



中信环境技术  
CITIC ENVIROTECH

CITIC ENVIROTECH LTD.

中信环境技术有限公司

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

### SELECTIVE CAPITAL REDUCTION

- 1. Introduction.** CITIC Envirotech Ltd. ("**Company**") proposes to cancel all the ordinary shares in the capital of the Company ("**Shares**") held by Eligible Shareholders (as defined below) in consideration of S\$0.55 in cash per Share ("**Selective Capital Reduction**").
- 2. Conditions.** The Selective Capital Reduction is made pursuant to Section 78G of the Companies Act (Chapter 50) of Singapore, and is subject to: (a) the approval of Eligible Shareholders by way of a special resolution at an extraordinary general meeting to be convened ("**EGM**"); and (b) the approval and confirmation by the High Court of Singapore. The Selective Capital Reduction will take effect upon the lodgment of a copy of the court order approving the Selective Capital Reduction, together with the other documents as prescribed under the Companies Act, with the Registrar of Companies within 90 days beginning with the date the court order is made, or within such longer period as the Registrar may allow.
- 3. Rationale. THE SELECTIVE CAPITAL REDUCTION WILL ENABLE ELIGIBLE SHAREHOLDERS TO EXIT IN CASH THEIR INVESTMENT IN THE SHARES AT S\$0.55 IN CASH PER SHARE,** considering the lack of a public market for the Shares subsequent to the Company delisting from the Singapore Exchange Securities Trading Limited on 23 January 2020 pursuant to an exit offer from CKM (Cayman) Company Limited ("**CKM**") at the same price of S\$0.55 in cash per Share, amidst the severe adversity of COVID-19 pandemic.
- 4. Eligible Shareholders.** Other than CENVIT (Cayman) Company Limited ("**CENVIT**"), CRF Envirotech Co., Ltd. ("**CRF**") and New Resources LLC ("**New Resources**") which collectively hold 2,391,462,204 Shares comprising 98.32% of issued Shares (collectively "**Controlling Shareholders**"), all other shareholders of the Company ("**Eligible Shareholders**") are eligible to vote at the EGM and participate in the Selective Capital Reduction.  
CENVIT is the majority shareholder of the Company and as deemed offeror, holds 1,770,198,114 Shares, representing 72.78% of issued Shares. It is the wholly-owned subsidiary of CKM, in turn an indirect subsidiary of CITIC Limited (which is listed in Hong Kong (SEHK: 267) and is one of the constituent stocks of the Hang Seng Index). CITIC Limited is in turn majority owned by CITIC Group Corporation (a PRC state-owned conglomerate).  
CRF, a concert party of CENVIT, holds 538,048,010 Shares, representing 22.12% of issued Shares. 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. (being a PRC state-owned investment company).  
New Resources, also a concert party of CENVIT, holds 83,216,080 Shares, representing 3.42% of issued Shares. New Resources is controlled and managed by Shandong Hi-speed Everbright Investment Fund Management Ltd, which is a fund management company jointly established by Shandong Hi-speed Group Co., Ltd and China Everbright Limited.
- 5. Cash Distribution.** If the Selective Capital Reduction becomes effective, an aggregate sum of S\$22,494,533.60 in cash, funded via the existing cash and cash equivalents of the Company, will be returned to the Eligible Shareholders in consideration of 40,899,152 Shares cancelled, and the share capital of the Company correspondingly reduced from S\$723,648,117.47 comprising 2,432,361,356 Shares to S\$701,153,583.87 comprising 2,391,462,204 Shares. On completion of the Selective Capital Reduction, the Controlling Shareholders will own 100% of the Shares.
- 6. Confirmation of Financial Resources.** CLSA Singapore Pte. Ltd., as financial adviser to the Company, has confirmed that sufficient financial resources are available to the Company to satisfy the consideration payable to Eligible Shareholders in the Selective Capital Reduction.
- 7. Exemptions from Securities Industry Council.** The Company has received exemption from the Securities Industry Council in respect of Rules 14, 15, 16, 17, Note 1(b) to Rule 19, 20.1, 21, 22, 28, 29 and 33.2 of the Singapore Code on Take-overs and Mergers, subject to: (a) the Controlling Shareholders and their concert parties (if any) (collectively "**Controlling Shareholders Group**") abstaining from voting on the Selective Capital Reduction; (b) the directors of the Company ("**Directors**") who are acting in concert with the Controlling Shareholders Group abstaining from making a recommendation on the Selective Capital Reduction; and (c) the Company appointing an independent financial adviser ("**IFA**") to advise Eligible Shareholders on the Selective Capital Reduction.  
The Directors currently comprise Messrs Hao Weibao, Wang Song, Sun Lei, Bi Jingshuang and Dr Chong Weng Chiew. Messrs Hao, Wang, Sun and Dr Chong are nominees of CENVIT and Mr Bi is a nominee of CRF. As such, they will abstain from making any recommendation on the Selective Capital Reduction. They will however continue to assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Selective Capital Reduction.  
The Company has further appointed Novus Corporate Finance Pte. Ltd. as the IFA in relation to the Selective Capital Reduction.
- 8. Circular.** A circular to Shareholders setting out relevant information relating to the Selective Capital Reduction and containing the opinion and advice of the IFA, together with the notice of EGM will be made available to Eligible Shareholders in due course.
- 9. Disclosures.** As at the date hereof:
  - (a) the Company has an issued and fully paid-up share capital of S\$723,648,117.47 comprising 2,432,361,356 Shares;
  - (b) the Company does not hold any Shares in treasury and there are no instruments convertible into Shares, or any options, rights or warrants for the issuance of any new Shares, outstanding;
  - (c) none of the Controlling Shareholders Group and their respective directors: (a) owns, controls or has agreed to acquire any Shares, securities which carry voting rights in the Company and convertible securities, warrants, options or derivatives in respect of any Shares or securities which carry voting rights in the Company ("**Relevant Securities**") other than as disclosed in paragraph 4 above; (b) has dealt for value in any Relevant Securities in the three-month period immediately prior to this announcement; (c) has received any irrevocable undertaking from any person to refrain from voting on or to vote in favour of or against the Selective Capital Reduction in respect of any Relevant Securities; (d) has entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to any Relevant Securities which might be material to the Selective Capital Reduction; (e) has granted any security interest in respect of any Relevant Securities to any other person, whether through a charge, pledge or otherwise; (f) has borrowed any Relevant Securities from any other person (excluding borrowed Relevant Securities which have been on-lent or sold); and (g) has lent any Relevant Securities to another person.
- 10. Responsibility.** The Directors and the directors of each Controlling Shareholder (including any who may have delegated detailed supervision of this announcement) have, in respect of itself, taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that no material facts have been omitted from this announcement, the omission of which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or publicly available sources, the sole responsibility of the Directors and the directors of each Controlling Shareholder has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.

BY ORDER OF THE BOARD  
CITIC ENVIROTECH LIMITED

Dr. Chong Weng Chiew  
Director

15 May 2020

*Any enquiries relating to this announcement or the Selective Capital Reduction should be directed during office hours to the CLSA helpline at (65) 6416 7888.*