Options. Conversely, if Optionholders wish to accept the Options Proposal in respect of their Options, they may not exercise those Options in order to accept the Exit Offer in respect of the new Shares to be issued pursuant to such exercise.

Subject to fulfilment or waiver of the Pre-Condition, and provided that the Shareholders' Approval is obtained at the EGM, Optionholders should note that the Company will be delisted from the Official List of the SGX-ST after the close of the Exit Offer, irrespective of the level of acceptances of the Exit Offer. In such event, Optionholders who do not exercise their Options and do not accept the Options Proposal will be left holding Options in an unlisted company. Optionholders who have exercised their Options and do not accept the Exit Offer will be left holding Shares in an unlisted company.

8. INFORMATION ON THE CONCERT GROUP

The following information on the Concert Group has been extracted from section 5 of the Exit Offer Letter and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Exit Offer Letter. Please also refer to Appendix 2 to the Exit Offer Letter for additional information on the Concert Group.

"5 INFORMATION ON THE CONCERT GROUP

5.1 Offeror

The Offeror is an investment holding company incorporated in the Cayman Islands on 30 September 2014 and is an indirect wholly-owned subsidiary of CITIC Environment, through CITIC Environment (International) Company Limited.

*The Directors are set out in **Paragraph 1 of Appendix 2**.*

As at the Latest Practicable Date, the Offeror owns (directly and/or indirectly) 1,370,889,284 Shares, representing approximately 56.36 % of the total number of issued Shares.

5.2 CITIC Limited

CITIC Environment is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 29 September 2014. Its principal activities are those of an investment holding company. CITIC Environment is a subsidiary of CITIC Corporation Limited which is in turn a subsidiary of CITIC Limited. CITIC Limited is incorporated in the People's Republic of China and majority owned by CITIC Group Corporation. It is listed in Hong Kong (SEHK: 267) and is one of the constituent stocks of the Hang Seng Index. CITIC Environment is accordingly a member of the CITIC Group Corporation which comprises one of the largest PRC state-owned conglomerates and international conglomerates, with diverse interests in businesses in the PRC and internationally ranging from financial, securities and brokerage services, resources and energy, manufacturing, real estate and infrastructure to engineering contracting. For more information about CITIC Limited, please visit its company website at <https://www.citic.com>.

As at the Latest Practicable Date, the directors of CITIC Limited are Mr. Chang Zhenming (Chairman and Executive Director), Mr. Wang Jiong (Vice Chairman and President), Ms. Li Qingping (Executive Director), Mr. Song Kangle (Non-Executive Director), Ms. Yan Shuqin (Non-Executive Director), Mr. Liu Zhuyu (Non-Executive Director), Mr. Peng Yanxiang (Non-Executive Director), Mr. Liu Zhongyuan (Non-Executive Director), Mr. Yang Xiaoping (Non-

APPENDIX I IFA LETTER

Executive Director), Mr. Francis Siu Wai Keung (Independent Non-Executive Director), Dr. Xu Jinwu (Independent Non-Executive Director), Mr. Anthony Francis Neoh (Independent Non-Executive Director), Mr. Shohei Harada (Independent Non-Executive Director) and Mr. Gregory Lynn Curl (Independent Non-Executive Director).

5.3 **CRF ENVIROTECH CO., LTD.**

CRF is a joint venture between CRF Envirotech Fund L.P. and China Reform Conson Soochow Overseas Fund I L.P., which are in turn sponsored mainly by China Reform Holdings Corporation Ltd (“CRHC”). CRHC, a wholly stated-owned investment company plays a unique and crucial role in China's state-owned assets management and restructuring process. The Offeror is also ultimately PRC state-owned. CRF is part of the Concert Group, as it has irrevocably undertaken to reject the Exit Offer and will also, subsequent to the delisting, be involved in the Offeror's strategic review of the corporate structure, businesses and operations of the Group, with a view to managing and driving its future growth (including supporting the Group in competing effectively in the industry, facilitating its business growth and transformation, promoting implementation of strategic and operational changes and optimising use of management and capital resources).

5.4 **Concert Group Shareholding**

As at the Latest Practicable Date, the shareholding of the Concert Group is set out as follows:

Concert Group member	Number of Shares	Percentage of Shareholding
<i>The Offeror⁽¹⁾</i>	<i>1,370,889,284</i>	<i>56.36%</i>
<i>CRF</i>	<i>538,048,010</i>	<i>22.12%</i>
<i>Dr. Lin⁽²⁾</i>	<i>7,010,834</i>	<i>0.29%</i>
<i>Ms. Pan⁽³⁾</i>	<i>8,549,410</i>	<i>0.35%</i>

Notes:

- (1) Held through its wholly-owned special purpose vehicle, GENVIT (Cayman) Company Limited.
(2) Held through his wholly-owned special purpose vehicle, Green Resources Limited.
(3) Held through her wholly-owned special purpose vehicle, P&L Capital Limited..*

5.5 *Additional information on the Offeror and CITIC Limited can be found in **Appendix 2.***

9. **RATIONALE FOR THE EXIT OFFER AND INTENTIONS RELATING TO THE COMPANY**

The full text of the rationale for the Exit Offer and the Offeror's intentions relating to the Company has been extracted from section 7 of the Exit Offer Letter and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Exit Offer Letter.

“7. RATIONALE FOR THE EXIT OFFER AND INTENTIONS RELATING TO THE COMPANY

7.1 To further drive the growth of the Company's business

The successful delisting of the Company will enable, amongst others, the Offeror together with the management of the Company to have a longer horizon to manage and plan its business. It will also provide the Offeror and the management more control and flexibility to manage and drive the future business growth of the Company.

The Offeror, as part of the CITIC group of companies, has a wealth of industry experience and resources which it has contributed and will continue to contribute to the Company's operations and its water and environmental businesses. By the successful delisting of the Company through the Exit Offer and with the combined resources to be contributed by the Offeror's upstream shareholder group, the Offeror can better support the Company in competing effectively in the industry, facilitating its business growth and transformation, promote implementation of strategic and operational changes and optimise use of management and

APPENDIX I IFA LETTER

capital resources.

7.2 **Opportunity for minority Shareholders to realise their investment in the Shares at a Premium without Incurring brokerage costs**

(a) **The Exit Offer Price is at an attractive premium to the prevailing share prices in the last 12 months**

The Exit Offer Price is at an attractive premium to the prevailing share prices in the last 12 months, and provides an opportunity for Shareholders who are not prepared to bear the business risks associated with the Group to realise a clean cash exit at a premium.

The Exit Offer Price is at a premium above the historical market prices of the Shares over the last 12-month period prior to the Joint Announcement Date. The Exit Offer also represents a premium of approximately 48.6% over the last transacted price per Share of S\$0.370 on the Last Trading Day.

The Exit Offer Price also represents a premium of approximately 61.9%, 68.5%, 65.5% and 39.6% above the VWAP per Share for the one-month, three-month, six-month and 12-month periods, respectively.

Shareholders who tender their Offer Shares pursuant to the Exit Offer will have an opportunity to realise their investment in the Company for a cash consideration at a premium above the historical market share prices, without incurring any brokerage and other trading costs.

(b) **The Company's price-to-NAV⁽¹⁾ multiple implied by the Exit Offer Price exceeds its historical average**

The price-to-NAV multiple as implied by the Exit Offer Price is 1.15 times, which is higher when compared to the historical average for the past one year, up to and including the Last Trading Day.

(c) **Opportunity for Shareholders who may find it difficult to exit their investment in the Company on-market amidst the low historical trading liquidity of Shares**

The historical trading liquidity of the Shares on the SGX-ST has been relatively low. The average daily trading volume of the Shares over the last one-month, three-month, six-month and 12-month periods up to and including the Last Trading Day are detailed in the table below:

	Average Daily Trading Volume ("ADTV")⁽²⁾ (No. of Shares)	ADTV as a percentage of total number of issued Shares⁽³⁾⁽⁴⁾ (%)
One month period up to and including the Last Trading Day	2,078,761	0.085
Three month period up to and including the Last Trading Day	1,204,147	0.050
Six month period up to and including the Last Trading Day	1,583,633	0.065
12 month period up to and including the Last Trading Day	1,864,618	0.077

APPENDIX I

IFA LETTER

Notes:

- (1) *The NAV calculated is adjusted for the Company's preferred equity, hybrid capital and minority interest as of 30 September 2019.*
- (2) *The figures set out in the table above are based on data extracted from Bloomberg L.P.. The average daily trading volume is computed based on the total trading volume of the Shares divided by the number of Market Days with respect to the relevant period immediately prior to and including the Last Trading Day.*
- (3) *Calculated using the average daily total volume of Shares traded divided by the total number of issued Shares.*
- (4) *Rounded to the nearest three decimal places.*

7.3 No need for access to capital markets

The Offeror is of the view that the Company is unlikely to require access to Singapore capital markets to finance its operations in the foreseeable future. Accordingly, it is not necessary for the Company to maintain a listing on the SGX-ST.

7.4 Compliance costs of maintaining listing

The Company incurs compliance and associated costs in maintaining its listed status. Delisting will allow the Company to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.

7.5 Offeror's intentions

The Offeror does not currently have any intention to (a) introduce any major changes to the business of the Company; (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business.

Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves.

7.6 No right of compulsory acquisition

*Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Exit Offer (or otherwise acquires Shares during the period when the Exit Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or its nominees as at the date of the Exit Offer and excluding any Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Exit Offer ("**Dissenting Shareholders**") at a price equal to the Exit Offer Price.*

In addition, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at a price equal to the Exit Offer Price in the event that the Offeror, its related corporations or its nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the treasury shares and the Shares held by the Offeror, its related corporations or its nominees, comprise 90% or more of the total number of issued Shares.

In view that CRF has undertaken to reject the Exit Offer (if and when made), such rights under Sections 215(1) and (3) of the Companies Act will not arise.

APPENDIX I IFA LETTER

10. ASSESSMENT OF THE FINANCIAL TERMS OF THE EXIT OFFER

In assessing the financial terms of the Exit Offer, we have considered the following which we view as pertinent and having a significant bearing on our evaluation:

- (a) Historical financial performance of the Group;
- (b) Historical market price performance and trading activity of the Shares;
- (c) Historical Share price performance relative to market indices;
- (d) Net asset value (“NAV”) and net debt position of the Group;
- (e) Valuation ratios of selected companies listed on the SGX-ST and the Stock Exchange of Hong Kong Limited (the “SEHK”) which principal business activities are broadly comparable to those of the Group;
- (f) Selected precedent privatisation and delisting transactions involving companies listed on the SGX-ST;
- (g) Analyst’s target price for the Shares; and
- (h) Other relevant considerations.

The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Thomson Reuters Eikon under Refinitiv (formerly the Thomson Reuters Financial & Risk business), the SGX-ST, the SEHK and other public filings as at the Latest Practicable Date or as provided by the Company where relevant. NCF makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

10.1. Historical Financial Performance of the Group

For the purpose of evaluating the financial terms of the Exit Offer, we have considered the audited consolidated financial statements of the Group for the financial years ended 31 December 2016 (“FY2016”), 31 December 2017 (“FY2017”) and 31 December 2018 (“FY2018”), as well as the unaudited interim consolidated financial statements of the Group for the 9-month financial periods ended 30 September 2018 (“9M2019”) and 30 September 2019 (“9M2019”). The following summary of the financial information should be read in conjunction with the full text of the Group’s published financial statements for FY2016, FY2017, FY2018, 9M2018 and 9M2019 in respect of the relevant financial years/periods including the notes thereto.

Consolidated statement of comprehensive Income

(S\$’000)	----- Audited -----			----- Unaudited -----	
	FY2016 (restated) ⁽¹⁾	FY2017 (restated) ⁽¹⁾⁽²⁾	FY2018	9M2018	9M2019
Revenue	544,555	677,173	994,466	788,438	439,275
Profit before income tax	131,357	112,905	161,368	155,776	38,451
Net profit for the year/period attributable to owners of the Company	99,312	70,238	105,141	104,597	10,606
Net profit margin	18.2%	10.4%	10.6%	13.3%	2.4%

APPENDIX I IFA LETTER

Consolidated statement of cash flows

S\$'000	-----Audited-----			-----Unaudited-----	
	FY2016 (restated)	FY2017 ⁽¹⁾⁽²⁾ (restated)	FY2018	9M2018	9M2019
Net cash flows used in operating activities	(27,558)	(125,803)	(315,436)	(203,459)	(272,879)
Net cash flows used in investing activities	(113,119)	(194,483)	(71,468)	(53,977)	(55,205)
Net cash flows generated from financing activities	105,531	466,467	142,765	21,529	472,313
Net increase/(decrease) in cash and cash equivalents	(35,146)	146,181	(244,139)	(235,907)	144,229
Cash and cash equivalents at end of year/period	493,541	631,304	376,521	385,387	520,642

Source: *The FY2017 Revised Financial Statements, the annual report of the Company for FY2018 and the unaudited consolidated financial statements of the Group for 9M2019*

Notes:

- (1) The Company announced on 8 April 2019 that it had received a letter dated 5 April 2019 from Accounting and Corporate Regulatory Authority (“ACRA”) in relation to its findings from the review of the Company’s financial statements for FY2016. To remediate the findings, the Company had issued revised financial statements for FY2016 and FY2017 (the “**FY2017 Revised Financial Statements**”), which were prepared in accordance with the Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-Sheet) Regulation 2018. The revised financial statements were approved by the directors on 8 March 2019.
- (2) Based on the figures reflected in the annual report of the Company for FY2018.

Consolidated statement of comprehensive income

FY2016 vs FY2017

The revenue of the Group increased by approximately S\$132.6 million or 24.4% from approximately S\$544.6 million in FY2016 to approximately S\$677.2 million in FY2017, mainly due to an increase in engineering revenue and membrane system sales.

The profit before tax of the Group decreased by approximately S\$18.5 million or 14.0% from approximately S\$131.4 million in FY2016 to approximately S\$112.9 million in FY2017, mainly due to an increase in (a) materials purchased, consumables used and subcontractors’ fees, and (b) other operating expenses mainly due to the operation of increased portfolio of treatment facilities and net foreign currency exchange loss.

Taking into account the income tax expenses, the net profit for the year attributable to owners of the Company decreased by approximately S\$29.1 million or 29.3% from approximately S\$99.3 million in FY2016 to approximately S\$70.2 million in FY2017. Accordingly, the net profit margin decreased from 18.2% in FY2016 to 10.4% in FY2017.

APPENDIX I IFA LETTER

FY2017 vs FY2018

The revenue of the Group increased by approximately S\$317.3 million or 46.9% from approximately S\$677.2 million in FY2017 to approximately S\$994.5 million in FY2018, mainly due to an increase in engineering revenue and membrane system sales, offset by the termination of the land remediation component within the Public-Private Partnership project at Lanzhou City which had an impact on the revenue and profit of the Group.

The profit before tax of the Group increased by approximately S\$48.5 million or 42.9% from approximately S\$112.9 million in FY2017 to S\$161.4 million in FY2018 mainly due to an increase in revenue and other income, offset by an increase in (a) materials purchased, consumables used and subcontractors' fees, (b) depreciation and amortisation expenses mainly due to depreciation on new additions of treatment plant in FY2018, (c) other operating expenses mainly due to net foreign exchange loss, and impairment loss net of reversal on financial assets and other items subject to expected credit losses, and (d) finance costs mainly due to new bank loans for the redemption of perpetual capital securities and to finance the acquisition of investment projects during the year.

Taking into account the income tax expenses, the net profit for the year attributable to owners of the Company increased by S\$34.9 million or 49.7% from S\$70.2 million in FY2017 to S\$105.1 million in FY2018. Accordingly, the net profit margin remained relatively stable at 10.4% in FY2017 and 10.6% in FY2018.

9M2018 vs 9M2019

The revenue of the Group decreased by approximately S\$349.2 million or 44.3% from approximately S\$788.4 million in 9M2018 to approximately S\$439.3 million in 9M2019, mainly due to a decrease in engineering revenue and membrane system sales.

The profit before tax of the Group decreased by approximately S\$117.3 million or 75.3% from approximately S\$155.8 million in 9M2018 to S\$38.5 million in 9M2019, mainly due to (a) a decrease in revenue, (b) an increase in employee benefits expenses mainly due to shares award expenses incurred pursuant to the transfer of shares held by the Company in Memstar Holding Pte Ltd to reward key employees of Memstar USA Inc. for achieving certain performance milestones, (c) an increase in the foreign currency exchange losses, and (d) an increase in finance costs mainly due to re-financing of the perpetual capital securities and new bank loans to finance the new investment projects during the financial period, offset mainly by a decrease in materials purchased, consumables used and subcontractors' fees which was consistent with the decrease in engineering revenue and membrane system sales.

Taking into account the income tax expenses, the net profit for the year attributable to owners of the Company decreased by S\$94.0 million or 89.9% from S\$104.6 million in 9M2018 to S\$10.6 million in 9M2019. Accordingly, the net profit margin decreased significantly from 13.3% in 9M2018 to 2.4% in 9M2019.

Consolidated statement of cash flows

The Group recorded net cash flows used in operating activities ranging from approximately S\$27.6 million to S\$315.4 million in FY2016, FY2017, FY2018, 9M2018 and 9M2019.

The Group recorded net cash flows used in operating activities in FY2018 of approximately S\$315.4 million due to cash used in operations after service concession arrangement projects of approximately S\$248.0 million, interest paid of approximately S\$42.4 million and income tax paid of approximately S\$29.6 million, which was offset by interest received of S\$4.5 million. Taking into account (a) the cash and cash equivalents at the beginning of FY2018 of approximately S\$631.3 million, (b) the net decrease in cash and cash equivalents of approximately S\$244.1 million, and (c) the effect of changes in exchange rates on the balance of cash and cash equivalents held in foreign currencies of approximately S\$10.6 million, the Group's cash and cash equivalents as at 31 December 2018 amounted to approximately S\$376.5 million.

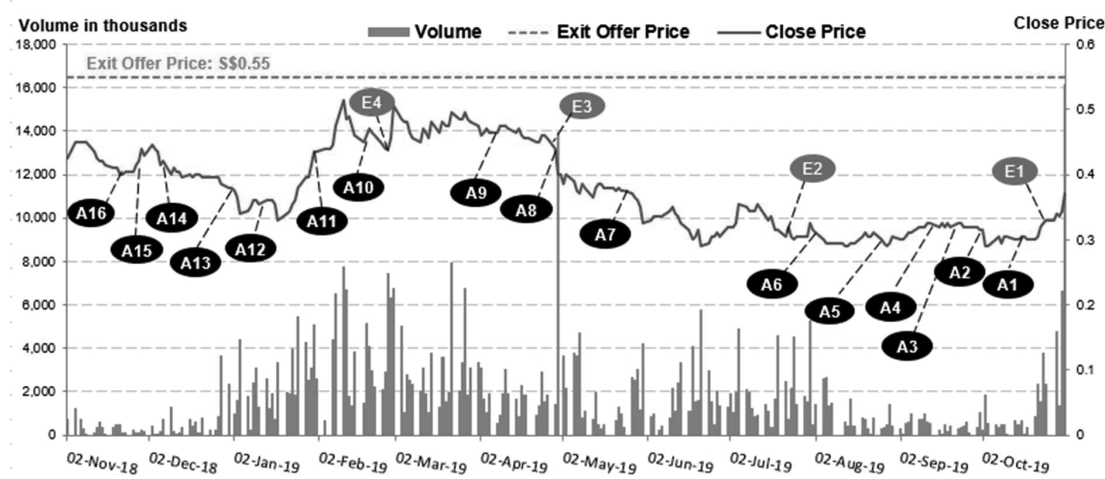
APPENDIX I IFA LETTER

The Group recorded net cash flows used in operating activities in 9M2019 of approximately S\$272.9 million due to cash used in operations after service concession arrangement projects of approximately S\$176.2 million, interest paid of approximately S\$67.8 million and income tax paid of approximately S\$32.5 million, which was offset by interest received of S\$3.7 million. Taking into account (a) the cash and cash equivalents at the beginning of 9M2019 of approximately S\$376.5 million, (b) the net increase in cash and cash equivalents of approximately S\$144.2 million, and (c) the effect of changes in exchange rates on the balance of cash and cash equivalents held in foreign currencies of approximately S\$0.1 million, the Group's cash and cash equivalents as at 30 September 2019 amounted to approximately S\$520.6 million.

10.2. Historical Market Price Performance and Trading Activity of the Shares

We have compared the Exit Offer Price to the daily closing prices for the one-year period between 2 November 2018 and 1 November 2019 (the "Last Trading Day"), being the last market day immediately prior to the Joint Announcement. We have also marked certain dates in the aforesaid one-year period where significant events occurred.

Daily closing prices and daily trading volumes of the Shares for the one-year period prior to and including the Last Trading Day



Source: Thomson Reuters Eikon and Company announcements on the SGXNET

Earnings announcements:

- E1. 24 October 2019.** The Company announced its unaudited financial statements for 9M2019 in which the Group's net profit attributable to owners of the Company decreased by approximately S\$94.0 million or 89.9% from approximately S\$104.6 million in 9M2018 to approximately S\$10.6 million in 9M2019.
- E2. 24 July 2019:** The Company announced its unaudited financial statements for the 6-month financial period ended 30 June 2019 ("6M2019") in which the Group's net profit attributable to owners of the Company decreased by approximately S\$64.9 million or 78.5% from approximately S\$82.7 million for the 6-month financial period ended 30 June 2018 ("6M2018") to approximately S\$17.8 million in 6M2019.
- E3. 29 April 2019.** The Company announced its unaudited financial statements for the 3-month financial period ended 31 March 2019 ("3M2019") in which the Group's net profit attributable to owners of the Company decreased by approximately S\$36.2 million or 92.2% from approximately S\$39.3 million for the 3-month financial period ended 30 March 2018 ("3M2018") to approximately S\$3.1 million in 3M2019.
- E4. 26 February 2019.** The Company announced its unaudited financial statements for FY2018 in which the Group's net profit attributable to owners of the Company increased by approximately S\$34.9 million or 49.7% from approximately S\$70.2 million in FY2017 to approximately S\$105.1 million in FY2018.

Other significant announcements:

- A1. 17 October 2019:** The Company announced its intention to change its auditor from Deloitte & Touche to KPMG LLP as part of ongoing good corporate governance initiatives, subject to the approval of the Shareholders at an extraordinary general meeting of the Company to be held in due course. The resolution relating to the change of auditors was duly passed by the Shareholders by way of a poll on 13 November 2019.

APPENDIX I IFA LETTER

- A2. 2 October 2019:** The Company announced the cessation of Pan Shuhong as Group Chief Operating Officer of the Company who will be appointed as advisor to serve the Company with her strong business acumen and invaluable experience, and the appointment of Tan Huchuan as the new Group Chief Operating Officer of the Company with effect from 1 October 2019.
- A3. 24 September 2019:** The Company announced that it had acquired 81.4815% shareholding interest in Rongcheng Xinhai Huanya Environmental Technology Co., Ltd ("**Xinhai**") from Watertech Pte Ltd for a consideration of S\$13.4 million. Xinhai operates a 40,000m³/day industrial cum municipal wastewater treatment plant in Rongcheng City, Shandong Province.
- A4. 16 September 2019:** The Company announced that it had entered into a conditional construction and cooperation agreement with Karazhanbasmunai JSC ("**KBM**") for, *inter alia*, (a) the construction of the facility to be constructed, and subsequently to be operated and managed by the Company for the demineralisation of reservoir water in the field of Karazhanbas, (b) the provision of technology, equipment and all intellectual property rights in connection thereto, (c) the provision of reservoir water demineralisation services to the reservoir water in the field of Karazhanbas, and (d) the long-term supply of desalinated water by the Company to KBM during the service concession period of 15 years up to 2035.
- A5. 28 August 2019:** The Company announced that the Group has secured 2 build-own-transfer projects with a total investment value of RMB1.685 billion in Xichang City, Sichuan Province, which involve, *inter alia*, the design, construction and operation of water supply pipelines and a 30,000 m³/day wastewater treatment plant and the related piping works.
- A6. 3 August 2019:** The Company announced the completion of the disposal of its investment in its associate company, Century Water Systems & Technologies Pte. Ltd, to Liu Jun and Wang Wanghua for a total consideration of S\$1.84 million, being 20% of the Company's shareholding in Century Water Systems & Technologies Pte. Ltd.
- A7. 27 May 2019:** The Company announced the cessation of Zhang Yong as Director of the Company with effect from 27 May 2019, and the appointment of Sun Lei as Non-Executive Director of the Company and Dr. Chong Weng Chiew as Executive Director of the Company with effect from 27 May 2019.
- A8. 30 April 2019:** The Company announced the cessation of Dr. Lin Yucheng as Non-Executive Director of the Company, who will continue to serve as advisor to provide his unique industry insights to the Group.
- A9. 8 April 2019:** The Company announced that it had received a letter dated 5 April 2019 from ACRA in relation to its findings from the review of the Company's financial statements for FY2016. To remediate the findings, the Company had issued the revised financial statements for FY2016 and FY2017, which were prepared in accordance with the Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-Sheet) Regulation 2018. The Directors had voluntarily revised the financial statements in accordance with Section 202A of the Companies Act and had replaced the original financial statements that were approved by the Directors on 1 March 2017 and 27 February 2018 respectively.
- A10. 18 February 2019:** The Company announced that the Group had secured a RMB474 million industrial hazardous waste treatment project in Linfen City, Shanxi Province. The project involves the design, construction and operation of a 30,000 tons/year industrial hazardous waste treatment plant, a 30,000 tons/year incineration plant and a 60,000 tons/year landfill.
- A11. 1 February 2019:** The Company announced that the Group had secured a RMB310 million industrial hazardous waste treatment project in Shihezi City, Xinjiang Province. The project involves the design, construction and operation of a 30,000 tons/year incineration plant, a 30,000 tons/year physico-chemical plant, a 20,000 tons/year recover and reuse plant and a 60,000 tons/year landfill.
- A12. 14 January 2019:** The Company announced that it had secured a RMB506 million Public-Private Partnership project in Dongyuan County, Guangdong Province. The project involves the design, construction and operation of 75 wastewater treatment plants and related piping networks and the upgrading of 2 wastewater treatment plants in the towns and villages. The Company will also provide ancillary services in waste management.
- In addition, the Company announced on the same date that the Group had secured a RMB149 million ecological restoration project in 3 townships in Zhaojue County, Sichuan Province to, *inter alia*, undertake the demolition of existing townships, project planning, design and construction of new townships with essential infrastructure and auxiliary facilities, as well as the resettlement of the population into the newly developed townships in Zhaojue County.
- The Company had also announced on the same date that the Group had secured an industrial hazardous waste treatment and industrial park development project in Wuji County, Hebei Province, with a total investment amount of RMB807 million. The project involves, *inter alia*, the design, construction and operation of a 66,000 tons/year thermal pyrolysis system, a 1,650 tons/year medical waste treatment facility, a 12,000 tons/year physical-chemical waste treatment facility and a 70,000 tons/year landfill.
- A13. 2 January 2019:** The Company announced that it had entered into an agreement to acquire 65% shareholding interest in Nantong Guoqi Environmental Protection Technology Co., Ltd ("**Nantong Guoqi**") from Nantong Xinyuan Investment Development Co., Ltd. for a consideration of RMB81 million. Nantong Guoqi owns a 25,000 tons per year hazardous waste treatment facility in the Qidong Binjiang Fine Chemical Industry Park located in Qidong County. The hazardous waste treatment facility has an incineration plant and covers a total land area of 53,280 square metres. Construction of the facility has been completed and has been operational since August 2018.

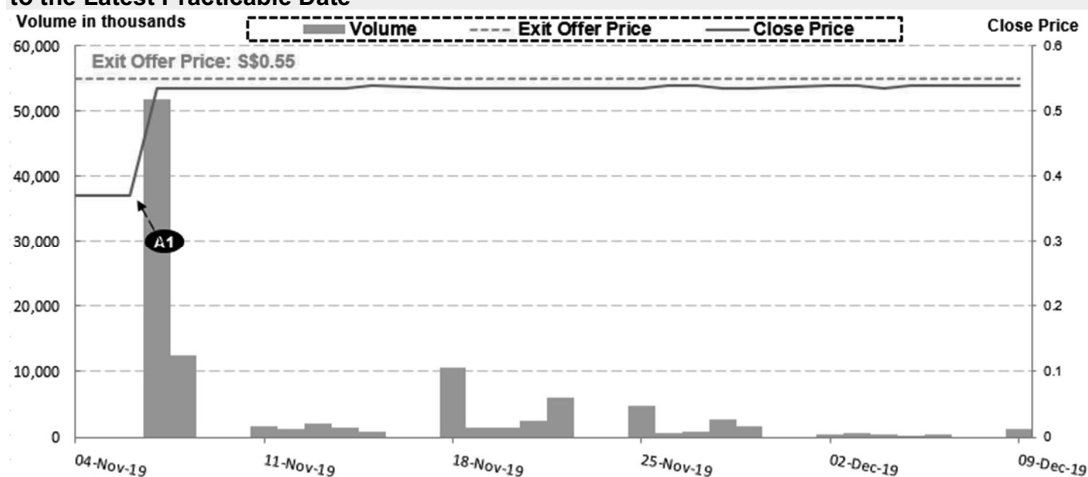
APPENDIX I IFA LETTER

- A14. 6 December 2018:** The Company announced that the Group had secured 2 engineering, procurement and construction projects worth a total amount of RMB490 million. Both projects will employ the Company's advanced proprietary Membrane Bioreactor technology to treat the wastewater. The projects involve, *inter alia*, the construction of the Andongyuan integrated wastewater treatment plant in the Jinjiang Economic Development Zone in Jinjiang City, Fujian Province, and the expansion of the Nancun water purification plant in Panyu District in Guangdong Province.
- A15. 27 November 2018:** The Company announced the redemption of US\$355,000,000 5.45% senior perpetual securities.
- A16. 21 November 2018:** The Company announced that the Group had completed the disposal of its subsidiary, Mianchi Hongwei Co., Ltd to Zhu Lin Min for a total consideration of RMB7.88 million, being 55% of the Company's shareholding in the subsidiary.

Based on the above, the closing prices of the Shares during the one-year period prior to and including the last Trading Day had generally ranged between a high of S\$0.515 (on 11 February 2019) and a low of S\$0.290 (on 21 June 2019, 13 and 28 August 2019, and 3 and 4 October 2019). The closing prices of the Shares had increased from S\$0.300 on 21 October 2019 to S\$0.345 on 31 October 2019 before spiking up to S\$0.370 on 1 November 2019. We note that the Exit Offer Price of S\$0.550 is above the closing prices of the Shares for the one-year period prior to and including the Last Trading Day.

We have also set out the daily closing prices and daily trading volumes of the Shares from the Last Trading Day and up to the Latest Practicable Date below:

Daily closing prices and daily trading volumes of the Shares from the Last Trading Day and up to the Latest Practicable Date



Source: Thomson Reuters Eikon and Company announcements on the SGXNET

Significant announcements:

- A1. 6 November 2019:** The Joint Announcement was made.

Based on the above, during the period after the Last Trading Day and up to the Latest Practicable Date, the market prices of the Shares had closed at between S\$0.535 and S\$0.540. We note that the Exit Offer Price of S\$0.550 is above the closing prices of the Shares during this period.

We have set out below the premia implied by the Exit Offer Price over the historical volume-weighted average prices ("VWAPs") for (a) the one-year period prior to and including the Last Trading Day, and (b) the period after the Joint Announcement and up to the Latest Practicable Date:

APPENDIX I IFA LETTER

	VWAP ⁽¹⁾ (S\$)	Premium of Exit Offer Price over VWAP (%)	Highest closing price (S\$)	Lowest closing price (S\$)	Average daily trading volume ⁽²⁾ ("ADTV") (^{'000})	ADTV as a percentage of free float ⁽²⁾⁽³⁾ (%)
Periods prior to and including the Last Trading Day						
One-year	0.3939	39.6	0.515	0.290	1,871	0.36
6-month	0.3324	65.5	0.400	0.290	1,584	0.31
3-month	0.3265	68.5	0.370	0.290	1,215	0.23
One-month	0.3404	61.6	0.370	0.290	2,125	0.41
Last Trading Day	0.370 ⁽⁴⁾	48.6	0.370 ⁽⁴⁾	0.370 ⁽⁴⁾	16,134	3.12
Period after the Last Trading Day and up to the Latest Practicable Date						
After the Last Trading Day and up to the Latest Practicable Date	0.5348	2.8	0.540	0.535	4,685	0.91
Latest Practicable Date	0.540 ⁽⁵⁾	1.9	0.540 ⁽⁵⁾	0.540 ⁽⁵⁾	1,289	0.25

Source: Thomson Reuters Eikon

Notes:

- (1) The VWAP has been weighted based on the average traded prices and traded volumes of the Shares for the relevant market days for each of the above periods.
- (2) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the relevant period divided by the number of market days during that period.
- (3) Free float refers to approximately 517.5 million Shares or 21.3% of the issued share capital of the Company held by the public (as defined in the Listing Manual) for (a) the one-year period prior to and including the Last Trading Day, and (b) the period after the Last Trading Day and up to the Latest Practicable Date, as extracted from publicly available information.
- (4) Refers to the closing price of the Shares on the Last Trading Day.
- (5) Refers to the closing price of the Shares on the Latest Practicable Date.

Based on the above, we note the following:

Periods prior to and including the Last Trading Day

- (a) The daily closing prices of the Shares over the one-year period prior to and including the Last Trading Day were between a low of S\$0.290 and a high of S\$0.515, and the Exit Offer Price represents a significant premium of approximately 39.6%, 65.5%, 68.5% and 61.6% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively.
- (b) The Exit Offer Price represents a significant premium of 48.6% over the closing price of the Shares of S\$0.370 on the Last Trading Day.
- (c) During the one-year period prior to and including the Last Trading Day, the average daily trading volumes of the Shares ranged from approximately 1,215,000 Shares to 2,125,000 Shares, representing approximately 0.36%, 0.31%, 0.23% and 0.41% of the Company's free float over each of the one-year, 6-month, 3-month and one-month periods respectively. The Shares were regularly traded during this period.

APPENDIX I IFA LETTER

Period after the Last Trading Day and up to the Latest Practicable Date

- (d) The Exit Offer Price represents (i) a marginal premium of approximately 2.8% over the VWAP of the Shares of S\$0.5348 for the period after the Last Trading Day and up to the Latest Practicable Date, and (ii) a marginal premium of approximately 1.9% over the closing price of the Shares of S\$0.540 on the Latest Practicable Date.
- (e) During the period after the Latest Trading Day and up to the Latest Practicable Date, the Shares were traded at an average daily trading volume of approximately 4,685,000 Shares, representing approximately 0.91% of the Company's free float.

Based on the above observations, it would appear that the market prices of the Shares may be supported by the possibility of the Exit Offer subsequent to the Joint Announcement. Shareholders should note that in the event that the Pre-Condition is not fulfilled or waived by the Long-Stop Date and/or the Shareholders' Approval is not obtained at the EGM, the Delisting will not proceed and the Exit Offer will lapse. There is no assurance that the market prices of the Shares may be maintained at the prevailing level as at the Latest Practicable Date. Shareholders should note that the past trading performance of the Shares should not in any way be relied upon as an indication or a promise of its future trading performance.

We wish to highlight that the market valuation of shares of a company traded on a securities exchange may be affected by, *inter alia*, the prevailing economic conditions, economic outlook, stock market conditions and sentiment, the corporate activities of the company, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts and the general market sentiment at a given point in time.

10.3. Historical Share Price Performance Relative to Market Indices

To gauge the market price performance of the Shares relative to the general share price performance of the Singapore equity market, we have compared the market price movement of the Shares against (a) the FTSE Large & Mid Cap Index (the "FTSELM") comprising large- and mid-capitalisation companies that represent approximately 86% of Singapore's market capitalisation, and (b) the FTSE ST China Index (the "FTSE China Index") which is a market capitalisation-weighted index tracking the constituents of the FTSE ST All-Share Index that have a majority of their sales from or operating assets located in China.

The market price performance of the Shares relative to the FTSELM Index and the FTSE China Index for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date is illustrated below:

Share price performance against market indices (rebased) for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date



Source: Thomson Reuters Eikon

APPENDIX I IFA LETTER

We have also set out in the table below the movements in the closing prices of the Shares and the FTSELM Index and the FSTSE China Index between the Last Trading Day and the Latest Practicable Date:

	As at Last Trading Day	As at Latest Practicable Date	Percentage change (%)
Shares (S\$)	0.370	0.540	45.9
FSTELM Index	1,150.68	1,134.18	(1.4)
FSTSE China Index	189.23	204.60	8.1

Source: Thomson Reuters Eikon

Based on the above, we note the following:

- (a) save for the period between early February 2019 and end-April 2019, the Shares had generally underperformed the FSTELM Index and the FSTSE China Index during the one-year period prior to and including the Last Trading Day; and
- (b) between the Last Trading Day and the Latest Practicable Date, the closing prices of the Shares had increased by approximately 45.9% while the FSTELM Index had decreased marginally by approximately 1.4% and the FSTSE China Index had increased by approximately 8.1%.

Based on the above, it would further appear that the market prices of the Shares may be supported by the possibility of the Exit Offer subsequent to the Joint Announcement. Shareholders should note that in the event that the Pre-Condition is not fulfilled or waived by the Long-Stop Date and/or the Shareholders' Approval is not obtained at the EGM, the Delisting will not proceed and the Exit Offer will lapse. There is no assurance that the market prices of the Shares may be maintained at the prevailing level as at the Latest Practicable Date.

10.4. NAV and Net Debt Position of the Group

10.4.1. NAV of the Group

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of any non-controlling interests and all the liabilities of the group. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of the group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of the shareholders' equity.

Notwithstanding the foregoing, Shareholders should note that an analysis based on the NAV of the Group provides an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NAV that can be realised. While the asset base of the Group can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market value of the assets and liabilities may vary depending on prevailing market and economic conditions.

APPENDIX I IFA LETTER

A summary of the unaudited financial position of the Group as at 30 September 2019 is set out as follows:

	Unaudited As at 30 September 2019 (S\$'000)
Current assets	
Cash and cash balances	520,642
Trade receivables	231,273
Contract assets	112,607
Service concession receivables	17,586
Other receivables and prepayments	364,957
Inventories	36,687
Total current assets	1,283,752
Non-current assets	
Contract assets	1,112,119
Service concession receivables	605,725
Trade receivables	23,166
Other receivables and prepayments	40,703
Associates	44,240
Property, plant and equipment	379,181
Goodwill	255,365
Intangible assets	284,180
Financial assets at fair value through profit or loss	4,479
Deferred tax assets	12,515
Right-of-use assets	118,122
Total current assets	2,879,795
Total assets	4,163,547
Current liabilities	
Bank loans	166,518
Trade payables	544,643
Contract liabilities	488
Other payables	228,970
Finance leases	76
Lease liabilities	1,627
Income tax payable	32,281
Total current liabilities	974,603
Non-current liabilities	
Bank loans	1,738,483
Finance leases	84
Lease liabilities	9,344
Deferred tax liabilities	62,847
Total non-current liabilities	1,810,758
Total liabilities	2,785,361

APPENDIX I IFA LETTER

	Unaudited As at 30 September 2019 (S\$'000)
Capital, reserves and non-controlling interests:	
Share capital ¹	723,648
Perpetual capital securities	236,350
General reserve	28,432
Capital reserve	6,073
Share option reserve	10,245
Currency translation reserve	(82,789)
Retained earnings	239,958
Equity attributable to owners of the Company	1,161,917
Non-controlling interests	216,269
Total equity	1,378,186
Total liabilities and equity	4,163,547
Number of issued Shares as at 30 September 2019	2,432,361,356
NAV per Share (S\$)	0.478²
Premium of the Exit Offer Price over the NAV per Share	15.1%
Price-to-NAV ("P/NAV") ratio as implied by the Exit Offer Price	1.15 times

As set out in the table above, the unaudited NAV per Share as at 30 September 2019 were approximately S\$0.478, based on 2,432,361,356 issued Shares. Accordingly, the Exit Offer Price represents a premium of approximately 15.1% over the unaudited NAV per Share of the Group as at 30 September 2019 and would value the Group at a P/NAV ratio of 1.15 times.

We have also set out further details on certain assets of the Group below:

Contract assets and service concession receivables

Contract assets which are classified under non-current assets accounted for approximately 26.7% of the Group's total assets as at 30 September 2019, and contract assets which are classified under current assets accounted for approximately 2.7% of the Group's total assets as at 30 September 2019. The contract assets relating to construction contracts are balances due from customers which arise when the Group receives payments from customers in line with a series of performance-related milestones, and a contract asset is recognised over the period of construction which represent the Group's right to operate the plants when the plants under construction are not completed as at the end of the reporting period.

¹ As at the Latest Practicable Date, the Company has 7,857,200 outstanding Options which are exercisable into 7,857,200 new Shares, which exercise prices are S\$0.276 and S\$0.5675 for each new Share. Given that the Options with the exercise price of S\$0.5675 for each new Share are out-of-the-money *vis-à-vis* the Exit Offer Price of S\$0.55 for each Offer Share, the Options are unlikely to be exercised by the relevant Optionholders. We understand from the Company that if all the outstanding Options with the exercise price of S\$0.276 for each new Share were to be exercised, the exercise monies receivable by the Company would be approximately S\$0.73 million in cash. However, in view that (a) the Options Proposal offered by the Offeror in connection with the Delisting Proposal and the Exit Offer would allow such Optionholders to receive the Option Price directly by accepting the Options Proposal (rather than the Optionholders exercising their Options and accepting the Exit Offer in respect of their new Shares), and (b) the exercise monies are not material and represent only 0.06% of the Group's NAV of approximately S\$1.16 billion as at 30 September 2019, no adjustments have been made to the NAV of the Group in this regard.

² Based on the annual report of the Company for FY2018, the perpetual capital securities are recorded under equity of the Group as (a) they do not have a maturity date, and (b) the Company is able to elect to defer making a distribution subject to the terms and conditions of the perpetual capital securities, hence the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of the perpetual capital securities. Adjusting for the perpetual capital securities on the assumption that they would be eventually redeemed, the NAV of the Group would be approximately S\$925.6 million or approximately S\$0.381 per Share based on 2,432,361,356 issued Shares. Accordingly, the Exit Offer Price would represent a significant premium of approximately 44.4% over such NAV per Share and would value the Group at a P/NAV ratio of 1.44 times.

APPENDIX I IFA LETTER

Service concession receivables which are classified under non-current assets accounted for approximately 14.5% of the Group's total assets as at 30 September 2019, and service concession receivables which are classified under current assets accounted for approximately 0.4% of the Group's total assets as at 30 September 2019. The Group is engaged in the businesses of water treatment and water supply in the PRC and had entered into a number of service concession arrangements with certain governmental authorities or their agencies in the PRC. The concession arrangements provide the Group the contractual right to receive a fixed and determinable amount of payments during the concession periods. The Group had engaged an external valuer annually to perform the expected credit loss assessment.

The Management is of the view that the estimation techniques or significant assumptions applied in assessing the loss allowance on contract assets and service concession receivables in 9M2019 do not have a material change in the carrying values of the contract assets as at the Latest Practicable Date.

Goodwill and intangible assets

Goodwill and intangible assets accounted for approximately 6.1% and 6.8% of the Group's total assets as at 30 September 2019 respectively. Goodwill, which arises from business combination from acquisitions, is reviewed for impairment at least annually or more frequently by the external auditors if there are indicators of impairment. The goodwill as recorded by the Group is related to the acquisition of Memstar Pte. Ltd. and Dataran Tenaga (M) Sdn Bhd.

Intangible assets comprise (a) customer contracts, (b) patents which represent the in-house R&D capabilities and technical expertise in membrane in relation to the PDVF hollow fibre membrane acquired from a business combination, (c) operating concessions, (d) club memberships, and (e) licence. We understand from the Management that the operating concessions, which represent the rights of the Group to charge users of the public service for the water treatment contracts, constitute the main bulk of the intangible assets as at 30 September 2019. The Management is also of the view that as at the Latest Practicable Date, there are no indicators of impairment on the goodwill and intangible assets that would require the Group to perform further impairment tests.

We understand that the Company would, from time to time, review its portfolio of water assets as part of the management of its capital assets and as at the Latest Practicable Date, there are plans to dispose of certain water treatment plants classified under service concession receivables and intangible assets to external third parties. The Management has confirmed that (a) as at the Latest Practicable Date, there was no definitive timeframe or firm offers made in relation to the potential disposals, and (b) to the best of the Management's estimates based on the estimated disposal values, in the event that such disposals were to materialise, the estimated gains/losses on disposal (if any) would not have a material effect on the Group's unaudited NAV as at 30 September 2019. Accordingly, no adjustments have been made to the NAV of the Group in this regard.

Property, plant and equipment

Property, plant and equipment accounted for approximately 9.1% of the Group's total assets as at 30 September 2019. The property, plant and equipment comprise (a) freehold land, (b) freehold building (c) leasehold building, (d) leasehold improvements, (e) motor vehicles, (f) plant and machinery, (g) treatment plants, (h) office equipment, furniture and fittings, and (i) construction in progress. We understand from the Management that the freehold land, freehold building and leasehold building constituted the main bulk of the property, plant and equipment as at 30 September 2019. Property, plant and equipment are recorded at cost and subsequently measured at cost less accumulated depreciation and any impairment loss.

We also understand from the Management that (a) the property, plant and equipment (including the leasehold building, freehold land and freehold building) are predominantly used for the office, manufacturing and warehousing purposes of the Group's operations in its ordinary course of business, and (b) as at the Latest Practicable Date, the Group does not have any current plans for an imminent material disposal and/or conversion of the use of such property, plant and equipment.

APPENDIX I

IFA LETTER

Perpetual capital securities

Perpetual capital securities, which are listed on the SGX-ST, accounted for approximately 20.6% of the Group's equity attributable to owners of the Company as at 30 September 2019. On 12 October 2017, the Company issued senior perpetual securities with principal amount of S\$240,000,000 bearing distributions at a rate of 3.90% (the "Series 002 Securities"). The rate is subject to reset every 3 years and a one-time step-up from and including the first reset date, being 19 October 2023. A total of S\$236,350,000, net of issuance costs, was recognised in equity. Any distributions by the Company are treated as dividends which will be directly debited from equity.

As set out in section 7.5 of the Exit Offer Letter, the Offeror does not currently have any intention to (a) introduce any major changes to the business of the Company, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business. Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves.

In respect of the above, the Directors have confirmed that as at the Latest Practicable Date and to the best of their knowledge and belief:

- (a) there are no material differences between the realisable values of the Group's assets and their respective book values as at the Latest Practicable Date which would have a material impact on the NAV of the Group as at 30 September 2019;
- (b) save for the corporate guarantees provided by the Company to its subsidiaries for the banking facilities as disclosed in its FY2018 annual report, there are no other contingent liabilities, bad or doubtful debts, impairment losses or material events which would likely have a material impact on the NAV of the Group as at 30 September 2019;
- (c) there are no litigation, claim or proceedings pending or threatened against the Company or the Group or likely to give rise to any proceedings which may materially and adversely affect the financial position of the Company and/or the Group as at 30 September 2019;
- (d) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the SFRS(I) and which have not been so disclosed, where such intangible assets would have had a material impact on the overall financial position of the Group as at 30 September 2019;
- (e) there are no material acquisitions or disposals of assets by the Group between 30 September 2019 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business; and
- (f) they are not aware of any circumstances which may cause the NAV of the Group as at the Latest Practicable Date to be materially different from that recorded in the unaudited balance sheet of the Group as at 30 September 2019.

10.4.2. Net debt position of the Group

As at 30 September 2019, the Group's cash and bank balances amounted to S\$520.6 million. Taking into account the bank borrowings and finance leases which amounted to S\$1,905.2 million, the Group would record a net debt position of S\$1,384.5 million. Accordingly, we have not compared the Exit Offer Price *vis-à-vis* the NAV of the Group on an ex-cash basis.

APPENDIX I IFA LETTER

10.5. Historical Trailing P/NAV Multiples of the Shares

We have compared the P/NAV multiple of the Shares as implied by the Exit Offer Price *vis-à-vis* the historical trailing P/NAV multiples of the Shares (based on the daily closing prices of the Shares and the Group's trailing announced NAV per Share) for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date, as set out below:

Historical trailing P/NAV multiples of the Shares for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date



	Average	Maximum	Minimum
Periods prior to and including the Last Trading Day			
One-year	0.69	1.04	0.46
6-month	0.66	0.80	0.58
3-month	0.64	0.77	0.60
One-month	0.65	0.77	0.60
Period after the Last Trading Day and up to the Latest Practicable Date			
Period after the Last Trading Day and up to the Latest Practicable Date	1.12	1.13	1.12

Source: Thomson Reuters Eikon

Based on the above, we note that:

- (a) for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day, the P/NAV multiple of 1.15 times as implied by the Exit Offer Price is significantly above the average historical trailing P/NAV multiples of the Shares of 0.69 times, 0.66 times, 0.64 times and 0.65 times respectively; and
- (b) for the period after the Last Trading Day and up to the Latest Practicable Date, the P/NAV multiple of 1.15 times as implied by the Exit Offer Price is close to the average historical trailing P/NAV multiple of the Shares of 1.12 times.

APPENDIX I IFA LETTER

10.6. Valuation Ratios of Selected Companies Listed on the SGX-ST and the SEHK Which Principal Business Activities are Broadly Comparable to Those of the Group

For the purposes of our evaluation of the financial terms of the Exit Offer, we have made reference to the valuation ratios of selected companies listed on the SGX-ST and the SEHK with market capitalisations ranging between S\$500.0 million to S\$2.0 billion and which are primarily engaged in the operation and/or maintenance of water and wastewater treatment plants in the PRC (the “Comparable Companies”), which we consider to be broadly comparable to the principal business of the Group to obtain an indication of the current market expectations with regard to the perceived valuation of the Group.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the SGX-ST and the SEHK which is identical to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different profitability objectives. Shareholders should note that any comparison made with respect to the Comparable Companies merely serves to provide an illustrative perceived market valuation of the Group as at the Latest Practicable Date.

A brief description of the Comparable Companies is as follows:

Company	Business description	Financial year-end
China Everbright Water Limited (“China Everbright Water”)	China Everbright Water Limited and its subsidiaries are principally involved in the water environment management business. China Everbright Water is engaged in sponge city construction, river-basin ecological restoration, wastewater treatment, water supply, reusable water, wastewater source heat pump, sludge treatment and disposal, research and development of water environment technologies and engineering construction. The company operates its businesses in domestic market, including Beijing, Jiangsu, Shandong, Shaanxi, Henan, Hubei, Guangxi Zhuang Autonomous Region, Liaoning and Inner Mongolia Autonomous Region.	31 December
China Water Affairs Group Limited (“China Water Affairs”)	China Water Affairs Group Limited and its subsidiaries are principally engaged in water supply and other related businesses, and are primarily involved in the city water supply operation and construction, and environment protection in relation to the sewage treatment operation and construction (including water environmental renovation construction projects) in the PRC.	31 March
SIIC Environment Holdings Ltd. (“SIIC Environment”)	SIIC Environment Holdings Ltd. and its subsidiaries are engaged in water treatment, solid waste treatment and other environment-related businesses. SIIC Environment is an active investor and operator of environment-related assets and has been operating in China’s water sector for over a decade. Currently, the company boasts a nationwide portfolio of about 200 water treatment and supply projects and 7 waste incineration projects and 10 sludge disposal projects across 19 municipalities and provinces in China, namely Shandong, Guangdong, Hubei, Hunan, Jiangsu,	31 December

APPENDIX I IFA LETTER

Company	Business description	Financial year-end
	Shanghai, Zhejiang, Jiangxi, Anhui, Fujian, Guangxi, Ningxia, Henan, Liaoning, Inner Mongolia, Shanxi, Sichuan, Jilin and Heilongjiang.	
Tianjin Capital Environmental Protection Group Company Limited (" Tianjin Capital ")	Tianjin Capital Environmental Protection Group Company Limited and its subsidiaries are engaged in water utilities business, and energy cooling and heating supply business. The principal activities include the processing of sewage water, construction and management of related facility, supply of tap water, recycled water and supply of heating and cooling and management of related facility.	31 December

Source: Thomson Reuters Eikon and annual reports of the Comparable Companies

In our evaluation, we have adopted the following valuation measures:

Valuation ratio	Description
Latest twelve-month (" LTM ") price-earnings (" LTM P/E ") ratio	<p>The LTM P/E ratio illustrates the ratio of the market capitalisation of a company in relation to its historical consolidated full-year or LTM (as the case may be) net profit attributable to its shareholders. As such, it is affected by a company's capital structure, tax position and accounting policies relating to depreciation and intangible assets.</p> <p>We have considered the LTM P/E ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date and their latest full-year or LTM (as the case may be) net profit attributable to shareholders.</p>
Latest twelve-month enterprise value-to-earnings before interest, taxes, depreciation and amortisation (" LTM EV/EBITDA ") ratio	<p>EV refers to enterprise value, which is the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents.</p> <p>LTM EBITDA refers to the historical consolidated full-year or LTM (as the case may be) earnings before interest, taxes, depreciation and amortisation.</p> <p>The LTM EV/EBITDA ratio illustrates the ratio of the market value of a company's business in relation to its historical pre-tax operating cash flow performance. The LTM EV/EBITDA ratio is an earnings-based valuation methodology. The difference between the LTM EV/EBITDA ratio and the LTM P/E ratio (described above) is that the former does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.</p> <p>We have considered the LTM EV/EBITDA ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date, latest-available balance sheet values and latest full-year or LTM (as the case may be) EBITDA.</p>
Price-to-net asset value (" P/NAV ") ratio	<p>P/NAV refers to the ratio of the market capitalisation of a company in relation to its NAV. The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company.</p> <p>The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that</p>

APPENDIX I IFA LETTER

Valuation ratio	Description
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it measures the value of the company that is attached to its net assets.

We have considered the P/NAV ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date and their latest-available NAV.

The valuation ratios of the Comparable Companies based on their respective last transacted share prices as at the Latest Practicable Date are set out below:

Company	Market capitalisation (million)	LTM P/E (times)	LTM EV/EBITDA (times)	P/NAV (times)
China Everbright Water ⁽¹⁾	S\$915.5	6.7	8.3	0.61
China Water Affairs	HK\$9,110.9	6.1	6.9	1.12
SIIC Environment ⁽¹⁾	S\$676.7	6.5	9.4	0.44
Tianjin Capital ⁽²⁾	HK\$9,394.0	19.5	10.1	1.41
Maximum		19.5	10.1	1.41
Minimum		6.1	6.9	0.44
Mean		9.7	8.7	0.90
Median		6.6	8.9	0.87
Company (as implied by the Exit Offer Price)	S\$1,337.8	n.a.⁽³⁾	21.9	1.15

Source: Thomson Reuters Eikon, annual reports and announcements of the Comparable Companies and NCF calculations

Notes:

- (1) China Everbright Water and SIIC Environment have a dual primary listing on both the SGX-ST and the SEHK. Where relevant, the higher valuation multiples of the companies have been set out in the table above.
- (2) Tianjin Capital has its "H" shares listed on the SEHK while its "A" shares listed on the Shanghai Stock Exchange. The market capitalisation of Tianjin Capital is based on the sum of its market capitalisations in both stock exchanges.
- (3) Denotes "not applicable" as the Company had recorded a net after-tax LTM loss attributable to owners of the Company, after taking into account the dividends on the perpetual capital securities. On a hypothetical assumption that the dividends on the perpetual capital securities had not been payable by the Company, the LTM P/E ratio of the Company (as implied by the Exit Offer Price) would have been 120.0 times.

Based on the above, we note that:

- (a) the Company had recorded a net after-tax LTM loss attributable to owners of the Company, hence the LTM P/E ratio of the Company (as implied by the Exit Offer Price) is not applicable. Solely for illustrative purposes, the LTM P/E ratios of the Comparable Companies ranged between 6.1 times and 19.5 times, with the mean and median LTM P/E ratios at 9.7 times and 6.6 times respectively;
- (b) the LTM EV/EBITDA ratio of the Company of 21.9 times (as implied by the Exit Offer Price) is (i) above the range of LTM EV/EBITDA ratios of the Comparable Companies of between 6.9 times and 10.1 times, (ii) at a significant premium of approximately 151.7% over the mean LTM EV/EBITDA ratio of the Comparable Companies of 8.7 times, and (iii) at a significant premium of approximately 146.1% over the median LTM EV/EBITDA ratio of the Comparable Companies of 8.9 times; and

APPENDIX I IFA LETTER

- (c) the P/NAV ratio of the Company of 1.15 times (as implied by the Exit Offer Price) is (i) within the range of P/NAV ratios of the Comparable Companies of between 0.44 times and 1.41 times, (ii) at a premium of approximately 27.8% over the mean P/NAV ratio of the Comparable Companies of 0.90 times, and (iii) at a premium of approximately 32.2% over the median P/NAV ratio of the Comparable Companies of 0.87 times.

10.7. Selected Precedent Privatisation and Delisting Transactions Involving Companies Listed on the SGX-ST

We note that it is the intention of the Offeror, and the purpose of the Exit Offer, to delist the Company from the Official List of the SGX-ST. In our evaluation of the financial terms of the Exit Offer, we have compared the valuation statistics of the Company as implied by the Exit Offer Price *vis-à-vis* those in respect of recent successful privatisations (either by way of a general offer under the Code or a scheme of arrangement under Section 210 of the Companies Act where the offeror stated its intention to delist the target company from the SGX-ST) and successful delisting offers under Rule 1307 of the Listing Manual (collectively, the “**Precedent Privatisations**”) as announced during the 24-month period prior to and including the Last Trading Day, and completed as at the Latest Practicable Date as follows:

Company	Announcement date	Premium/(Discount) of offer price over/(to) ⁽¹⁾					Offer price to NTA/NAV (times)
		Offer price (\$)	Last transacted price (%)	One-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
Raffles United ⁽²⁾ Holdings Ltd.	25 October 2019	0.065	(1.5)	0	10.0	15.9	0.28 ⁽³⁾
San Teh Ltd	5 September 2019	0.280	81.8	90.5	83.0	84.2	0.40 ⁽⁴⁾
PS Group Holdings Ltd.	20 August 2019	0.118	195.0	266.7	267.5	267.5	0.62 ⁽⁴⁾
Star Pharmaceutical Limited	5 August 2019	0.450	157.1	160.1	176.1	186.6	0.67 ⁽⁴⁾
Delong Holdings Limited ⁽⁵⁾	29 July 2019	7.000	1.9	8.0	17.9	37.2	0.60 ⁽³⁾
Health Management International Ltd ⁽⁶⁾	5 July 2019	0.730 ⁽⁷⁾	14.1	23.9	27.8	29.7	5.62 ⁽⁴⁾
Hupsteel Limited	28 June 2019	1.200	51.9	58.3	58.6	58.6	0.58 ⁽⁴⁾
Boardroom Limited	15 May 2019	0.880	14.3	18.9	16.1	17.6	2.02 ⁽⁸⁾
Memtech International Ltd.	14 May 2019	1.35	23.9	31.5	31.6	35.6	1.09 ⁽³⁾
800 Super Holdings Limited	6 May 2019	0.900	16.1	30.8	31.2	25.3	2.06 ⁽⁴⁾
Kingboard Copper Foil Holdings Limited	4 April 2019	0.600	9.1	16.1	25.3	27.4	0.88 ⁽⁴⁾
Courts Asia Limited	18 January 2019	0.205	34.9	35.8	34.0	23.5	0.56 ⁽⁹⁾
Declout Limited ⁽¹⁰⁾	7 January 2019	0.130	62.5	66.7	66.7	58.5	1.28 ⁽⁹⁾

APPENDIX I IFA LETTER

Company	Announcement date	Premium/(Discount) of offer price over/(to) ⁽¹⁾					Offer price to NTA/NAV (times)
		Offer price (S\$)	Last transacted price (%)	One-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
PCI Limited ⁽¹¹⁾	4 January 2019	1.330	27.9	44.0	47.2	50.9	1.97 ⁽³⁾
Cityneon Holdings Limited	29 October 2018	1.300	3.2	6.9	11.9	15.7	4.50 ⁽³⁾
M1 Limited	27 September 2018	2.060	26.4	29.9	29.1	21.8	3.85 ⁽³⁾
Keppel Telecommunications & Transportation Ltd	27 September 2018	1.910	40.4	39.5	34.9	28.1	1.53 ⁽¹²⁾
Wheelock Properties (Singapore) Limited	19 July 2018	2.100	20.7	29.0	22.7	17.8	0.84 ⁽⁴⁾
Weiye Holdings Limited ⁽¹³⁾	13 March 2018	0.650	31.3	40.7	44.1	44.4	0.30 ⁽⁴⁾
Lee Metal Group Ltd ⁽¹⁴⁾	21 February 2018	0.420	9.1	14.1	21.4	26.5	0.98 ⁽⁴⁾
LTC Corporation Limited ⁽¹⁵⁾	9 February 2018	0.925	44.5	46.1	45.4	44.1	0.53 ⁽⁴⁾
Tat Hong Holdings Ltd ⁽¹⁶⁾	11 January 2018	0.550	42.9	47.5	49.1	40.3	0.72 ⁽³⁾
CWG International Ltd	28 December 2017	0.195	27.5	29.5	29.2	30.8	0.44 ⁽¹⁷⁾
Vard Holdings Limited ⁽¹⁸⁾	13 November 2017	0.250	8.7	16.2	29.3	35.1	0.81 ⁽⁴⁾

Maximum	195.0	266.7	267.5	267.5	5.62
Minimum	(1.5)	0.0	10.0	15.7	0.28
Mean ⁽¹⁹⁾⁽²⁰⁾	26.9	32.9	34.8	35.0	1.20
Median ⁽¹⁹⁾⁽²⁰⁾	25.2	30.4	30.3	30.3	0.81

Company (as implied by the Exit Offer Price)	6 November 2019	0.550	48.6	61.6	68.5	65.5	1.15
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Source: Thomson Reuters Eikon, announcements on the SGXNET and the respective target companies' shareholders' circulars in relation to the Precedent Privatisations

Notes:

- (1) Market premia/(discount) calculated relative to the last transacted prices of the respective target companies prior to the respective offer announcements and VWAPs of the one-month, 3-month and 6-month periods prior to the respective announcements.

APPENDIX I IFA LETTER

- (2) On 1 July 2019, a mandatory unconditional cash offer was made for the issued shares in Raffles United Holdings Ltd. and the shares were subsequently suspended from trading on 14 August 2019 as a result of the loss of free float following the offer. The market premia/(discount) in the table above were computed based on the share prices for the period(s) prior to the suspension of trading of the shares on 14 August 2019 following the loss of free float.
- (3) Based on the NTA/NAV per share (as the case may be), as published in the respective circulars of the target companies.
- (4) Based on the revalued NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (5) On 27 September 2018, the voluntary conditional cash offer for the issued shares of Delong Holdings Limited was announced. On 11 October 2018, it was announced that the offer was withdrawn in accordance with Rule 4 of the Code. The market premia in the table above were computed based on the share prices for the periods(s) up to and including 26 September 2018, being the last unaffected trading day.
- (6) On 17 June 2019, the directors of Health Management International Ltd (“HMI”) announced that it was in discussions with a third party regarding a possible transaction involving HMI. The market premia in the table above were computed based on the share prices for the periods(s) up to and including 14 June 2019, being the last undisturbed trading day.
- (7) The acquisition for all the issued shares of Health Management International Ltd by PanAsia Health Limited (being the offeror) was effected by way of a scheme of arrangement pursuant to, *inter alia*, Section 210 of the Companies Act and the scheme consideration was (a) S\$0.730 in cash, or (b) one offeror share at an issue price of S\$0.730 per offeror share.
- (8) Based on the adjusted NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (9) Based on the pro forma NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (10) Declout Limited had a significant stake in Procurri Corporation Limited (“Procurri”) and had treated and consolidated the results of Procurri as its subsidiary. On 7 September 2018, Procurri announced that it had received an unsolicited, non-binding indication of interest from a third party to acquire the shares in Procurri by way of a possible voluntary general offer subject to, amongst others, due diligence. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 6 September 2018, being the last undisturbed trading date.
- (11) On 18 September 2018, PCI Limited (“PCI”) announced that its controlling shareholder, Chuan Hup Holdings Limited, had been approached by a third party in connection with a potential transaction in relation to the securities of PCI and that discussions were on-going. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 17 September 2018, being the last undisturbed trading date.
- (12) The independent financial adviser to Keppel Telecommunications & Transportation Ltd had arrived at an aggregate valuation of the company on a sum-of-the-parts basis, which ranged from S\$1.25 per share to S\$1.33 per share. We have used S\$1.25 as the implied value for the computation of the price-to NTA/NAV ratio in the table above.
- (13) The intention of Weiye Holdings Limited was to remain listed on the Stock Exchange of Hong Kong Limited (the “SEHK”) at the close of the offer. Shareholders who did not accept the delisting offer in Singapore will be able to continue to trade their shares on the SEHK, subsequent to the close of the offer and the delisting of Weiye Holdings Limited from the SGX-ST.
- (14) On 11 November 2017, Lee Metal Group Ltd (“Lee Metal”) announced that it had been notified by certain shareholders that they had received an unsolicited approach in connection with a potential transaction which may or may not lead to an acquisition of the issued share capital of Lee Metal, and had, pursuant to such approach, entered into a binding memorandum of understanding with an unrelated third party. The market premia in the table above were computed based on the share prices for the period(s) up to and including 10 November 2017, being the last undisturbed trading date.
- (15) On 9 February 2018, Mountbatten Enterprises Pte. Ltd. announced its intention to undertake a voluntary conditional cash offer for the shares in LTC Corporation Limited. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 8 February 2018, being the last trading day before the announcement of the voluntary conditional cash offer.
- (16) On 21 September 2017, Tat Hong Holdings Ltd (“Tat Hong”) announced that it had been approached by certain parties in connection with a potential transaction in relation to the shares of the Company and the discussions were then ongoing. On 10 November 2017, Tat Hong announced that it had received a non-binding letter from Standard Chartered Private Equity (Singapore) Pte. Ltd. confirming the proposal to acquire the shares of Tat Hong at an offer price of S\$0.500 per share, subject to certain conditions. On 10 January 2018 and 9 March 2018, the pre-conditional voluntary conditional cash offer and the formal voluntary conditional cash offer for the issued shares in Tat Hong were announced respectively. On 26 April 2018, Tat Hong announced the revision of the offer price from S\$0.500 to S\$0.550. The market premia in the table above were computed based on the revised offer price of S\$0.550 per share and the share prices for the period(s) up to and including 20 September 2017, being the last undisturbed trading date.

APPENDIX I

IFA LETTER

- (17) The revalued NAV per share ranging from S\$0.445 to S\$0.470 was based on the unaudited consolidated NAV per share (estimated to range from S\$0.238 to S\$0.263) and the net revaluation surplus arising from the revalued properties. Accordingly, the discount to RNAV per share as implied by the offer price is 0.42 times to 0.44 times. The computation in the table above was based on the estimated RNAV per share of S\$0.445.
- (18) On 13 November 2016, the voluntary conditional cash offer for the issued shares in Vard Holdings Limited (“Vard”) at the offer price of S\$0.240 per share was announced. The voluntary conditional cash offer closed on 24 March 2017. On 13 November 2017, Vard and Fincantieri Oil & Gas S.p.A jointly announced the voluntary delisting of Vard from the SGX-ST at S\$0.250 for each share in cash. The market premia in the table above were computed based on the offer price of S\$0.250 per share and the share prices for the periods(s) up to and including 11 November 2016, being the last trading date prior to the announcement of the voluntary conditional cash offer.
- (19) Excludes PS Group Holdings Ltd. and Star Pharmaceutical Limited as statistical outliers in the computations of the mean and median premium/(discount) of the offer price over/(to) (a) the last transacted prices prior to the offer announcements, and (b) the one-month, 3-month and 6-month VWAPs prior to the offer announcements.
- (20) Excludes Health Management International Ltd as a statistical outlier in the computations of the mean and median offer price to NTA/NAV ratios.

Based on the above, we note that:

- (a) the premium of approximately 48.6% (as implied by the Exit Offer Price) over the last transacted price of the Shares on the Last Trading Day is (i) within the range of the Precedent Privatisations of between a discount of 1.5% and a premium of 195.0%, and (ii) significantly above the corresponding mean and median premia of the Precedent Privatisations of 26.9% and 25.2% respectively;
- (b) the premium of approximately 61.6% (as implied by the Exit Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of premia of the Precedent Privatisations of between 0.0% and 266.7%, and (ii) significantly above the corresponding mean and median premia of the Precedent Privatisations of 32.9% and 30.4% respectively;
- (c) the premium of approximately 68.5% (as implied by the Exit Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of premia of the Precedent Privatisations of between 10.0% and 267.5%, and (ii) significantly above the corresponding mean and median premia of the Precedent Privatisations of 34.8% and 30.3% respectively;
- (d) the premium of approximately 65.5% (as implied by the Exit Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of premia of the Precedent Privatisations of between 15.7% and 267.5%, and (ii) significantly above the corresponding mean and median premia of the Precedent Privatisations of 35.0% and 30.3% respectively; and
- (e) the P/NAV ratio of the Company of 1.15 times (as implied by the Exit Offer Price) is (i) within the range of P/NAV ratios of the Precedent Privatisations of between 0.28 times and 5.62 times, (ii) close to the corresponding mean P/NAV ratio of the Precedent Privatisations of 1.20 times, and (iii) above the corresponding median P/NAV ratio of the Precedent Privatisations of 0.81 times.

Shareholders should note that the level of premium (if any) an acquirer would normally pay for acquiring and/or privatising a listed company (as the case may be) varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company’s businesses with its existing business, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the trading liquidity of the target company’s shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company and prevailing market expectations. Consequently, each of the Precedent Privatisations has to be judged on its own merits (or otherwise).

The list of Precedent Privatisations indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the offer prices in respect of the Precedent Privatisations over the aforesaid periods and does not highlight bases other than the aforesaid in determining an appropriate premium/discount for

APPENDIX I

IFA LETTER

the recent Precedent Privatisations. It should be noted that the comparison is made without taking into account the total amount of the offer value of each respective Precedent Privatisation or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings prior to the relevant announcements and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to compulsory acquisition. In addition, as some of the companies had undertaken revaluations and/or adjustments to their assets which may have a material impact on their last announced book values, we have also, where relevant, compared the offer price of such Precedent Privatisations with the revalued NAV (or revalued NTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the relevant companies, where available.

We wish to highlight that the Company is not in the same industry and does not conduct the same businesses as the other companies in the list of Precedent Privatisations and would therefore not be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Accordingly, it should be noted that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Precedent Privatisations. Therefore, any comparison of the Exit Offer with the Precedent Privatisations is for illustration purposes only and conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for the Company.

10.8. Analyst's Target Price for the Shares

We have reviewed the following analyst research report in relation to the Company as at the Latest Practicable Date, and set out its recommendation and target price for the Shares below:

Analyst	Date of report	Recommendation	Target price (S\$)
DBS Group Research	25 July 2019	Hold	S\$0.34

Source: Thomson Reuters Eikon

We note that the Exit Offer Price represents a significant premium of approximately 61.8% over the analyst's target price of S\$0.34 for the Shares.

We wish to highlight that the above analyst's target price may not be representative of market consensus. In addition, the estimated target price for the Shares and other statements or opinion in the above research report represent the individual view of the analyst (and not NCF) based on the circumstances prevailing at the date of the publication of the research report, including but not limited to market, economic and industry conditions as well as market sentiment and investor perceptions regarding the future prospects of the Group. The opinion of the analyst may change over time as a result of, *inter alia*, changes in market conditions, the Group's corporate developments and the emergence of new information relevant to the Group. As such, the estimated target price in the research report may not be an accurate prediction of the future market prices of the Shares.

10.9. Other Relevant Considerations

10.9.1. Options Proposal

As at the Latest Practicable Date, the Company has 7,857,200 outstanding Options which are exercisable into 7,857,200 new Shares at the exercise price of S\$0.276 and S\$0.5675 for each new Share. As set out in section 4.1 of the Exit Offer Letter, subject to (a) the Exit Offer becoming or being declared unconditional in all respects, and (b) the relevant Options continuing to be exercisable into new Shares, the Offeror will pay to Optionholders the Option Price in consideration of the Optionholders agreeing not to exercise any of the Options into new Shares and not to exercise any of their rights as Optionholders.

APPENDIX I

IFA LETTER

The Option Price is computed on a “see-through” basis. Accordingly, the price to be paid for each Option will be equivalent to the difference (if positive) between the Exit Offer Price and the exercise price of the Option. If the exercise price of an Option is equal to or more than the Exit Offer Price, the Option Price for each Option will be the nominal amount of S\$0.000001.

10.9.2. Outlook of the Group

The following statements were made on 24 October 2019 in the Company’s announcement in relation to the Group’s unaudited financial statements for 9M2019:

“Despite the headwinds caused by the macroeconomic environment, CEL is optimistic that the fundamentals of its core wastewater treatment business and its hazardous waste treat business remain strong as China’s clean-tech solutions industry is well-supported by the country’s strict environmental mandates³.

CEL will continue to leverage its proprietary membrane technology and expertise in environmental engineering to entrench its position as a leading player in the environmental protection. The Group is committed to prudently pursue opportunities and secure projects in the municipalities that are within its areas of expertise.”

10.9.3. Previous acquisitions of Shares by the Offeror

The Offeror had previously made the following acquisitions of Shares:

- (a) in May 2019 (the “**2019 Share Transfer**”), Dr. Lin Yucheng and Pan Shuhong exercised their rights pursuant to the put option granted to Dr. Lin Yucheng and Pan Shuhong under a transaction agreement dated 3 September 2018 (the “**Transaction Agreement**”) which was supplemental to the Consortium Agreement in relation to the previous voluntary conditional cash offer for the Company by the Offeror which was completed in April 2015 (the “**2015 Offer**”), to transfer 28,560,000 and 38,041,000 Shares held through their respective wholly-owned special purpose vehicles, Green Resources Limited and P&L Capital Limited, to CENVIT (Cayman) Company Limited⁴ at an effective price of S\$0.469 per Share (the “**2019 Effective Price**”). The transfer of such Shares was completed on 13 August 2019;
- (b) in October 2018 (the “**2018 Share Transfer**”), Dr. Lin Yucheng and Pan Shuhong, through their respective wholly-owned special purpose vehicles, Green Resources Limited and P&L Capital Limited, transferred 28,560,000 Shares and 38,041,000 Shares to CENVIT (Cayman) Company Limited⁴ respectively at an effective price of S\$0.7124 per Share (the “**2018 Effective Price**”) pursuant to the Transaction Agreement;
- (c) in April 2015 (the “**2015 Placement**”), the Company completed the placement of 30,303,031 new Shares to the Offeror at a subscription price of S\$1.65 for each Share. Based on the Shareholders’ circular dated 22 January 2015, the subscription price of S\$1.65 represented a premium of approximately 11.5% over the VWAP of the Shares on the market day immediately preceding the date of signing of the placement agreement. Adjusted for the share split of every one Share into 2 Shares which was effective in February 2017 (the “**2017 Share Split**”), the subscription price would have been S\$0.825 per Share (the “**Adjusted Placement Price**”); and
- (d) the Offeror made the 2015 Offer for the Company (formerly known as United Envirotech Ltd) at an offer price of S\$1.65 per offer share. Based on the Shareholders’ circular dated 2 April 2015 in relation to the 2015 Offer, the offer price of S\$1.65 represented a premium of approximately 38.8%, 28.1%, 20.2% and 16.5% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods respectively prior to the holding announcement date on 2 July 2014 (being the date on which the Company announced that it had been approached to explore a potential acquisition of the Shares). Adjusted for the 2017 Share Split, the offer price would have been S\$0.825 per Share (the “**Adjusted 2015 Offer**”).

³ Ministry of Ecology and Environment, The People’s Republic of China (http://english.mee.gov.cn/About_MEE/Mandates)

⁴ The Offeror is deemed interested in the Shares held by CENVIT (Cayman) Company Limited.

APPENDIX I IFA LETTER

Price”).

For illustrative purposes, we have compared (a) the Exit Offer Price *vis-a-vis* the historical transacted Share prices between the Offeror and the relevant parties mentioned above, and (b) such transacted Share prices *vis-à-vis* the historical Share price performance prevailing at the time of the relevant transactions (where applicable) in the table as follows:

Transaction	Transacted Share price (\$)	Premium/ (Discount) of the Exit Offer Price over/(to) the transacted Share price (%)	Remarks
1. 2019 Share Transfer	0.4690	17.3	
2. 2018 Share Transfer	0.7124	(22.8)	
3. 2015 Placement	0.8250 ⁽¹⁾	(33.3)	<p>The Adjusted Placement Price of S\$0.825 per Share represented a premium of approximately 11.5% over the adjusted VWAP of the Shares on 7 November 2014, being the market day immediately preceding the date the placement agreement was signed.</p> <p>In comparison, the Exit Offer Price represented a premium of approximately 48.6% over the last transacted Share price on the Last Trading Day.</p>
4. 2015 Offer	0.8250 ⁽²⁾	(33.3)	<p>The Adjusted 2015 Offer Price represented a premium of approximately 38.8%, 28.1%, 20.2% and 16.5% over the adjusted VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods respectively prior to the holding announcement date on 2 July 2014.</p> <p>In comparison, the Exit Offer Price represented a premium of approximately 39.6%, 65.5%, 68.5% and 61.6% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods respectively prior to and including the Last Trading Day.</p>

Notes:

- (1) Refers to the Adjusted Placement Price.
- (2) Refers to the Adjusted 2015 Offer Price.

APPENDIX I IFA LETTER

We note that:

- (a) the Exit Offer Price represents a premium of approximately 17.3% over the 2019 Effective Price of S\$0.469 for each Share pursuant to the 2019 Share Transfer;
- (b) the Exit Offer Price represents a discount of approximately 22.8% to the 2018 Effective Price of S\$0.7124 for each Share pursuant to the 2018 Share Transfer;
- (c) although the Exit Offer Price represents a significant discount of approximately 33.3% to the Adjusted Placement Price of S\$0.825 under the 2015 Placement, the premium of approximately 48.6% (as implied by the Exit Offer Price) over the last transacted price of the Shares on the Last Trading Day is significantly higher than the aforesaid premium of approximately 11.5% in relation to the 2015 Placement; and
- (d) although the Exit Offer Price represents a significant discount of approximately 33.3% to the Adjusted 2015 Offer Price of S\$0.825 under the 2015 Offer, the premia implied by the Exit Offer Price of approximately 39.6%, 65.5%, 68.5% and 61.6% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods respectively prior to and including the Last Trading Day are higher than the corresponding premia of approximately 38.8%, 28.1%, 20.2% and 16.5% in relation to the 2015 Offer.

Shareholders should note that the determination of the transacted prices relating to the above transactions is dependent on the circumstances and market sentiment prevailing at the time of the transactions. Consequently, the above comparison merely serves as an illustrative guide.

10.9.4. Previous share placement to New Resources LLC

In March 2018, the Company completed a placement of 83,216,080 new Shares to New Resources LLC (the “**2018 NR Placement**”) at a placement price of S\$0.85 for each new Share (the “**NR Placement Price**”), which represented a premium of approximately 14.8% over the weighted average price of the Shares of S\$0.7407 for the last full market day on which the Shares were traded prior to the date of signing of the placement agreement.

For illustrative purposes, we have compared (a) the Exit Offer Price *vis-a-vis* the NR Placement Price, and (b) the NR Placement Price *vis-à-vis* the historical Share price performance prevailing at the time of the 2018 NR Placement in the table as follows:

Transaction	Transacted Share price (S\$)	Discount of the Exit Offer Price to the 2018 NR Placement Price (%)	Remarks
2018 NR Placement	0.850	(35.3)	<p>The NR Placement Price represented a premium of approximately 14.8% over the weighted average price of the Shares of S\$0.7407 for the last full market day on which the Shares were traded prior to the date of signing of the placement agreement.</p> <p>In comparison, the Exit Offer Price represented a premium of approximately 48.6% over the last transacted Share price on the Last Trading Day.</p>

We note that although the Exit Offer Price represents a significant discount of 35.3% to the NR Placement Price of S\$0.85 under the 2018 NR Placement, the premium of approximately 48.6% (as implied by the Exit Offer Price) over the last transacted price of the Shares on the Last Trading Day is significantly higher than the aforesaid premium of approximately 14.8% in relation to the 2018 NR Placement.

APPENDIX I

IFA LETTER

Shareholders should note that the determination of the transacted price relating to the 2018 NR Placement is dependent on the circumstances and market sentiment prevailing at the time of the 2018 NR Placement. Consequently, the above comparison merely serves as an illustrative guide.

10.9.5. Likelihood of competing offers is remote

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Exit Offer potentially being made by the Offeror, no alternative offer or proposal from any third party has been received. We also note that there is no publicly available evidence of any alternative offer for the Offer Shares from any third party.

As at the Latest Practicable Date, the Offeror held an aggregate of 1,370,889,284 Shares, representing approximately 56.36% of the total number of issued Shares. It is therefore highly unlikely that there will be a competing offer from any third party.

10.9.6. Statutory control over the Company

As at the Latest Practicable Date, the Offeror held an aggregate of 1,370,889,284 Shares, representing approximately 56.36% of the total number of issued Shares. Accordingly, the Offeror already has statutory control over the Company which places the Offeror in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and the ability to pass all ordinary resolutions at the Company's general meetings on matters in which the Offeror and the Concert Group do not have an interest.

10.9.7. Offeror's intentions for the Group

As stated in section 7.5 of the Exit Offer Letter, the Offeror does not currently have any intention to introduce any major changes to the business of the Company or re-deploy the fixed assets of the Group or discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business. Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves.

10.9.8. Pre-conditional offer

The making of the Exit Offer is conditional on (a) the fulfilment or waiver of the Pre-Condition by the Long-Stop Date, and (b) the Shareholders' Approval at the EGM (with the Concert Group abstaining from voting on the Delisting Resolution), failing which the Delisting will not proceed and the Company will remain listed on the SGX-ST. In such event, the Exit Offer will lapse and all acceptances of the Exit Offer will be returned to the relevant Shareholders.

In the event that the Exit Offer lapses, pursuant to Rule 33.1 of the Code, neither of the Concert Group may, except with the consent of the SIC, within 12 months from the date on which the Exit Offer lapses (a) announce an offer or possible offer for the Company, or (b) acquire any voting rights of the Company if the Concert Group would thereby become obliged under Rule 14 of the Code to make an offer.

On the other hand, in the event that the Exit Offer is formally made, given that the Concert Group holds Shares representing more than 50% of the total number of issued Shares as at the Latest Practicable Date, the Exit Offer will not be conditional on a minimum number of acceptances being received by the Offeror. Accordingly, Shareholders who accept the Exit Offer will receive the Exit Offer Price for each Offer Share validly tendered in acceptance of the Exit Offer.

10.9.9. Irrevocable Undertakings to accept or reject the Exit Offer

As set out in section 3.9 of the Exit Offer Letter, the Offeror had received the Irrevocable Undertakings from the Founder Shareholders (being part of the Concert Group) to accept the Exit Offer in respect of an aggregate 15,560,244 Shares, representing 0.64% of the issued Shares.

The Offeror had also received the Irrevocable Undertaking from CRF (being part of the Concert Group) to reject the Exit Offer in respect of its 538,048,010 Shares, representing 22.12% of the issued Shares.

APPENDIX I IFA LETTER

10.9.10. No right of compulsory acquisition

As stated in section 7.6 of the Exit Offer Letter, pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Exit Offer (or otherwise acquires Shares during the period when the Exit Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or its nominees as at the date of the Exit Offer and excluding any Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Exit Offer (the “**Dissenting Shareholders**”) at a price equal to the Exit Offer Price.

In addition, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at a price equal to the Exit Offer Price in the event that the Offeror, its related corporations or its nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the treasury shares and the Shares held by the Offeror, its related corporations or its nominees comprise 90% or more of the total number of issued Shares.

In view that CRF has undertaken to reject the Exit Offer (if and when made), such rights under Sections 215(1) and (3) of the Companies Act will not arise.

10.9.11. Implications of delisting or suspension for Shareholders

The Offeror is making the Exit Offer (if and when made) with a view to delisting the Company, and does not intend to preserve the listing status of the Company.

In the event that the Pre-Condition is fulfilled or waived by the Long-Stop Date and the Shareholders’ Approval is obtained at the EGM, the Delisting will proceed. Shareholders who do not accept the Exit Offer will continue to hold shares in the Company which will then be an unlisted company following the Delisting. Shareholders should note the following implications or consequences which may arise as a result of any suspension in and/or delisting of the Shares:

- (a) shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies as a result of lack of marketability;
- (b) it is likely to be difficult for Shareholders to sell their Shares in the absence of a public market for the Shares as there is no arrangement for such Shareholders to exit their investments in the Shares. If the Company is delisted, even if such Shareholders were able to sell their Shares subsequently, they may receive a price lower than the Exit Offer Price. In addition, any transfer or sale of Shares represented by share certificates will be subject to stamp duty; and
- (c) as an unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, including the continuing corporate disclosure requirements set out in Chapter 7 of the Listing Manual and Appendices 7.1 and 7.2 to the Listing Manual. Shareholders will no longer enjoy the same level of protection, transparency and accountability accorded by the Listing Manual. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Constitution and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for in the Companies Act which includes, *inter alia*, the entitlement to be sent a copy of the profit and loss accounts and balance sheet at least 14 days before each annual general meeting at which the accounts will be presented.

APPENDIX I IFA LETTER

10.9.12. Dividend track record of the Company

The Company had declared and paid the following dividends in respect of the last 3 financial years and 9M2019:

(S\$ per Share)	FY2016	FY2017	FY2018	9M2019
Tax exempt (one-tier) interim dividend	-	-	0.0050	-
Tax exempt (one-tier) final dividend	0.0075	0.015	0.0075	-
Tax exempt (one-tier) special dividend	0.0025	-	-	-
Total	0.0100	0.015	0.0125	-

Source: Company's announcements on the SGXNET

We note that in respect of each of the last 3 financial years, the Company had declared and paid total dividends ranging from S\$0.010 to S\$0.015 per Share. The Directors have confirmed that the Company does not have a formal dividend policy and that dividend payments are made with due consideration of the Company's financial performance, liquidity, capital commitment, business prospect, economic outlook and regulatory factors.

We wish to highlight that the above dividend payments are not an indication of the Company's future dividend policy, and there is no assurance that the Company will continue to pay dividends in future and/or maintain the level of dividends paid in past financial periods.

11. OPINION AND ADVICE

11.1. Our Opinion

In arriving at our opinion on the financial terms of the Exit Offer, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

- (a) the Group recorded increasing revenues of approximately S\$544.6 million, S\$677.2 million and S\$994.5 million in FY2016, FY2017 and FY2018 respectively, but its revenue decreased significantly from approximately S\$788.4 million in 9M2018 to approximately S\$439.3 million in 9M2019. Similarly, the net profits attributable to owners of the Company amounted to approximately S\$99.3 million, S\$70.2 million and S\$105.1 million in FY2016, FY2017 and FY2018 respectively, and decreased significantly from S\$104.6 million in 9M2018 to S\$10.6 million in 9M2019. The Group's net profit margins amounted to 18.2%, 10.4% and 10.6% in FY2016, FY2017 and FY2018 respectively, and decreased significantly from 13.3% in 9M2018 to 2.4% in 9M2019. The Group also recorded net cash flows used in operating activities ranging from approximately S\$27.6 million to S\$315.4 million in each of FY2016, FY2017, FY2018, 9M2018 and 9M2019;
- (b) the Exit Offer Price represents (i) a significant premium of approximately 39.6%, 65.5%, 68.5% and 61.6% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, (ii) a significant premium of 48.6% over the closing price of the Shares of S\$0.370 on the Last Trading Day, (iii) a marginal premium of approximately 2.8% over the VWAP of the Shares of S\$0.5348 for the period after the Last Trading Day and up to the Latest Practicable Date, and (iv) a marginal premium of approximately 1.9% over the closing price of the Shares of S\$0.540 on the Latest Practicable Date. The Exit Offer Price is above the closing prices of the Shares during the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date;
- (c) the Shares had generally underperformed the FSTELM Index and the FSTSE China Index during the one-year period prior to and including the Last Trading Day, but had outperformed the FSTELM Index and the FSTSE China Index during the period after the Last Trading Day and up to the Latest Practicable Date;

APPENDIX I IFA LETTER

- (d) the Exit Offer Price represents a premium of approximately 15.1% over the unaudited NAV per Share of the Group as at 30 September 2019, and values the Group at a P/NAV ratio of 1.15 times;
- (e) the P/NAV multiple of 1.15 times as implied by the Exit Offer Price is (i) significantly above the average historical trailing P/NAV multiples of the Shares of 0.69 times, 0.66 times, 0.64 times and 0.65 times for the one-year, 6-month, 3-month and one-month periods respectively prior to and including the Last Trading Day, and (ii) close to the average historical trailing P/NAV multiple of the Shares of 1.12 times for the period after the Last Trading Day and up to the Latest Practicable Date;
- (f) in respect of the Comparable Companies:
 - (i) the LTM EV/EBITDA ratio of the Company of 21.9 times (as implied by the Exit Offer Price) is (aa) above the range of LTM EV/EBITDA ratios of the Comparable Companies of between 6.9 times and 10.1 times, (bb) at a significant premium of approximately 151.7% over the mean LTM EV/EBITDA ratio of the Comparable Companies of 8.7 times, and (cc) at a significant premium of approximately 146.1% over the median LTM EV/EBITDA ratio of the Comparable Companies of 8.9 times; and
 - (ii) the P/NAV ratio of the Company of 1.15 times (as implied by the Exit Offer Price) is (aa) within the range of P/NAV ratios of the Comparable Companies of between 0.44 times and 1.41 times, (bb) at a premium of approximately 27.8% over the mean P/NAV ratio of the Comparable Companies of 0.90 times, and (cc) at a premium of approximately 32.2% over the median P/NAV ratio of the Comparable Companies of 0.87 times;
- (g) in respect of the Precedent Privatisations:
 - (i) the premium of approximately 48.6% (as implied by the Exit Offer Price) over the last transacted price of the Shares on the Last Trading Day is (aa) within the range of the Precedent Privatisations of between a discount of 1.5% and a premium of 195.0%, and (bb) significantly above the corresponding mean and median premia of the Precedent Privatisations of 26.9% and 25.2% respectively;
 - (ii) the premium of approximately 61.6% (as implied by the Exit Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 0.0% and 266.7%, and (bb) significantly above the corresponding mean and median premia of the Precedent Privatisations of 32.9% and 30.4% respectively;
 - (iii) the premium of approximately 68.5% (as implied by the Exit Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 10.0% and 267.5%, and (bb) significantly above the corresponding mean and median premia of the Precedent Privatisations of 34.8% and 30.3% respectively;
 - (iv) the premium of approximately 65.5% (as implied by the Exit Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 15.7% and 267.5%, and (bb) significantly above the corresponding mean and median premia of the Precedent Privatisations of 35.0% and 30.3% respectively; and
 - (v) the P/NAV ratio of the Company of 1.15 times (as implied by the Exit Offer Price) is (aa) within the range of P/NAV ratios of the Precedent Privatisations of between 0.28 times and 5.62 times, (bb) close to the corresponding mean P/NAV ratio of the Precedent Privatisations of 1.20 times, and (cc) above the corresponding median P/NAV ratio of the Precedent Privatisations of 0.81 times;

APPENDIX I IFA LETTER

- (h) the Exit Offer Price represents a significant premium of approximately 61.8% over the analyst's target price of S\$0.34 for the Shares;
- (i) in respect of the past acquisitions of Shares by the Offeror:
 - (i) the Exit Offer Price represents a premium of approximately 17.3% over the 2019 Effective Price of S\$0.469 for each Share pursuant to the 2019 Share Transfer;
 - (ii) the Exit Offer Price represents a discount of approximately 22.8% to the 2018 Effective Price of S\$0.7124 for each Share pursuant to the 2018 Share Transfer;
 - (iii) although the Exit Offer Price represents a significant discount of approximately 33.3% to the Adjusted Placement Price of S\$0.825 under the 2015 Placement, the premium of approximately 48.6% (as implied by the Exit Offer Price) over the last transacted price of the Shares on the Last Trading Day is significantly higher than the aforesaid premium of approximately 11.5% in relation to the 2015 Placement; and
 - (iv) although the Exit Offer Price represents a significant discount of approximately 33.3% to the Adjusted 2015 Offer Price of S\$0.825 under the 2015 Offer, the premia implied by the Exit Offer Price of approximately 39.6%, 65.5%, 68.5% and 61.6% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods respectively prior to and including the Last Trading Day are higher than the corresponding premia of approximately 38.8%, 28.1%, 20.2% and 16.5% in relation to the 2015 Offer;
- (j) although the Exit Offer Price represents a significant discount of 35.3% to the NR Placement Price of S\$0.85 under the 2018 NR Placement, the premium of approximately 48.6% (as implied by the Exit Offer Price) over the last transacted price of the Shares on the Last Trading Day is significantly higher than the corresponding premium of approximately 14.8% in relation to the 2018 NR Placement;
- (k) the likelihood of a competing offer for the Shares is remote in view of the Offeror's shareholding interest of approximately 56.36% in the Company as at the Latest Practicable Date;
- (l) the Offeror already has statutory control over the Company which places the Offeror in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and the ability to pass all ordinary resolutions at the Company's general meetings on matters in which the Offeror and the Concert Group do not have an interest;
- (m) in the event that the Pre-Condition is not fulfilled or waived by the Long-Stop Date and/or the Shareholders' Approval is not obtained at the EGM, the Delisting will not proceed and the Company will remain listed on the SGX-ST. The Exit Offer will lapse and all acceptances of the Exit Offer will be returned to the relevant Shareholders;
- (n) in view that CRF has undertaken to reject the Exit Offer (if and when made), *inter alia*, the Offeror would not be entitled to exercise the right to compulsorily acquire all the Shares of the Dissenting Shareholders pursuant to Section 215(1) of the Companies Act; and
- (o) the implications of delisting or suspension for Shareholders, as set out in paragraph 10.9.11 of this Letter.

Having considered the aforesaid points including the various factors set out in this Letter and summarised in this section, we are of the opinion that, on balance, the financial terms of the Exit Offer are **fair and reasonable**.

In determining that the Exit Offer is **fair**, we have considered the following pertinent factors:

- (i) the Exit Offer Price represents (aa) a significant premium over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day, (bb) a significant premium over the closing price of the Shares on the Last Trading Day, (cc) a marginal premium over the VWAP of the Shares for the period after the Last Trading

APPENDIX I IFA LETTER

Day and up to the Latest Practicable Date, and (dd) a marginal premium over the closing price of the Shares on the Latest Practicable Date. The Exit Offer Price is above the closing prices of the Shares during the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date;

- (ii) the Exit Offer Price represents a premium over the unaudited NAV per Share of the Group as at 30 September 2019; and
- (iii) the P/NAV multiple as implied by the Exit Offer Price is (aa) significantly above the average historical trailing P/NAV multiples of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day, and (bb) close to the average historical trailing P/NAV multiple of the Shares for the period after the Last Trading Day and up to the Latest Practicable Date.

In determining that the Exit Offer is **reasonable**, we have considered the following pertinent factors:

- (i) the Group recorded significant decreases in revenue, net profit attributable to owners of the Company and net profit margin in 9M2019 *vis-à-vis* 9M2018;
- (ii) the Shares had generally underperformed the FSTELM Index and the FSTSE China Index during the one-year period prior to and including the Last Trading Day, but had outperformed the FSTELM Index and the FSTSE China Index during the period after the Last Trading Day and up to the Latest Practicable Date;
- (iii) in respect of the Comparable Companies, (aa) the LTM EV/EBITDA ratio of the Company (as implied by the Exit Offer Price) is significantly above the mean and median LTM EV/EBITDA ratios of the Comparable Companies, and (bb) the P/NAV ratio of the Company (as implied by the Exit Offer Price) is above the mean and median P/NAV ratios of the Comparable Companies;
- (iv) in respect of the Precedent Privatisations, (aa) the premia of the Exit Offer Price over the last transacted price of the Shares on the Last Trading Day and the one-month VWAP, 3-month VWAP and 6-month VWAP of the Shares up to and including the Last Trading Day are significantly above the corresponding mean and median premia of the Precedent Privatisations, and (bb) the P/NAV ratio of the Company (as implied by the Exit Offer Price) is close to the corresponding mean P/NAV ratio of the Precedent Privatisations and above the corresponding median P/NAV ratio of the Precedent Privatisations;
- (v) the Exit Offer Price represents a significant premium over the analyst's target price for the Shares;
- (vi) in respect of the past acquisitions of Shares by the Offeror, (aa) the Exit Offer Price represents a premium over the 2019 Effective Price for each Share pursuant to the 2019 Share Transfer, (bb) the Exit Offer Price represents a discount to the 2018 Effective Price for each Share pursuant to the 2018 Share Transfer, (cc) although the Exit Offer Price represents a significant discount to the Adjusted Placement Price under the 2015 Placement, the premium implied by the Exit Offer Price over the last transacted price of the Shares on the Last Trading Day is significantly higher than the corresponding premium in relation to the 2015 Placement, and (dd) although the Exit Offer Price represents a significant discount to the Adjusted 2015 Offer Price under the 2015 Offer, the premia implied by the Exit Offer Price over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day are higher than the corresponding premia offered under the 2015 Offer;
- (vii) although the Exit Offer Price represents a significant discount to the NR Placement Price under the 2018 NR Placement, the premium implied by the Exit Offer Price over the last transacted price of the Shares on the Last Trading Day is significantly higher than the corresponding premium in relation to the 2018 NR Placement;
- (viii) there is no alternative take-over offer for the Shares as at the Latest Practicable Date; and

APPENDIX I

IFA LETTER

- (ix) the Offeror already has statutory control over the Company which places the Offeror in a position to significantly influence, inter alia, the management, operating and financial policies of the Company and the ability to pass all ordinary resolutions at the Company's general meetings on matters in which the Offeror and the Concert Group do not have an interest.

11.2. Our Advice

Based on the foregoing, we advise the Independent Directors to recommend that Shareholders **accept** the Exit Offer (if and when made), unless Shareholders are able to obtain a price higher than the Exit Offer Price on the open market, after taking into account the brokerage and related costs in connection with open market transactions.

With regard to the Options Proposal, as the Option Price is computed on a "see-through" basis, an Optionholder would receive the same consideration from accepting the Options Proposal *vis-à-vis* converting his Options and accepting the Exit Offer. Our analysis and conclusion with respect to the Exit Offer Price will therefore be similarly relevant to the Optionholders. Accordingly, we advise the Independent Directors to recommend that Optionholders whose Options have exercise prices lower than the Exit Offer Price **accept** the Options Proposal.

We would advise the Independent Directors to consider highlighting to the Shareholders that there is no assurance that the market prices of the Shares may be maintained at current levels prevailing as at the Latest Practicable Date.

The Independent Directors should note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion and advice on the Exit Offer do not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

This Letter has been prepared pursuant to Rule 1309 of the Listing Manual as well as to advise the Independent Directors in connection with and for the purpose of their consideration of the financial terms of the Exit Offer. The recommendation made by them to the Shareholders in relation to the Exit Offer shall remain the responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of NCF in each specific case, except for the purposes of the Exit Offer. Our opinion and advice are governed by, and construed in accordance with, the laws of Singapore and are strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours truly,
For and on behalf of
Novus Corporate Finance Pte. Ltd.

Andrew Leo
Chief Executive Officer

Huong Wei Beng
Director

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APPENDIX II

ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

1. DIRECTORS

The names, addresses and descriptions of all the directors of the Company as at the Latest Practicable Date are as set out below:

Name	Address	Description
Mr. Hao Weibao	80 Robinson Road, #02-00, Singapore 068898	Executive Chairman and Group Chief Executive Officer
Mr. Wang Song	80 Robinson Road, #02-00, Singapore 068898	Executive Director
Dr. Chong Weng Chiew	80 Robinson Road, #02-00, Singapore 068898	Executive Director
Mr. Bi Jingshuang	80 Robinson Road, #02-00, Singapore 068898	Non-Executive Director
Mr. Sun Lei	80 Robinson Road, #02-00, Singapore 068898	Non-Executive Director
Mr. Yeung Koon Sang alias David Yeung	80 Robinson Road, #02-00, Singapore 068898	Lead Independent Director
Mr. Tay Beng Chuan	80 Robinson Road, #02-00, Singapore 068898	Independent Director
Mr. Lee Suan Hiang	80 Robinson Road, #02-00, Singapore 068898	Independent Director

2. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore in July 2003 and is an indirect subsidiary of CITIC Environment through the Offeror. The Company is a leading membrane-based integrated environmental solutions provider specialising in water and wastewater treatment, water supply and recycling. It is also engaged in sludge and hazardous waste treatment as well as river restoration. It undertakes both turnkey and investment projects as well as provides plant operation and maintenance services in water and environmental projects.

3. REGISTERED OFFICE

The registered office of the Company is at 80 Robinson Road, #02-00, Singapore 068898.

4. SHARE CAPITAL

4.1 Issued Share Capital

As at the Latest Practicable Date, the Company has an issued and fully paid up share capital of S\$723,648,000 comprising 2,432,361,356 Shares and a market capitalisation of approximately S\$1,313,475,132.

As at the Latest Practicable Date, the Company does not have any treasury shares in issue.

APPENDIX II

ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

4.2 Rights in respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution, which is available for inspection at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898.

4.3 New Issues

Save as disclosed below, as at the Latest Practicable Date, no new Shares have been issued by the Company since 31 December 2018, being the last financial year of the Company.

Issuance of Shares under the Option Scheme

Date of Issuance	Number of Ordinary Shares	Exercise Price
6 June 2019	6,774,000	S\$0.276
15 May 2019	2,200,000	S\$0.276
6 May 2019	3,000,000	S\$0.276

4.4 Options and Convertible Instruments

As at the Latest Practicable Date, the Company has up to 7,857,200 outstanding Options, which are exercisable into Shares.

4.5 Transfer Restrictions

There is no restriction in the Constitution on the right to transfer any Offer Shares, which has the effect of requiring the holders of such Offer Shares, before transferring them, to offer them for purchase to members of the Company or to any other person.

5. **FINANCIAL INFORMATION**

5.1 Consolidated Statements of Comprehensive Income

A summary of the audited consolidated statements of comprehensive income of the Group for FY2016, FY2017 and FY2018 and the unaudited consolidated statements of comprehensive income of the Group for 3Q2019 is set forth below. The summary set out below should be read together with the annual reports, the audited consolidated statements of comprehensive income of the Group for the relevant financial periods and the 3Q2019 Results (**Appendix III** to this Circular) and their respective accompanying notes, copies of which are available for inspection at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898.

APPENDIX II
ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

	Group			
	Unaudited 9 months ended	Audited 12 months ended		
	30.09.2019	31.12.2018	31.12.2017 (Restated) ⁽¹⁾⁽²⁾	31.12.2016 (Restated) ⁽¹⁾
	\$'000	\$'000	\$'000	\$'000
Revenue	439,275	994,466	677,173	544,555
Other income	11,535	40,361	25,436	19,319
Changes in inventories	10,438	879	11,593	3,207
Material purchased, consumables used and subcontractors' fees	(206,489)	(602,114)	(427,567)	(281,153)
Employee benefits expense	(52,514)	(62,961)	(56,492)	(50,054)
Depreciation and amortisation expenses	(28,935)	(39,037)	(23,886)	(22,182)
Other operating expenses	(82,942)	(133,446)	(64,217)	(49,576)
Finance costs	(53,145)	(41,028)	(33,971)	(39,573)
Share of profit of associates	1,228	4,248	4,836	6,814
Profit before income tax	38,451	161,368	112,905	131,357
Income Tax expense	(23,075)	(48,190)	(32,984)	(29,401)
Net (loss)/profit for the period	15,376	113,178	79,921	101,956
Statement of Comprehensive Income				
(Loss)/Profit attributable to:				
Owners of the Company	10,606	105,141	70,238	99,312
Non-controlling interests	4,770	8,037	9,683	2,644
(Loss)/Profit for the period	15,376	113,178	79,921	101,956
Currency translation loss	(7,505)	(64,262)	(7,335)	–
Total other comprehensive income for the period	(7,505)	(64,262)	(7,335)	–
Total comprehensive (loss)/ income for the period	7,871	48,916	72,586	101,956
Earnings Per Share	0.44	3.18	1.97	6.79

APPENDIX II ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

Notes:

- (1) The Company announced on 8 April 2019 that it had received a letter dated 5 April 2019 from Accounting and Corporate Regulatory Authority (“ACRA”) in relation to its findings from the review of the Company’s financial statements for FY2016. To remediate the findings, the Company had issued revised financial statements for FY2016 and FY2017 (the “**FY2017 Revised Financial Statement**”), which were prepared in accordance with the Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-Sheet) Regulation 2018. The revised financial statements were approved by the directors on 8 March 2019.
- (2) Based on the figures reflected in the annual report of the Company for FY2018.

The Company confirmed that there had been no exceptional items because of size, nature or incidence in FY2016, FY2017, FY2018 and 3Q2019.

5.2 Consolidated Statements of Financial Position

The audited consolidated statements of financial position of the Group for FY2016, FY2017 and FY2018 and the unaudited consolidated statements of financial position of the Group for 3Q2019 are summarised below. The summary set out below should be read together with the annual report of the Group for the relevant financial periods and the 3Q2019 Results (**Appendix III** to this Circular) and their respective accompanying notes, copies of which are available for inspection at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898.

	Group			
	Unaudited		Audited	
	30.09.2019	31.12.2018	Restated ⁽¹⁾⁽²⁾ 31.12.2017	Restated ⁽¹⁾ 31.12.2016
	S\$’000	S\$’000	S\$’000	S\$’000
Assets				
<u>Non-Current Assets</u>				
Contract assets	1,112,119	1,106,461	428,225	–
Service concession receivables	605,725	611,881	639,990	797,693
Trade receivables	23,166	23,586	158,665	25,036
Other receivables and prepayments	40,703	18,866	32,163	15,577
Prepaid leases	–	86,353	85,850	39,996
Subsidiaries	–	–	–	–
Associates	44,240	44,357	29,720	17,807
Property, Plant and Equipment	379,181	231,672	219,123	106,822
Goodwill	255,365	255,365	255,365	255,365
Intangible assets	284,180	295,423	252,636	339,040
Financial assets at fair value through profit or loss	4,479	4,639	–	–

APPENDIX II
ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

	Group			
	Unaudited		Audited	
	30.09.2019	31.12.2018	Restated⁽¹⁾⁽²⁾	Restated⁽¹⁾
	S\$'000	S\$'000	31.12.2017	31.12.2016
		S\$'000	S\$'000	
Available-for-sale investment	–	–	2,660	–
Deferred tax assets	12,515	11,704	470	1,111
Rights-of-use assets	118,122	–	–	–
Total Non-Current Assets	2,879,795	2,690,307	2,104,867	1,598,447
Current Assets				
Cash and bank balances	520,642	376,521	631,304	493,541
Trade receivables	231,273	245,240	237,696	240,414
Contract assets	112,607	47,287	23,402	–
Service concession receivables	17,586	15,739	15,130	6,248
Other receivables and prepayments	364,957	383,258	182,866	141,233
Inventories	36,687	26,249	25,370	13,777
Prepaid leases	–	2,158	2,134	736
Assets classified as held for sale	–	–	55,546	55,645
Total Current Assets	1,283,752	1,096,452	1,173,448	951,594
Total Assets	4,163,547	3,786,759	3,278,315	2,550,041
Equity and Liabilities				
Equity				
Share Capital	723,648	717,855	622,741	608,063
Perpetual capital securities	236,350	236,350	717,600	481,250
General reserve	28,432	28,121	15,137	7,414
Capital reserve	6,073	6,073	6,073	2,096
Share option reserve	10,245	12,733	21,848	27,782
Currency translation reserve	(82,789)	(73,173)	(15,625)	(10,760)

APPENDIX II
ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

	Group			
	Unaudited		Audited	
	30.09.2019	31.12.2018	31.12.2017	31.12.2016
	S\$'000	S\$'000	S\$'000	S\$'000
Retained earnings/ (Accumulated losses)	239,958	254,839	262,223	264,385
Equity attributable to owners of the Company	1,161,917	1,182,798	1,629,997	1,380,230
Non-Controlling Interests	216,269	191,310	146,763	115,288
Total Equity	1,378,186	1,374,108	1,776,760	1,495,518
<u>Non-Current Liabilities</u>				
Bank loans	1,738,483	1,005,744	387,725	256,868
Finance leases	84	135	236	169
Lease liabilities	9,344	–	–	–
Medium term notes	–	–	–	223,449
Deferred tax liabilities	62,847	56,900	46,339	45,432
Total Non-Current Liabilities	1,810,758	1,062,779	434,300	525,918
<u>Current Liabilities</u>				
Bank loans	166,518	377,736	197,070	76,499
Medium term notes	–	–	224,559	–
Trade payables	544,643	721,884	509,342	310,048
Contract liabilities	488	–	–	–
Other payables	228,970	200,980	90,082	79,410
Finance leases	76	98	116	161
Liabilities directly associated with assets classified as held for sales	–	–	4,779	31,953
Lease liabilities	1,627	–	–	–
Income tax payable	32,281	49,174	41,307	30,534
Total Current Liabilities	974,603	1,349,872	1,067,255	528,605
Total Equity and Liabilities	4,163,547	3,786,759	3,278,315	2,550,041

APPENDIX II

ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

Notes:

- (1) The Company announced on 8 April 2019 that it had received a letter dated 5 April 2019 from Accounting and Corporate Regulatory Authority (“ACRA”) in relation to its findings from the review of the Company’s financial statements for FY2016. To remediate the findings, the Company had issued revised financial statements for FY2016 and FY2017 (the “**FY2017 Revised Financial Statement**”), which were prepared in accordance with the Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-Sheet) Regulation 2018. The revised financial statements were approved by the directors on 8 March 2019.
- (2) Based on the figures reflected in the annual report of the Company for FY2018.

5.3 Consolidated NAV per Share

The consolidated NAV per Share of the Group based on the latest published accounts prior to the date of this Circular (being the 3Q2019 Results) is S\$0.478.² As at the Latest Practicable Date, the Directors are not aware of any material changes which may affect the above stated consolidated NAV per Share.

5.4 Significant Accounting Policies and Changes

As at the Latest Practicable Date, there are no significant accounting policies nor any points from notes of the accounts of the Group which are of major relevance for the interpretation of the financial statements of the Group referred to in this Circular.

5.5 Material Changes in Financial Position

Save as set out in publicly available information on the Group, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Company since 31 December 2018, being the date of the Company’s last published audited consolidated financial statements.

6. **SHAREHOLDINGS AND DEALINGS**

- (a) None of the Company and its subsidiaries has any direct or deemed interest in (i) any shares of the Offeror; or (ii) any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror, as at the Latest Practicable Date.
- (b) Neither the Company nor its subsidiaries have dealt for value in (i) any shares of the Offeror; or (ii) any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

² Based on the annual report of the Company for FY2018, the perpetual capital securities are recorded under equity of the Group as they do not have a maturity date and the Company is able to elect to defer making a distribution subject to the terms and conditions of the perpetual capital securities, hence the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of the perpetual capital securities. Adjusting for the perpetual capital securities on the assumption that they would be eventually redeemed, the NAV of the Group would be approximately S\$925.6 million or approximately S\$0.381 per Share based on 2,432,361,356 issued Shares, and the Exit Offer Price would represent a significant premium of approximately 44.4% over such NAV per share and would value the Group at a P/NAV ratio of 1.44 times.

APPENDIX II
ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

- (c) None of the Directors has any direct or indirect interest in the (i) shares of the Offeror; and (ii) convertible securities, warrants, options or derivatives in respect of any shares of the Offeror as at the Latest Practicable Date.
- (d) None of the Directors has dealt for value in any (i) shares of the Offeror; and (ii) convertible securities, warrants, options or derivatives in respect of any shares of the Offeror during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.
- (e) Save as disclosed in Section 7 of **Appendix II** of this Circular entitled “Disclosure of Directors’ Interests”, none of the Directors has any direct or indirect interest in the (i) Shares; or (ii) convertible securities, warrants, options or derivatives in respect of any Shares as at the Latest Practicable Date.
- (f) None of the Directors has dealt for value in any (i) Shares; and (ii) convertible securities, warrants, options or derivatives in respect of any Shares during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.
- (g) None of the IFA, its related corporations or any of the funds whose investments are managed by the IFA and its related corporations on a discretionary basis owns or controls, directly or indirectly, any (i) shares of the Offeror; and (ii) convertible securities, warrants, options or derivatives in respect of any shares of the Offeror as at the Latest Practicable Date.
- (h) None of the IFA, its related corporations or any of the funds whose investments are managed by the IFA and its related corporations on a discretionary basis has dealt for value in any (i) shares of the Offeror; and (ii) convertible securities, warrants, options or derivatives in respect of any shares of the Offeror during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.
- (i) None of the IFA, its related corporations or any of the funds whose investments are managed by the IFA and its related corporations on a discretionary basis owns or controls, directly or indirectly, any (i) Shares; or (ii) convertible securities, warrants, options or derivatives in respect of any Shares as at the Latest Practicable Date.
- (j) None of the IFA, its related corporations or any of the funds whose investments are managed by the IFA and its related corporations on a discretionary basis has dealt for value in any (i) Shares; and (ii) convertible securities, warrants, options or derivatives in respect of any Shares during the period commencing three (3) months prior to the Joint Announcement Date, and ending on the Latest Practicable Date.

APPENDIX II ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

7. DISCLOSURE OF DIRECTORS' INTERESTS

The table below sets out the Directors' Interests in the Company as at the Latest Practicable Date, based on the information in the Register of Directors' Shareholdings maintained in accordance with Section 164 of the Companies Act.

	Direct Interest		Deemed Interest	
	No. of Shares	% of issued Shares ⁽¹⁾	No. of Shares	% of issued Shares ⁽¹⁾
Directors				
Mr. Hao Weibao	–	–	–	–
Mr. Wang Song	–	–	–	–
Dr. Chong Weng Chiew	1,000,000	0.04	–	–
Mr. Sun Lei	–	–	–	–
Mr. Bi Jingshuang	–	–	538,048,010	22.12
Mr. Yeung Koon Sang alias David Yeung	1,200,000	0.05	–	–
Mr. Tay Beng Chuan	2,250,000	0.09	–	–
Mr. Lee Suan Hiang	721,000	0.03	800,000 ⁽²⁾	0.03

Notes:

(1) The percentage shareholding interest is based on the issued share capital of 2,432,361,356 Shares as at the Latest Practicable Date, and rounded to two (2) decimal places. The Company does not have any treasury shares.

(2) Mr. Lee Suan Hiang is deemed interested in the Shares held by his wife.

8. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

The table below sets out the Substantial Shareholders' interests in the Company as at the Latest Practicable Date, based on the information in the Register of Substantial Shareholders.

	Direct Interest		Deemed Interest	
	No. of Shares	% of issued Shares ⁽¹⁾	No. of Shares	% of issued Shares ⁽¹⁾
Substantial Shareholders (excluding Directors)				
CKM (Cayman) Company Limited ⁽²⁾	–	–	1,370,889,284	56.36%
CITIC Environment (International) Company Limited ⁽³⁾	–	–	1,370,889,284	56.36%
CITIC Environment Investment Group Co., Ltd. ⁽⁴⁾	–	–	1,370,889,284	56.36%
CITIC Corporation Limited ⁽⁴⁾	–	–	1,370,889,284	56.36%

APPENDIX II
ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

	Direct Interest		Deemed Interest	
	No. of Shares	% of issued Shares ⁽¹⁾	No. of Shares	% of issued Shares ⁽¹⁾
CITIC Limited ⁽⁴⁾	–	–	1,370,889,284	56.36%
CITIC Group Corporation ⁽⁴⁾	–	–	1,370,889,284	56.36%
CENVIT (Cayman) Company Limited	1,370,889,284	56.36%	–	–
CRF Envirotech Co., Ltd.	538,048,010	22.12%	–	–
CRF Envirotech Fund L.P. ⁽⁵⁾	–	–	538,048,010	22.12%
China Reform Conson Soochow Overseas Fund I L.P. ⁽⁶⁾	–	–	538,048,010	22.12%
CRF Envirotech GP Ltd. ⁽⁷⁾	–	–	538,048,010	22.12%
China Reform Puissance Overseas GP L.P. ⁽⁸⁾	–	–	538,048,010	22.12%
China Reform Puissance Overseas Holdings Limited ⁽⁹⁾	–	–	538,048,010	22.12%
China Reform Overseas Feeder GP Ltd. ⁽¹⁰⁾	–	–	538,048,010	22.12%
China Reform Overseas Cayman Company Limited ⁽¹¹⁾	–	–	538,048,010	22.12%
China Reform Funds Management Co., Ltd. ⁽¹²⁾	–	–	538,048,010	22.12%
Golden Bridge Capital Holdings Limited ⁽¹³⁾	–	–	538,048,010	22.12%
Soochow International Capital Limited ⁽¹⁴⁾	–	–	538,048,010	22.12%
Soochow Securities (Hong Kong) Financial Holdings Limited ⁽¹⁵⁾	–	–	538,048,010	22.12%
Soochow Securities Co., Ltd. ⁽¹⁶⁾	–	–	538,048,010	22.12%
Bi Jingshuang ⁽¹⁷⁾	–	–	538,048,010	22.12%
Haitian (HK) Holdings Limited ⁽¹⁸⁾	–	–	538,048,010	22.12%
Qingdao Conson Financial Holdings Co., Ltd. ⁽¹⁹⁾	–	–	538,048,010	22.12%
Qingdao Conson Development (Group) Co., Ltd. ⁽²⁰⁾	–	–	538,048,010	22.12%
SASAC of the Qingdao Municipal Government ⁽²¹⁾	–	–	538,048,010	22.12%

APPENDIX II

ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

Notes:

- (1) The percentage shareholding interest is based on the issued share capital of 2,432,361,356 Shares as at the Latest Practicable Date, and rounded to two (2) decimal places or four (4) decimal places (as may be necessary). The Company does not have any treasury shares.
- (2) CKM (Cayman) Company Limited is deemed interested in the Shares held by its subsidiaries, CENVIT (Cayman) Company Limited.
- (3) 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.
- (4) 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.
- (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..
- (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) Holdings 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) Holdings 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..

APPENDIX II

ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

9. DIRECTORS' INTENTIONS IN RELATION TO THE EXIT OFFER

As at the Latest Practicable Date, Mr. Yeung Koon Sang alias David Yeung, Mr. Tay Beng Chuan, Mr. Lee Suan Hiang (the “**Voting Directors**”) and the wife of Mr. Lee Suan Hiang own an aggregate of 4,971,000 Shares, representing 0.20% of the total number of issued Shares. As of the Latest Practicable Date, each of the Voting Directors and the wife of Mr. Lee Suan Hiang intends to vote in favour of the Delisting Resolution and accept the Exit Offer in respect of all their Shares.

As at the Latest Practicable Date, Dr. Chong Weng Chiew holds an aggregate of 1,000,000 Shares, representing 0.04% of the total number of issued Shares. Due to irreconcilable conflicts of interests, Dr. Chong Weng Chiew will not be voting on the Delisting Resolution, but intends to accept the Exit Offer in respect of all his shares.

As at the Latest Practicable Date, Mr. Bi Jingshuang is deemed interested in 538,048,010 Shares, representing 22.12% of the total number of issued Shares as disclosed in Section 8 to **Appendix II** of this Circular. Save for Mr Bi Jingshuang, Dr. Chong Weng Chiew and the Voting Directors, none of the Directors owns, controls or is otherwise interested in any Company Securities.

10. DIRECTORS' SERVICE CONTRACTS

There are no service contracts between any of the Directors or proposed directors with the Company or its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation (other than statutory compensation). There are no such service contracts entered into or amended by the Company or its subsidiaries during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

11. ARRANGEMENTS AFFECTING DIRECTORS

- (a) There is no payment or other benefit which will be made or given to any Director or director of any other corporation deemed to be related to the Company by virtue of Section 6 of the Companies Act, as compensation for loss of office or otherwise in connection with the Exit Offer.
- (b) Save for the Irrevocable Undertakings as disclosed in Section 5 in “Letter to Shareholders” of this Circular, as at the Latest Practicable Date, there was no agreement or arrangement made between any Director and any other person in connection with the Exit Offer or conditional on or dependent upon the outcome of or otherwise connected with the Exit Offer.
- (c) Save as disclosed in this Circular, none of the Directors had any material personal interest, whether direct or indirect, in any material contract entered by the Offeror as at the Latest Practicable Date.

APPENDIX II

ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

12. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Save as disclosed in this Circular, on the SGXNet, in the Company's annual reports, or any publicly available information on the Company, neither the Company nor any of its subsidiaries had, within the period beginning three (3) years before the Joint Announcement Date up to and including the Latest Practicable Date, entered into any contract (whether or not with interested persons³) which was or might be material (other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries).

13. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (a) neither the Company nor any of its subsidiaries was engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group taken as a whole; and
- (b) the Directors were not aware of any litigation, claim or proceeding pending or threatened by or against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company or the Group taken as a whole.

14. MATERIAL CHANGE IN INFORMATION

Save as disclosed in this Circular and save for information relating to the Company, the Group or the Delisting and the Exit Offer that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Joint Announcement Date and ending on the Latest Practicable Date.

³ An "interested person" is defined in Note on Rule 23.12 of the Code to mean:

- (a) a director, chief executive officer, or Substantial Shareholder of the Company;
- (b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the Company;
- (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a Substantial Shareholder (being an individual) of the Company and his immediate family is a beneficiary;
- (d) any company in which a director, the chief executive officer or a Substantial Shareholder (being an individual) of the Company together and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or
- (f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

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**APPENDIX III
3Q2019 RESULTS**



**中信环境技术
CITIC ENVIROTECH**

CITIC ENVIROTECH LTD. (Company registration number: 200306466G)

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the “Review of the performance of the group”.

**Third Quarter Financial Statement & Dividend Announcement for the Period Ended
30 September 2019**

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS**

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group (\$'000)	3 months ended 30/9/2019	3 months ended 30/9/2018	% Increase/ (Decrease)	9 months ended 30/9/2019	9 months ended 30/9/2018	% Increase/ (Decrease)
Revenue	164,298	238,212	(31.0)	439,275	788,438	(44.3)
Other income	5,179	3,356	54.3	11,535	12,368	(6.7)
Changes in inventories	8,639	6,922	24.8	10,438	5,740	81.8
Material purchased, consumables used and subcontractors' fees	(77,975)	(154,782)	(49.6)	(206,489)	(499,005)	(58.6)
Employee benefits expense	(23,274)	(13,454)	73.0	(52,514)	(40,966)	28.2
Depreciation and amortisation expenses	(10,701)	(9,137)	17.1	(28,935)	(25,298)	14.4
Other operating expenses	(19,293)	(20,847)	(7.5)	(57,091)	(52,511)	8.7
– Foreign currency exchange loss	(26,004)	(2,169)	1,098.9	(25,851)	(3,395)	661.4
Finance costs	(17,159)	(10,709)	60.2	(53,145)	(30,544)	74.0
Share of profit of associates	1,245	208	498.6	1,228	949	29.4
Profit before income tax	4,955	37,600	(86.8)	38,451	155,776	(75.3)
Income tax expense	(8,957)	(13,739)	(34.8)	(23,075)	(46,660)	(50.5)
Net (loss)/profit for the period	(4,002)	23,861	N/M	15,376	109,116	(85.9)

**APPENDIX III
3Q2019 RESULTS**

The Group (\$'000)	3 months ended 30/9/2019	3 months ended 30/9/2018	% Increase/ (Decrease)	9 months ended 30/9/2019	9 months ended 30/9/2018	% Increase/ (Decrease)
Statement of Comprehensive Income						
(Loss)/Profit attributable to:						
Owners of the Company	(7,193)	21,940	N/M	10,606	104,597	(89.9)
Non-controlling interests	3,191	1,921	66.1	4,770	4,519	5.6
(Loss)/Profit for the period	(4,002)	23,861	N/M	15,376	109,116	(85.9)
Currency translation loss	(1,635)	(61,825)	(97.4)	(7,505)	(68,949)	(89.1)
Total other comprehensive income for the period	(1,635)	(61,825)	(97.4)	(7,505)	(68,949)	(89.1)
Total comprehensive (loss)/ income for the period	(5,637)	(37,964)	(85.2)	7,871	40,167	(80.4)
Total comprehensive (loss)/ income attributable to:						
Owners of the company	(9,510)	(32,038)	(70.3)	990	43,494	(97.7)
Non-controlling interests	3,873	(5,926)	N/M	6,881	(3,327)	N/M
Total comprehensive (loss)/ income for the period	(5,637)	(37,964)	(85.2)	7,871	40,167	(80.4)

1(a)(ii) Breakdown to statement of comprehensive income

The Group (\$'000)	3 months ended 30/9/2019	3 months ended 30/9/2018	% Increase/ (Decrease)	9 months ended 30/9/2019	9 months ended 30/9/2018	% Increase/ (Decrease)
Employee share option expense	–	343	N/M	–	685	N/M
Shares award expense to key employees	5,138	–	N/M	5,138	–	N/M
Interest expense on bank borrowings and finance leases	17,159	10,709	60.2	53,145	27,038	96.6
Interest expense on MTN bond	–	–	–	3,506	N/M	
Interest income	(1,706)	(972)	75.5	(3,651)	(2,723)	34.1
Foreign currency exchange loss	26,004	2,169	1,098.9	25,851	3,395	661.4
Gain on disposal of subsidiaries	–	–	–	–	(3,136)	N/M
Loss on strike-off of subsidiary	–	960	N/M	–	960	N/M
Gain on disposal of intangible asset	–	–	–	(14)	–	N/M
Allowance for doubtful receivables	–	–	–	–	556	N/M
Reversal of allowance for doubtful receivables	(104)	–	N/M	(276)	(281)	(1.8)

N/M: Not meaningful

**APPENDIX III
3Q2019 RESULTS**

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group 30/9/2019 \$'000	Group 31/12/2018 \$'000	Company 30/9/2019 \$'000	Company 31/12/2018 \$'000
ASSETS				
Current assets:				
Cash and bank balances	520,642	376,521	16,883	17,873
Trade receivables	231,273	245,240	–	–
Contract assets	112,607	47,287	–	–
Service concession receivables	17,586	15,739	–	–
Other receivables and prepayments	364,957	383,258	896,191	893,534
Inventories	36,687	26,249	–	–
Prepaid leases	–	2,158	–	–
Total current assets	1,283,752	1,096,452	913,074	911,407
Non-current assets:				
Contract assets	1,112,119	1,106,461	–	–
Service concession receivables	605,725	611,881	–	–
Trade receivables	23,166	23,586	–	–
Other receivables and prepayments	40,703	18,866	13,796	8,000
Prepaid leases	–	86,353	–	–
Subsidiaries	–	–	934,898	750,665
Associates	44,240	44,357	10,588	12,316
Property, plant and equipment	379,181	231,672	186	228
Goodwill	255,365	255,365	–	–
Intangible assets	284,180	295,423	200	200
Financial assets at fair value through profit or loss	4,479	4,639	60	–
Deferred tax assets	12,515	11,704	–	–
Right-of-use assets	118,122	–	–	–
Total non-current assets	2,879,795	2,690,307	959,728	771,409
Total assets	4,163,547	3,786,759	1,872,802	1,682,816
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	166,518	377,736	97,635	136,344
Trade payables	544,643	721,884	–	–
Contract liabilities	488	–	–	–
Other payables	228,970	200,980	151,357	184,606
Finance leases	76	98	39	39
Lease liabilities	1,627	–	–	–
Income tax payable	32,281	49,174	–	–
Total current liabilities	974,603	1,349,872	249,031	320,989
Non-current liabilities:				
Bank loans	1,738,483	1,005,744	724,734	409,033
Finance leases	84	135	70	99
Lease liabilities	9,344	–	–	–
Deferred tax liabilities	62,847	56,900	–	–
Total non-current liabilities	1,810,758	1,062,779	724,804	409,132
Capital, reserves and non-controlling interests:				
Share capital	723,648	717,855	723,648	717,855
Perpetual capital securities	236,350	236,350	236,350	236,350
General reserve	28,432	28,121	–	–
Capital reserve	6,073	6,073	–	–
Share option reserve	10,245	12,733	10,245	12,733
Currency translation reserve	(82,789)	(73,173)	(15,502)	(33,795)
Retained earnings/ (Accumulated losses)	239,958	254,839	(55,774)	19,552
Equity attributable to owners of the Company	1,161,917	1,182,798	898,967	952,695
Non-controlling interests	216,269	191,310	–	–
Total equity	1,378,186	1,374,108	898,967	952,695
Total liabilities and equity	4,163,547	3,786,759	1,872,802	1,682,816

APPENDIX III 3Q2019 RESULTS

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

<u>As at 30/9/2019</u>		<u>As at 31/12/2018</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
44,096	122,498	241,490	136,344

Amount repayable after one year

<u>As at 30/9/2019</u>		<u>As at 31/12/2018</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
555,627	1,182,940	596,846	409,033

Details of any collateral

- The finance leases of \$160,000 (31 December 2018: \$233,000) is secured over the Group's motor vehicles.
- The bank loans of \$599,563,000 (31 December 2018: \$838,103,000) are secured over the concession receivables, intangible assets, treatment plants, right-of-use assets, prepaid lease and leasehold buildings of its subsidiaries.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group (\$'000)	3 months ended 30/9/2019	3 months ended 30/9/2018	9 months ended 30/9/2019	9 months ended 30/9/2018
Operating activities				
Profit before income tax	4,955	37,600	38,451	155,776
Adjustments for:	–			
Interest income	(1,706)	(972)	(3,651)	(2,723)
Interest expense	17,159	10,709	53,145	30,544
Share of profit of associates	(1,245)	(208)	(1,228)	(949)
Depreciation and amortisation	10,701	9,137	28,935	25,298
Share option expense	–	343	–	685
Shares award expense to key employees	5,138	–	5,138	–
Allowance for doubtful receivables	–	–	–	556
Reversal of allowance for doubtful receivables	(104)	–	(276)	(281)
Gain on disposal of intangible asset	–	–	(14)	–
Gain on disposal of subsidiaries	–	–	–	(3,136)
Loss on strike off of subsidiary	–	960	–	960

**APPENDIX III
3Q2019 RESULTS**

The Group (\$'000)	3 months ended 30/9/2019	3 months ended 30/9/2018	9 months ended 30/9/2019	9 months ended 30/9/2018
Operating profit before working capital changes	34,898	57,569	120,500	206,730
Contract assets	(79,940)	(164,866)	(181,149)	(293,140)
Trade receivables	11,096	41,401	11,022	(17,984)
Other receivables and prepayments	8,890	(47,165)	6,321	(95,646)
Inventories	(9,075)	(6,923)	(11,073)	(5,797)
Trade payables	(33,457)	62,240	(149,601)	22,525
Other payables	19,366	(8,499)	19,664	15,747
Lease liabilities	(433)	–	(1,310)	–
Cash used in operations before service concession arrangement projects	(48,655)	(66,243)	(185,626)	(167,565)
Changes in receivables under service concession arrangement projects (Note A)	2,435	11,276	9,446	8,983
Cash used in operations after service concession arrangement projects	(46,220)	(54,967)	(176,180)	(158,582)
Interest received	1,706	972	3,651	2,723
Interest paid	(20,880)	(10,709)	(67,841)	(31,870)
Income tax paid	(13,696)	(5,169)	(32,509)	(15,730)
Net cash used in operating activities	(79,090)	(69,873)	(272,879)	(203,459)
Investing activities				
Net cash outflow on acquisition of a subsidiary	–	–	(12,016)	–
Addition to property, plant and equipment	(20,709)	(11,327)	(24,767)	(19,763)
Addition to intangible assets	(11)	(2,114)	(503)	(2,114)
Addition to right-of-use assets	(24,574)	–	(27,175)	–
Addition to deposits for investment projects	(13,796)	21,418	(13,796)	(40,608)
Deposits received	4,278	–	22,910	–
Dividend received from associate	1,430	–	1,430	–
Addition to financial assets at fair value through profit or loss	–	(783)	–	(1,870)
Investment in associate	(3,016)	–	(3,016)	–
Disposal of associate	1,728	–	1,728	–
Disposal of subsidiary	–	–	–	10,378
Net cash from (used in) investing activities	(54,670)	7,194	(55,205)	(53,977)

**APPENDIX III
3Q2019 RESULTS**

The Group (\$'000)	3 months ended 30/9/2019	3 months ended 30/9/2018	9 months ended 30/9/2019	9 months ended 30/9/2018
Financing activities				
Contribution from non-controlling shareholders	1,286	14,513	10,018	17,548
Dividend paid	–	(12,027)	(22,962)	(65,278)
New bank loans raised	294,340	165,944	842,710	449,666
Redemption of medium term notes	–	–	–	(225,000)
Proceeds from issuing new shares	–	2,813	3,305	83,750
Share buy-back and cancellation of shares	–	–	–	(544)
Repayment of obligations under finance leases	(25)	(30)	(73)	(90)
Repayment of bank borrowings	(194,633)	(38,892)	(360,685)	(238,523)
Net cash from financing activities	100,968	132,321	472,313	21,529
Net increase (decrease) in cash and cash equivalents	(32,792)	69,642	144,229	(235,907)
Cash and cash equivalents at beginning of period	560,088	328,235	376,521	631,304
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(6,654)	(12,490)	(108)	(10,010)
Cash and cash equivalents at end of period	520,642	385,387	520,642	385,387

Note A:

In accordance with the application of SFRS (I) INT 12 *Service Concession Arrangements* and SFRS(I) 1-7 *Statement of Cash Flows*, the movement in the receivables under service concession arrangements has been classified under operating activities.

APPENDIX III
3Q2019 RESULTS

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders.

	Share capital \$'000	Perpetual capital securities \$'000	General reserve \$'000	Capital reserve \$'000	Share option reserves \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total equity attributable to owners of the Company \$'000	Non controlling interests \$'000	Total equity \$'000
Group										
At 1 January 2019	717,855	236,350	28,121	6,073	12,733	(73,173)	254,839	1,182,798	191,310	1,374,108
Profit for the period	-	-	-	-	-	-	3,084	3,084	1,305	4,389
Other comprehensive income for the period	-	-	-	-	-	22,348	-	22,348	2,651	24,999
Total comprehensive income for the period	-	-	-	-	-	22,348	3,084	25,432	3,956	29,388
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	5,268	5,268
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	5,852	5,852
Dividend payable	-	-	-	-	-	-	(2,308)	(2,308)	-	(2,308)
At 31 March 2019	717,855	236,350	28,121	6,073	12,733	(50,825)	255,615	1,205,922	206,386	1,412,308
Profit for the period	-	-	-	-	-	-	14,715	14,715	274	14,989
Other comprehensive income for the period	-	-	-	-	-	(29,647)	-	(29,647)	(1,222)	(30,869)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(29,647)	14,715	(14,932)	(948)	(15,880)
Issuance of shares on exercise of ESOS	5,793	-	-	-	(2,488)	-	-	3,305	-	3,305
Transfer to general reserve	-	-	311	-	-	-	(311)	-	-	-
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	2,966	2,966
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	2,825	2,825
Dividend paid/payable	-	-	-	-	-	-	(20,509)	(20,509)	-	(20,509)
At 30 June 2019	723,648	236,350	28,432	6,073	10,245	(80,472)	249,510	1,173,786	211,229	1,385,015
(Loss)/Profit for the period	-	-	-	-	-	-	(7,193)	(7,193)	3,191	(4,002)
Other comprehensive income for the period	-	-	-	-	-	(2,317)	-	(2,317)	682	(1,635)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(2,317)	(7,193)	(9,510)	3,873	(5,637)
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	1,286	1,286
Dividend paid/payable	-	-	-	-	-	-	(2,359)	(2,359)	(119)	(2,478)
At 30 September 2019	723,648	236,350	28,432	6,073	10,245	(82,789)	239,958	1,161,917	216,269	1,378,186

APPENDIX III 3Q2019 RESULTS

	Share capital \$'000	Perpetual capital securities \$'000	General reserve \$'000	Capital reserve \$'000	Share option reserves \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total equity attributable to owners of the Company \$'000	Non controlling interests \$'000	Total equity \$'000
Group										
At 1 January 2018	622,741	717,600	15,137	6,073	21,848	(15,625)	240,083	1,607,857	146,763	1,754,620
Profit for the period	-	-	-	-	-	-	39,332	39,332	2,410	41,742
Other comprehensive income for the period						17,085	-	17,085	826	17,911
Total comprehensive income for the period	-	-	-	-	-	17,085	39,332	56,417	3,236	59,653
Issuance of new shares	70,734	-	-	-	-	-	-	70,734	-	70,734
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	947	947
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	1,382	1,382
Dividend payable	-	-	-	-	-	-	(8,619)	(8,619)	-	(8,619)
At 31 March 2018	693,475	717,600	15,137	6,073	21,848	1,460	270,796	1,726,389	152,328	1,878,717
Profit for the period	-	-	-	-	-	-	43,325	43,325	188	43,513
Other comprehensive income for the period	-	-	-	-	-	(24,210)	-	(24,210)	(825)	(25,035)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(24,210)	43,325	19,115	(637)	18,478
Recognition of share based payment	-	-	-	-	342	-	-	342	-	342
Issuance of shares on exercise of ESOS	17,498	-	-	-	(7,295)	-	-	10,203	-	10,203
Share buy-back and cancellation of shares	(544)	-	-	-	-	-	-	(544)	-	(544)
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	706	706
Transfer to general reserve	-	-	104	-	-	-	(104)	-	-	-
Dividend paid/payable	-	-	-	-	-	-	(41,661)	(41,661)	-	(41,661)
At 30 June 2018	710,429	717,600	15,241	6,073	14,895	(22,750)	272,356	1,713,844	152,397	1,866,241
Profit for the period	-	-	-	-	-	-	21,940	21,940	1,921	23,861
Other comprehensive income for the period	-	-	-	-	-	(53,978)	-	(53,978)	(7,847)	(61,825)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(53,978)	21,940	(32,038)	(5,926)	(37,964)
Recognition of share based payment	-	-	-	-	343	-	-	343	-	343
Issuance of shares on exercise of ESOS	4,631	-	-	-	(1,818)	-	-	2,813	-	2,813
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	14,513	14,513
Transfer to general reserve	-	-	606	-	-	-	(606)	-	-	-
Dividend paid/payable	-	-	-	-	-	-	(20,915)	(20,915)	-	(20,915)
At 30 September 2018	715,060	717,600	15,847	6,073	13,420	(76,728)	272,775	1,664,047	160,984	1,825,031

**APPENDIX III
3Q2019 RESULTS**

	Share capital \$'000	Perpetual capital securities \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Retained earnings/ (Accumulated losses) \$'000	Total \$'000
<u>Company</u>						
At 1 January 2019	717,855	236,350	12,733	(33,795)	19,552	952,695
Loss for the period	–	–	–	–	(8,493)	(8,493)
Other comprehensive income for the period	–	–	–	22,945	–	22,945
Total comprehensive income for the period	–	–	–	22,945	(8,493)	14,452
Dividend payable	–	–	–	–	(2,308)	(2,308)
At 31 March 2019	717,855	236,350	12,733	(10,850)	8,751	964,839
Loss for the period	–	–	–	–	(19,552)	(19,552)
Other comprehensive income for the period	–	–	–	5,554	–	5,554
Total comprehensive income for the period	–	–	–	5,554	(19,552)	(13,998)
Issuance of shares on exercise of ESOS	5,793	–	(2,488)	–	–	3,305
Dividend paid/payable	–	–	–	–	(20,509)	(20,509)
At 30 June 2019	723,648	236,350	10,245	(5,296)	(31,310)	933,637
Loss for the period	–	–	–	–	(22,105)	(22,105)
Other comprehensive income for the period	–	–	–	(10,206)	–	(10,206)
Total comprehensive income for the period	–	–	–	(10,206)	(22,105)	(32,311)
Dividend paid/payable	–	–	–	–	(2,359)	(2,359)
At 30 September 2019	723,648	236,350	10,245	(15,502)	(55,774)	898,967

**APPENDIX III
3Q2019 RESULTS**

	Share capital \$'000	Perpetual capital securities \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
Company						
At 1 January 2018	622,741	717,600	21,848	(13,005)	37,187	1,386,371
Loss for the period	-	-	-	-	(8,062)	(8,062)
Other comprehensive income for the period	-	-	-	9,126	-	9,126
Total comprehensive income for the period	-	-	-	9,126	(8,062)	1,064
Dividend payable	-	-	-	-	(8,619)	(8,619)
Issuance of new shares	70,734	-	-	-	-	70,734
At 31 March 2018	693,475	717,600	21,848	(3,879)	20,506	1,449,550
Profit for the period	-	-	-	-	64,336	64,336
Other comprehensive income for the period	-	-	-	828	-	828
Total comprehensive income/(loss) for the period	-	-	-	828	64,336	65,164
Issuance of shares on exercise of ESOS	17,498	-	(7,295)	-	-	10,203
Recognition of share-based payment	-	-	342	-	-	342
Share buy-back and cancellation of shares	(544)	-	-	-	-	(544)
Dividend paid/payable	-	-	-	-	(41,661)	(41,661)
At 30 June 2018	710,429	717,600	14,895	(3,051)	43,181	1,483,054
Loss for the period	-	-	-	-	(919)	(919)
Other comprehensive income for the period	-	-	-	(829)	-	(829)
Total comprehensive income/(loss) for the period	-	-	-	(829)	(919)	(1,748)
Issuance of shares on exercise of ESOS	4,631	-	(1,818)	-	-	2,813
Recognition of share-based payment	-	-	343	-	-	343
Dividend paid/payable	-	-	-	-	(20,915)	(20,915)
At 30 September 2018	715,060	717,600	13,420	(3,880)	21,347	1,463,547

APPENDIX III 3Q2019 RESULTS

- 1(d)(ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the period, there was no change to the Company’s share capital. The total number of shares that may be issued on conversion of all the outstanding employee shares options were 7,857,200 (30 September 2018: 38,970,200).

The perpetual capital securities comprised Nil (30 September 2018: USD355 million) issued at 5.45% per annum; and S\$240 million (30 September 2018: S\$240 million) issued at 3.9% per annum.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	30/9/2019	31/12/2018
Total number of issues shares ('000)	2,432,361	2,420,387

The company does not have any treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.**

The accounting policies and methods of computation are the same as in the Company’s audited consolidated financial statements for the financial year ended 31 December 2018. Other than SFRS(I) 16, the new and revised FRSs and Interpretation of FRS (“INT FRS”) that are effective from 1 January 2019 have no material effect on the amounts reported for the current or prior year. The Group adopted SFRS(I) 16 *Leases* using the transition approach with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, January 1, 2019, with no restatement of comparative information.

APPENDIX III 3Q2019 RESULTS

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There is no change in the accounting policies and methods of computation except as described in note 4 above.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group 3 months ended 30/9/2019	Group 3 months ended 30/9/2018	Group 9 months ended 30/9/2019	Group 9 months ended 30/9/2018
Net (loss) profit attributable to shareholders of the Company (\$'000)	(7,193)	21,940	10,606	104,597
Weighted average number of shares in issue (in '000) for computation of Basic EPS	2,432,361	2,412,408	2,426,037	2,360,008
(Loss) Earnings per share (cents) – Basic	(0.30)	0.91	0.44	4.43
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	2,432,361	2,451,379	2,433,894	2,398,978
(Loss) Earnings per share (cents) – Diluted	(0.30)	0.89	0.44	4.36

Adjusted EPS	Group 3 months ended 30/9/2019	Group 3 months ended 30/9/2018	Group 9 months ended 30/9/2019	Group 9 months ended 30/9/2018
Net (loss) profit attributable to shareholders of the Company adjusted for dividends attributable to perpetual capital securities (\$'000)	(9,552)	13,052	3,605	81,040
Weighted average number of shares in issue (in '000) for computation of Basic EPS	2,432,361	2,412,408	2,426,037	2,360,008
(Loss) Earnings per share (cents) – Basic	(0.39)	0.54	0.15	3.43
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	2,432,361	2,451,379	2,433,894	2,398,978
(Loss) Earnings per share (cents) – Diluted	(0.39)	0.53	0.15	3.38

APPENDIX III 3Q2019 RESULTS

For the purpose of calculating diluted EPS, assumption was made that all the employee share options will be converted to ordinary shares.

The potential ordinary shares that may be issued on conversion of all the outstanding employee share options were excluded in the diluted weighted average number of ordinary shares computation for the 3 months ended 30 September 2019 because their effect would decrease the loss per share and have anti-dilutive effect.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and**
- (b) immediately preceding financial year.**

	Group 30/9/2019	Group 31/12/2018	Company 30/9/2019	Company 31/12/2018
Net asset value (\$'000)	1,378,186	1,374,108	898,967	952,695
Net asset value per share (cents)	56.66	56.77	36.96	39.36

The net asset value per share is calculated based on the issued share capital of 2,432,361,356 (31 December 2018: 2,420,387,356).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

APPENDIX III 3Q2019 RESULTS

Statement of comprehensive income

The Group's revenue for the current period was \$164.3 million, which was \$73.9 million or 31.0% lower than last corresponding period ended 30 September 2018 of \$238.2 million. The breakdown of the revenue was as follows:

	Group 3 months ended 30/9/2019 \$'million	Group 3 months ended 30/9/2018 \$'million	% increase/ (decrease)
Engineering revenue	47.7	122.9	(61.2)
Membrane system sales	53.5	65.5	(18.3)
	101.2	188.4	(46.3)
Treatment revenue*	63.1	49.8	26.7
Total	164.3	238.2	(31.0)

* Included finance income from service concessions.

The decrease was mainly due to the decrease in engineering revenue from \$122.9 million to \$47.7 million, representing a decrease of \$75.2 million or 61.2%; and membrane system sales from \$65.5 million to \$53.5 million, representing a decrease of \$12.0 million or 18.3%.

Gross profit margin analysis for engineering and membrane system sales

	Group 3 months ended 30/9/2019 \$'million	Group 3 months ended 30/9/2018 \$'million
Engineering revenue	47.7	122.9
Membrane system sales	53.5	65.5
Total	101.2	188.4
Material purchased, consumables used and subcontractors' fees [#]	(53.3)	(140.6)
Gross profit	47.9	47.8
GP margin (%)	47.3%	25.4%

[#] Material purchased, consumables used and subcontractors' fees related to engineering and membrane division only.

APPENDIX III 3Q2019 RESULTS

Materials purchased, consumables used and subcontractors' fees decreased to \$78.0 million from \$154.8 million, representing a decrease of \$76.8 million or 49.6% as compared to the last corresponding period ended 30 September 2018. The decrease was consistent with the decrease in engineering revenue and membrane system sales from \$188.4 million to \$101.2 million, representing a decrease of \$87.2 million or 46.3% as compared to the last corresponding period ended 30 September 2018. The increase in gross profit margin was mainly due to membrane based engineering projects with relatively higher gross profit margin.

Employee benefits expense increased to \$23.3 million from \$13.5 million, representing an increase of \$9.8 million or 73.0% as compared to the last corresponding period ended 30 September 2018. The increase was mainly due to shares award expense of \$5.1 million during the period. On 14 August 2019, the Company announced the share transfer to reward key employees in Memstar USA for achieving certain performance milestones.

Other operating expenses – foreign currency exchange loss increased from \$2.2 million to \$26.0 million, representing an increase of \$23.8 million or 1,098.9% as compared to the last corresponding period ended 30 September 2018.

Finance costs increased to \$17.2 million from \$10.7 million, representing an increase of \$6.5 million or 60.2% as compared to the last corresponding period ended 30 September 2018. The increase was mainly due to additions of bank loans to finance the new investment projects during the period; and to re-finance the perpetual capital securities in November 2018.

The Group incurred loss after tax of \$4.0 million as compared to profit after tax of \$23.9 million mainly due to the net foreign exchange loss of \$26.0 million.

Statement of financial position

The Group's current assets increased from \$1,096.5 million as at 31 December 2018 to \$1,283.8 million as at 30 September 2019, representing an increase of \$187.3 million or 17.1% as compared to 31 December 2018. The increase was mainly due to cash and bank balances increased from \$376.5 million as at 31 December 2018 to \$520.6 million as at 30 September 2019, representing an increase of \$144.1 million or 38.3% as compared to 31 December 2018.

The Group's current liabilities decreased from \$1,349.9 million as at 31 December 2018 to \$974.6 million as at 30 September 2019, representing a decrease of \$375.3 million or 27.8% as compared to 31 December 2018. The decrease was mainly due to re-financing of short tenure bank loans with longer tenure bank loans during the period.

The Group's non-current liabilities increased from \$1,062.8 million as at 31 December 2018 to \$1,810.8 million as at 30 September 2019, representing an increase of \$748.0 million or 70.4% as compared to 31 December 2018. The increase was mainly due to new additions of longer-tenure bank loans to re-finance the current bank loans and the addition of investment projects during the period.

APPENDIX III 3Q2019 RESULTS

Statement of cash flow

The net cash used in operating activities of the Group increased to \$79.1 million from \$69.9 million in the last corresponding period ended 30 September 2018. The net cash used in operating activities for the current period was mainly due to cash outflow for the construction of the investment projects during the period.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Despite the headwinds caused by the macroeconomic environment, CEL is optimistic that the fundamentals of its core wastewater treatment business and its hazardous waste treatment business remain strong as China's clean-tech solutions industry is well-supported by the country's strict environmental mandates⁴.

CEL will continue to leverage its proprietary membrane technology and expertise in environmental engineering to entrench its position as a leading player in the environmental protection. The Group is committed to prudently pursue opportunities and secure projects in the municipalities that are within its areas of expertise.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

Name of Dividend	N/A
Dividend Type	N/A
Dividend Amount per Share (in cents)	N/A
Optional:—Dividend Rate (in %)	N/A
Par value of shares	N/A
Tax Rate	N/A

⁴ Ministry of Ecology and Environment, The People's Republic of China (http://english.mee.gov.cn/About_MEE/Mandates).

APPENDIX III 3Q2019 RESULTS

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

Name of Dividend	N/A
Dividend Type	N/A
Dividend Amount per Share (in cents)	N/A
Optional:-Dividend Rate (in %)	N/A
Par value of shares	N/A
Tax Rate	N/A

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended.

13. Related parties and interested person transactions

The Company does not have a general shareholders' mandate for recurrent interested person transactions. The aggregate value of interested person transactions entered into during 3QFY2019 under review in excess of S\$100,000 is as follows:–

Name of interested persons	Aggregate value of all IPTs during the 3Q FY2019 under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
CITIC Finance Company Limited	38,646,271	Not Applicable
China CITIC Bank	490,763	Not Applicable

Of the aggregate value S\$38,646,271 for IPTs conducted with CITIC Finance Company Limited during 3QFY2019, S\$24,913,743 is attributable to the Group's entry into the RMB Loan Facility, USD Loan Facility and Fund Placement Agreement, being IPTs specifically approved by the shareholders at the extraordinary general meeting on 12 October 2018.

APPENDIX III 3Q2019 RESULTS

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not Applicable

- 15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not Applicable

- 16. A breakdown of sales.**

Not Applicable

- 17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not Applicable

- 18. Persons occupying managerial positions who are related to the directors, Chief Executive Officer or substantial shareholders**

Not applicable

- 19. Confirmation that the issuer has procured undertakings from all its directors and executive officers**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

APPENDIX III 3Q2019 RESULTS

Statement by Directors

Pursuant to SGX Listing Rule 705(5)

To the best of our knowledge and belief, nothing has come to the attention of the Directors of the Company which may render the Third Quarter Results of the Group for the period ended 30 September 2019 to be false or misleading. The financial statements and other information included in this report, present fairly in all material respects the financial condition, results of operations and cash flows of the Group of, and for the periods presented in this report.

On behalf of the Board

Hao Weibao
Director

David Yeung
Director

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company secretary
24 October 2019

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APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution, which is available for inspection at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898. The relevant provisions have been extracted from the Constitution and reproduced below. Capitalised terms and expressions not defined below have the meanings ascribed to them in the Constitution.

I. RIGHTS IN RESPECT OF CAPITAL

ISSUE OF SHARES

4. Subject to the Statutes, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 8, and to any special rights attached to any shares for the time being issued, the Directors may allot or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions whether as regards dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:
- (a) no shares shall be issued at a discount except in accordance with the Statutes;
 - (b) (subject to any direction to the contrary that may be given by the Company in a General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 8(A) with such adaptations as are necessary shall apply; and
 - (c) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same and in these presents.
5. (A) In the event of preference shares being issued, the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares and preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrear.

Appendix 2.2
Paragraph 1(b)

Appendix 2.2
Paragraphs 1(a)
and 1(d)

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

- (B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

Appendix 2.2
Paragraph 1(c)

VARIATION OF RIGHTS

6. (A) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Statutes, be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting, all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis only, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.
- (B) The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned Provided Always that where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two months of the General Meeting, shall be as valid and effectual as a special resolution carried at the General Meeting.
- (C) The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue thereof, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.

Appendix 2.2
Paragraph 5

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

ALTERNATION OF SHARE CAPITAL

7. The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.
8. (A) Subject to any direction to the contrary that may be given by the Company in a General Meeting or except as permitted under the Singapore Exchange Securities Trading Limited listing rules, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, And, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 8(A).
- (B) Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.
9. The Company may by Ordinary Resolution:
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled;
- (c) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Statutes), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares; or
- (d) subject to the provisions of the Statutes, convert any class of shares into any other class of shares.

Appendix 2.2
Paragraph 1(f)

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

10. (A) The Company may reduce its share capital or any capital redemption reserve fund, share premium account or other undistributable reserve in any manner and with and subject to any incident authorised and consent required by law.
- (B) Subject to and in accordance with the provisions of the Act, the Company may authorise the Directors in General Meeting to purchase or otherwise acquire any of its issued shares on such terms as the Company may think fit and in the manner prescribed by the Act. All shares purchased by the Company shall be cancelled. The amount of the Company's issued share capital which is diminished on cancellation of the shares purchased shall be transferred to the Company's capital redemption reserve.

SHARES

11. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (as the case may be) a person whose name is entered in the Depository Register in respect of that share.
12. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are liable, to be redeemed.
13. Subject to the provisions of these presents and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in a General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.
14. The Company may exercise the powers of paying commissions conferred by the Statutes to the full extent thereby permitted Provided that the rate or amount of the commissions paid or agreed to be paid shall be disclosed in the manner required by the Statutes. Such commissions may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

15. Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten market days of the closing date (or such other period as may be approved by the Securities Exchange upon which the shares in the Company may be listed) of any such application. The term “market day” shall have the meaning ascribed to it in Article 18. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

SHARE CERTIFICATES

16. Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates and the amount paid up thereon. No certificate shall be issued representing shares of more than one class.

17. (A) The Company shall not be bound to register more than three persons as the registered joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased member.

Appendix 2.2
Paragraph 4(d)

- (B) In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.

18. Subject to the payment of all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require, every person whose name is entered as a member in the Register of Members shall be entitled to receive within ten market days of the closing date of any application for shares (or such other period as may be approved by the Securities Exchange upon which the shares of the Company may be listed) or within ten market days after the date of lodgement of a registerable transfer (or such other period as may be approved by the Securities Exchange upon which the shares of the Company may be listed) one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a certificate or where such a member requires the Company to cancel any certificate or certificates and issue new certificate(s) for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such member shall pay all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require and a maximum fee of \$2 for each new certificate or such other fee as the Directors may from time to time determine

Appendix 2.2
Paragraph 2

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

having regard to any limitation thereof as may be prescribed by the Securities Exchange upon which the shares in the Company may be listed. For the purposes of this Article 18, the term "market day" shall mean a day on which the Singapore Exchange Securities Trading Limited is open for trading in securities.

19. (A) Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.

(B) If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of \$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the Securities Exchange upon which the shares in the Company may be listed.

(C) In the case of shares registered jointly in the names of several persons, any such request may be made by any one of the registered joint holders.

20. Subject to the provisions of the Statutes, if any share certificates shall be defaced, worn-out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Securities Exchange upon which the Company is listed or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding \$2 as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

Appendix 2.2
Paragraph 1(g)

CALL ON SHARES

21. The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or, when permitted, by way of premium) but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

22. Each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.
23. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.
24. Any sum (whether on account of the nominal value of the share or by way of premium) which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these presents be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment, all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
25. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.
26. The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the moneys so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, while carrying interest, confer a right to participate in profits.

Appendix 2.2
Paragraph 1(e)

FORFEITURE AND LIEN

27. If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.
28. The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith, the shares on which the call has been made will be liable to be forfeited.

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

29. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.
30. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition, the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such other person as aforesaid.
31. A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment in whole or in part.
32. The Company shall have a first and paramount lien on every share (not being a fully paid share) and on the dividends declared or payable in respect thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share and for all moneys as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article. Appendix 2.2 Paragraph 3(a)
33. The Company shall have a first and paramount lien on every share (not being a fully paid share) and on the dividends declared or payable in respect thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share and for all moneys as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article.
34. The residue of the proceeds of such sale pursuant to Article 33 after the satisfaction of the unpaid calls and accrued interest and expenses of such sale shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, as he may direct. For the purpose of giving effect to any such sale, the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser. Appendix 2.2 Paragraph 3(b)

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

35. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold or disposed to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository) or allottee thereof shall (subject to the execution of a transfer if the same is required) constitute a good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

36. All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by the Securities Exchange upon which the Company may be listed or any other form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed. Provided that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.
37. The Register of Members may be closed at such times and for such period as the Directors may from time to time determine. Provided always that such Register shall not be closed for more than thirty days in any year Provided always that the Company shall give prior notice of such closure as may be required to the Securities Exchange upon which the Company may be listed, stating the period and purpose or purposes for which the closure is made.
38. (A) There shall be no restriction on the transfer of fully paid up shares (except where required by law or the listing rules of the Securities Exchange upon which the shares of the Company may be listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve (except where such refusal to register contravenes the listing rules of the Securities Exchange upon which the shares of the Company may be listed). Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within one month beginning with the day on which the application for a transfer of

Appendix 2.2
Paragraph 4(a)

Appendix 2.2
Paragraph 4(c)

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

(B) The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:

- (a) all or any part of the stamp duty (if any) payable on each share certificate and such fee not exceeding \$2 as the Directors may from time to time require pursuant to Article 41, is paid to the Company in respect thereof;
- (b) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do;
- (c) the instrument of transfer is in respect of only one class of shares; and
- (d) the amount of the proper duty with which each share certificate to be issued in consequence of the registration of such transfer is chargeable under any law for the time being in force relating to stamps is tendered.

Appendix 2.2
Paragraph 4(b)

39. If the Directors refuse to register a transfer of any shares, they shall within one month after the date on which the transfer was lodged with the Company send to the transferor and the transferee notice of the refusal as required by the Statutes.

40. All instruments of transfer which are registered may be retained by the Company.

41. There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding \$2 as the Directors may from time to time require or prescribe.

Appendix 2.2
Paragraph 4(b)

42. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company; Provided always that:

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and
- (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

TRANSMISSION OF SHARES

- 43. (A) In the case of the death of a member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
 - (B) In the case of the death of a member who is a Depositor, the survivor or survivors where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
 - (C) Nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.
44. Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person.

45. Save as otherwise provided by or in accordance with these presents, a person becoming entitled to a share pursuant to Article 43(A) or (B) or Article 44 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.

STOCK

46. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares of any denomination.
47. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units (not being greater than the nominal amount of the shares from which the stock arose) as the Directors may from time to time determine.
48. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

CAPITALISATION OF PROFITS AND RESERVES

133. The Directors may, with the sanction of an Ordinary Resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts (including Share Premium Account, Capital Redemption Reserve Fund or other undistributable reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

II. RIGHTS IN RESPECT OF VOTING

GENERAL MEETINGS

49. An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors, All other General Meetings shall be called Extraordinary General Meetings.
50. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

NOTICE OF GENERAL MEETINGS

51. Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in a manner hereafter mentioned to all members other than such as are not under the provisions of these presents entitled to receive such notices from the Company; Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Securities Exchange upon which the Company may be listed.

Appendix 2.2
Paragraph 7

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

52. (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company. Appendix 2.2 Paragraph 7
- (B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.
- (C) In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.
53. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:
- (a) declaring dividends;
- (b) receiving and adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached or annexed to the accounts;
- (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (d) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);
- (e) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and
- (f) fixing the fees of the Directors proposed to be passed under Article 79.
54. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business. Appendix 2.2 Paragraph 7

PROCEEDINGS AT GENERAL MEETINGS

55. The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

56. No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members present in person or by proxy.
57. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day is a public holiday, then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting, any one or more members present in person or by proxy shall be a quorum.
58. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.
59. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
60. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
61. At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:
- (a) the chairman of the meeting; or
 - (b) not less than two members present in person or by proxy and entitled to vote; or
 - (c) (a member present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

- (d) a member present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting and being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid on all the shares conferring that right,

Provided always that no poll shall be demanded on the choice of a chairman or on a question of adjournment.

62. A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
63. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.
64. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

65. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the company, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall have one vote and on a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository of the Company.

Appendix 2.2
Paragraph 8(e)

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

66. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share. Appendix 2.2 Paragraph 8(b)
67. Where in Singapore or elsewhere, a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.
68. No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid. Appendix 2.2 Paragraph 8(a)
69. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.
70. On a poll, votes may be given personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
71. (A) A member may appoint not more than two proxies to attend and vote at the same General Meeting Provided that if the member is a Depositor, the Company shall be entitled and bound:
- (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company; and
 - (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at forty-eight hours before the time of the relevant. General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

- (B) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- (C) In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (D) A proxy need not be a member of the Company. Appendix 2.2
Paragraph 8(c)
72. (A) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:
- (a) in the case of an individual, shall be signed by the appointor or his attorney; and
- (b) in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
- (B) The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Article 73, failing which the instrument may be treated as invalid.
73. An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.
74. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting. Appendix 2.2
Paragraph 8(d)

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

75. A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made Provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.
- 75A. Subject to these Articles and any applicable legislation, the board of Directors may, at its sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow members who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

CORPORATIONS ACTING BY REPRESENTATIVES

76. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these presents be deemed to be present in person at any such meeting if a person so authorised is present thereat.

III. RIGHTS IN RESPECT OF DIVIDENDS

DIVIDENDS

121. The Company may by Ordinary Resolution declare dividends but no such dividends shall exceed the amount recommended by the Directors.
122. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.
123. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share.

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

124. No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.
125. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.
126. (A) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.
- (C) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.
127. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.
128. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

129. (A) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:
- (a) the basis of any such allotment shall be determined by the Directors;
 - (b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;
 - (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion;
 - (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "elected ordinary shares") and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Article 133, the Directors shall capitalise and apply the amount standing to the credit of the Company's reserve accounts as the Directors may determine, such sum as may be required to pay up in full (to the nominal value thereof) the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

- (B) (a) The ordinary shares allotted pursuant to the provisions of paragraph (A) of this Article shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (b) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (A) of this Article, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in these Articles, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down).
- (C) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article, determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register or (as the case maybe) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors may think fit, and in such event the provisions of this Article shall be read and construed subject to such determination.
- (D) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to members whose registered addresses entered in the Register or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.
- (E) Notwithstanding the foregoing provisions of this Article, if at any time after the Directors' resolution to apply the provisions of paragraph (A) of this Article in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of paragraph (A) of this Article.

APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

130. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article and the provisions of Article 132, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.
131. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.
132. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in a General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

IV. RIGHTS IN RESPECT OF RESERVES

RESERVES

120. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any part of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes.

**APPENDIX IV
PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF
SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING**

V. RIGHTS IN RESPECT OF WINDING UP

WINDING UP

143. The Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.
144. If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of a Special Resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

Appendix 2.2
Paragraph 11

NOTICE OF EXTRAORDINARY GENERAL MEETING

CITIC ENVIROTECH LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 200306466G)

All capitalised terms used in this Notice which are not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the circular to Shareholders dated 16 December 2019.

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of CITIC Envirotech Ltd. (the “**Company**”) will be held at Amara Hotel, Ballroom 1, Level 3, 165 Tanjong Pagar Road, Singapore 088539 on 31 December 2019 at 10 a.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution (on a poll to be taken) to be passed in accordance with the requirements of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Delisting Resolution**”):

DELISTING RESOLUTION

THAT:

- (1) the voluntary delisting of the Company from the Official List of the SGX-ST under Rules 1307 and 1309 of the SGX-ST Listing Manual (the “**Delisting**”), pursuant to which the Exit Offer (as defined in the circular dated 16 December 2019 (the “**Circular**”) to the shareholders of the Company (the “**Shareholders**”) would be made to the Shareholders on the terms and conditions set out in the Circular, be and is hereby approved;
- (2) the directors of the Company and each of them be and is hereby authorised and empowered to complete and to do all such acts and things as they or he may consider necessary or expedient to give effect to the Delisting and/or this Delisting Resolution, with such modification thereto (if any) as they or he shall think fit in the interests of the Company.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary
16 December 2019

Notes:

- (1) A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the extraordinary general meeting (“**Meeting**”). Where such member’s proxy form appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form.
- (2) A member of the Company who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member’s proxy form appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
- (3) “**Relevant Intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50).
- (4) A proxy need not be a member of the Company.
- (5) If the member is a corporation, the instrument appointing the proxy must be under its common seal or the hand of its attorney or a duly authorised officer.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (6) The Proxy Form is attached and must be deposited at the office of the Company's share registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #11-02, Singapore 068898 not less than forty-eight (48) hours before the time fixed for holding the Meeting in order for the proxy to be entitled to attend and vote at the Meeting.
- (7) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited seventy-two (72) hours before the time fixed for holding the Meeting in order for the Depositor to be entitled to attend and vote at the Meeting.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data to the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

CITIC Envirotech Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration No: 200306466G)

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. For investors who have used their CPF monies to buy CITIC Envirotech Ltd. shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ (Name), NRIC/Passport No. _____
of _____ (Address)
being a member/members of CITIC Envirotech Ltd. (the “Company”), hereby appoint(s):

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings		Class of Shares
			No. of Shares	%	

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings		Class of Shares
			No. of Shares	%	

or failing him/her/them, the chairman of the Extraordinary General Meeting (“EGM”) as my/our proxy/proxies to attend and vote for me/us on my/our behalf, at the EGM to be held at Amara Hotel, Ballroom 1, Level 3, 165 Tanjong Pagar Road, Singapore 088539 on 31 December 2019 at 10 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Delisting Resolution to be proposed at the EGM as indicated hereunder. If no specific directions as to voting are given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

NO.	DELISTING RESOLUTION	No. of votes	No. of votes
		For*	Against*
1.	Approval for the voluntary delisting of the Company pursuant to Rule 1307 and Rule 1309 of the Listing Manual		

* Please indicate your vote “For” or “Against” with a tick (✓) within the box provided.

Dated this _____th day of _____ 2019.

Total No. of Shares In:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s) or
Common Seal of Member(s) or
Duly Authorised Attorney/Officer of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

Notes:

- (1) (a) A member who is not a Relevant Intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the extraordinary general meeting (“EGM”). Where such member’s form of proxy appoints more than one proxy, the proportion of his shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company’s option to treat this Proxy Form as invalid.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member’s form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

“**Relevant Intermediary**” has the meaning ascribed to it in Section 181(6) of the Companies Act (Chapter 50).

- (2) A proxy need not be a member of the Company.
- (3) Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
- (4) The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
- (5) A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
- (6) The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 not later than forty-eight (48) hours before the time set for the EGM.
- (7) A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
- (8) The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register forty-eight (48) hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.
- (9) A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register forty-eight (48) hours before the time set for the EGM.
- (10) An investor who buys shares using CPF monies (“CPF Investor”) and/or SRS monies (“SRS Investor”) (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

General

The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 16 December 2019.

