



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".

First Quarter Financial Statement & Dividend Announcement for the Period Ended 31 March 2017

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.

	Group 3 months ended 31/3/2017 \$'000	Group 3 months ended 31/3/2016 \$'000	% Increase/ (Decrease)
Revenue	113,730	99,467	14.3
Other income	14,944	1,559	858.6
Changes in inventories	7,412	322	2,201.9
Material purchased, consumables used and subcontractors' fees	(69,208)	(40,142)	72.4
Employee benefits expense	(12,714)	(11,554)	10.0
Depreciation and amortisation expenses	(6,298)	(7,277)	(13.5)
Other operating expenses	(16,297)	(14,339)	13.7
Finance costs	(6,162)	(10,659)	(42.2)
Share of profit/(loss) of associates	155	(142)	N/M
Profit before income tax	25,562	17,235	48.3
Income tax expense	(7,744)	(4,922)	57.3
Net profit for the period	17,818	12,313	44.7

	Group 3 months ended 31/3/2017 \$'000	Group 3 months ended 31/3/2016 \$'000	% Increase/ (Decrease)
Profit attributable to:			
Owners of the Company	17,026	12,061	41.2
Non-controlling interests	792	252	214.3
Profit for the period	17,818	12,313	44.7
Currency translation loss	(23,151)	(24,868)	(6.9)
Total other comprehensive expense for the period	(5,333)	(12,555)	(57.5)
Total comprehensive expense attributable to:			
Owners of the Company	(6,125)	(12,807)	(52.2)
Non-controlling interests	792	252	214.3
Total comprehensive expense for the period	(5,333)	(12,555)	(57.5)

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

	Group 3 months ended 31/3/2017 \$'000	Group 3 months ended 31/3/2016 \$'000	% Increase/ (Decrease)
Employee share option expense	408	2,310	(82.3)
Interest expense on bank borrowings and finance leases	3,554	5,658	(37.2)
Interest expense on MTN bond	2,608	5,001	(47.9)
Interest income	(550)	(823)	(33.2)
Foreign currency exchange loss	5,169	4,460	15.9
Loss on disposal of subsidiary	781	-	N/M

N/M: Not meaningful

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 31/3/2017 \$'000	Group 31/12/2016 \$'000	Company 31/3/2017 \$'000	Company 31/12/2016 \$'000
ASSETS				
Current assets:				
Cash and bank balances	399,474	493,541	76,048	110,426
Trade receivables	252,101	240,414	-	-
Service concession receivables	6,663	6,248	-	-
Other receivables and prepayments	212,437	141,233	868,902	851,053
Inventories	21,189	13,777	-	-
Prepaid leases	716	736	-	-
	892,580	895,949	944,950	961,479
Assets classified as held for sale	-	55,645	-	-
Total current assets	892,580	951,594	944,950	961,479
Non-current assets:				
Trade receivables	24,382	25,036	-	-
Service concession receivables	579,928	597,191	-	-
Other receivables and prepayments	15,170	15,577	-	-
Prepaid leases	56,349	39,996	-	-
Subsidiaries	-	-	409,885	413,323
Associates	24,929	17,807	10,588	10,588
Property, plant and equipment	420,564	374,470	168	182
Goodwill	255,365	255,365	-	-
Intangible assets	265,337	271,894	200	200
Deferred tax assets	1,082	1,111	-	-
Total non-current assets	1,643,106	1,598,447	420,841	424,293
Total assets	2,535,686	2,550,041	1,365,791	1,385,772
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	66,531	76,499	-	-
Medium term notes	-	-	-	-
Trade payables	335,817	310,048	-	-
Other payables	71,121	79,410	23,323	15,064
Finance leases	151	161	17	17
Income tax payable	32,732	30,534	-	-
	506,352	496,652	23,340	15,081
Liabilities directly associated with assets classified as held for sale	-	31,953	-	-
Total current liabilities	506,352	528,605	23,340	15,081
Non-current liabilities:				
Bank loans	277,430	256,868	-	-
Finance leases	150	169	62	66
Medium term notes	223,784	223,449	223,784	223,449
Deferred tax liabilities	45,791	45,432	-	-
Total non-current liabilities	547,155	525,918	223,846	223,515

	Group 31/3/2017 \$'000	Group 31/12/2016 \$'000	Company 31/3/2017 \$'000	Company 31/12/2016 \$'000
Capital, reserves and non-controlling interests:				
Share capital	604,850	608,063	604,850	608,063
Perpetual capital securities	481,250	481,250	481,250	481,250
General reserve	7,414	7,414	-	-
Capital reserve	2,096	2,096	-	-
Share option reserve	28,190	27,782	28,190	27,782
Currency translation reserve	(35,150)	(11,999)	(4,379)	7,160
Retained earnings	275,264	264,385	8,694	22,921
Equity attributable to owners of the Company	1,363,914	1,378,991	1,118,605	1,147,176
Non-controlling interests	118,265	116,527	-	-
Total equity	1,482,179	1,495,518	1,118,605	1,147,176
Total liabilities and equity	2,535,686	2,550,041	1,365,791	1,385,772

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 31/3/2017</u>		<u>As at 31/12/2016</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
66,682	-	76,660	-

Amount repayable after one year

<u>As at 31/3/2017</u>		<u>As at 31/12/2016</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
277,580	223,784	257,037	223,449

Details of any collateral

1. The finance leases of \$301,000 (31 December 2016: \$330,000) is secured over the Group's motor vehicles.
2. The bank loans of \$343,961,000 (31 December 2016: \$333,697,000) are secured over the concession receivables, intangible assets, treatment plants, 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.

	Group 3 months ended 31/3/2017 \$'000	Group 3 months ended 31/3/2016 \$'000
Operating activities		
Profit before income tax	25,562	17,235
Adjustments for:		
Interest income	(550)	(823)
Interest expense	6,162	10,659
Share of (profit)/loss of associates	(155)	142
Depreciation and amortisation expense	6,298	7,277
Share option expense	408	2,310
Loss on disposal of subsidiary	781	-
Exchange differences arising on foreign currency translation	(7,244)	(16,198)
Operating profit before working capital changes	31,262	20,602
Trade receivables	(11,904)	(54,317)
Other receivables and prepayments	(19,643)	37,473
Inventories	(7,412)	(322)
Trade payables	25,769	31,064
Other payables	(9,880)	(15,546)
Cash generated from operations	8,192	18,954
Interest received	550	823
Interest paid	(3,219)	(3,440)
Income tax paid	(5,127)	(2,633)
Net cash from operating activities	396	13,704
Investing activities		
Contribution from non-controlling shareholders	2,262	-
Acquisition of non-controlling shareholders in a subsidiary	(1,316)	-
Addition to service concession receivables	-	(129,836)
Addition to intangible assets	(3,822)	(1,773)
Addition to prepaid leases	(17,584)	-
Addition to property, plant and equipment	(44,900)	(15,177)
Addition to deposits for investment projects	(51,042)	-
Investment in associates	(6,967)	-
Disposal of subsidiary	21,718	-
Net cash used in investing activities	(101,651)	(146,786)

	Group 3 months ended 31/3/2017 \$'000	Group 3 months ended 31/3/2016 \$'000
Financing activities		
New bank loans raised	33,100	83,778
Repayment of obligations under finance lease	(29)	(27)
Repayment of bank borrowings	(12,872)	(162,141)
Share buy-back and cancellation of shares	(3,213)	-
Net cash from/(used in) financing activities	16,986	(78,390)
Net decrease in cash and cash equivalents	(84,269)	(211,472)
Cash and cash equivalents at beginning of period	493,541	540,466
Net effect of exchange rate changes on the balance and cash held in foreign currencies	(9,798)	3,040
Cash and cash equivalents at end of period	399,474	332,034

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 2017	608,063	481,250	7,414	2,096	27,782	(11,999)	264,385	1,378,991	116,527	1,495,518
Total comprehensive income for the period	-	-	-	-	-	(23,151)	17,026	(6,125)	792	(5,333)
Recognition of share based payment	-	-	-	-	408	-	-	408	-	408
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	946	946
Share buy-back and cancellation of shares	(3,213)	-	-	-	-	-	-	(3,213)	-	(3,213)
Dividend payable	-	-	-	-	-	-	(6,147)	(6,147)	-	(6,147)
At 31 March 2017	604,850	481,250	7,414	2,096	28,190	(35,150)	275,264	1,363,914	118,265	1,482,179

	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 2016	607,973	242,055	5,330	2,096	20,445	29,878	193,971	1,101,748	39,008	1,140,756
Total comprehensive income for the period	-	-	-	-	-	(24,868)	12,061	(12,807)	252	(12,555)
Recognition of share-based payment	-	-	-	-	2,310	-	-	2,310	-	2,310
Dividend payable	-	-	-	-	-	-	(3,339)	(3,339)	-	(3,339)
At 31 March 2016	607,973	242,055	5,330	2,096	22,755	5,010	202,693	1,087,912	39,260	1,127,172

	Share capital \$'000	Perpetual capital securities \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
<u>Company</u>						
At 1 January 2017	608,063	481,250	27,782	7,160	22,921	1,147,176
Total comprehensive income for the period	-	-	-	(11,539)	(8,080)	(19,619)
Recognition of share-based payment	-	-	408	-	-	408
Share buy-back and cancellation of shares	(3,213)	-	-	-	-	(3,213)
Dividend payable	-	-	-	-	(6,147)	(6,147)
At 31 March 2017	604,850	481,250	28,190	(4,379)	8,694	1,118,605

	Share capital \$'000	Perpetual capital securities \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
<u>Company</u>						
At 1 January 2016	607,973	242,055	20,445	4,415	4,353	879,241
Total comprehensive income for the period	-	-	-	(13,196)	(13,521)	(26,717)
Recognition of share-based payment	-	-	2,310	-	-	2,310
Dividend payable	-	-	-	-	(3,339)	(3,339)
At 31 March 2016	607,973	242,055	22,755	(8,781)	(12,507)	851,495

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, the company carried out share split of every one ordinary share in the capital of the company into two ordinary shares.

Number of ordinary shares as at 1 January 2017	1,127,927,588
Share buy-back and cancelled	(990,100)
	<u>1,126,937,488</u>
Share split	2,253,874,976
Share buy-back and cancelled	(2,077,500)
Number of ordinary shares as at 31 March 2017	<u>2,251,797,476</u>

The total number of shares that may be issued on conversion of all the outstanding employee shares options were 107,185,000 (31 March 2016: 53,875,500 (pre-share split basis)) respectively.

The perpetual capital securities comprised USD355 million (31 March 2016: Nil) issued at 5.45% 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.

During the period, the company carried out share split of every one ordinary share in the capital of the company into two ordinary shares.

	31/3/2017	31/12/2016
Total number of issued shares ('000)	2,251,797	1,127,928

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 period ended 31 December 2016.

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.

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 31/3/2017	Group 31/3/2016
Net profit attributable to shareholders of the Company (\$'000)	17,026	12,061
Weighted average number of shares in issue (in '000) for computation of Basic EPS	2,252,942 (post share split)	1,127,765
Earnings per share (cents) - Basic	0.76	1.07
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	2,360,127 (post share split)	1,181,641
Earnings per share (cents) – Diluted	0.72	1.02

	Group 31/3/2017	Group 31/3/2016
Adjusted EPS		
Net profit attributable to shareholders of the Company adjusted for dividends attributable to perpetual capital securities (\$'000)	10,879	8,722
Weighted average number of shares in issue (in '000) for computation of Basic EPS	2,252,942 (post share split)	1,127,765
Earnings per share (cents) - Basic	0.48	0.77
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	2,360,127 (post share split)	1,181,641
Earnings per share (cents) – Diluted	0.46	0.74

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

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 31/3/2017	Group 31/12/2016	Company 31/3/2017	Company 31/12/2016
Net asset value (\$'000)	1,482,179	1,495,518	1,118,605	1,147,176
Net asset value per share (cents)	65.82	132.59	49.68	101.71

The net asset value per share is calculated based on the issued share capital of 2,251,797,476 (31 December 2016: 1,127,927,588).

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.

Statement of comprehensive income

The Group's revenue for the current period was \$113.7 million, which was \$14.2 million or 14.3% higher than last corresponding period ended 31 March 2016 of \$99.5 million. The breakdown of the revenue was as follows:

	Group 3 months ended 31/3/2017 \$'million	Group 3 months ended 31/3/2016 \$'million	% increase/ (decrease)
Engineering revenue	63.5	41.4	53.4
Treatment revenue	37.7	36.0	4.7
Membrane sale	12.5	22.1	(43.4)
Total	113.7	99.5	14.3

The increase was mainly due to the increase in engineering business from \$41.4 million to \$63.5 million, representing an increase of \$22.1 million or 53.4%. Membrane sales decreased 43.4% from \$22.1 million to \$12.5 million due to completion of a major project.

Other income was \$14.9 million, which was 13.3 million or 858.6% higher than last corresponding period ended 31 March 2016 of \$1.6 million. The increase was mainly due to the government grant of \$12.8 million (31 March 2016: Nil) in the current period to modify the treatment process to achieve higher discharge standard.

Gross profit analysis for engineering and membrane segments

	Group 3 months ended 31/3/2017 \$'million	Group 3 months ended 31/3/2016 \$'million
Engineering revenue	63.5	41.4
Membrane sale	12.5	22.1
Total	76.0	63.5
Changes in inventories	7.4	0.3
Material purchased, consumables used and subcontractors' fees *	(59.5)	(40.1)
Gross profit	23.9	23.7
GP margin (%)	31.4%	37.3%

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

Materials purchased, consumables used and subcontractors' fees increased to \$59.5 million from \$40.1 million, representing an increase of \$19.4 million or 48.4% as compared to the last corresponding period ended 31 March 2016. The increase was consistent with the increase in engineering revenue and membrane sale from \$63.5 million to \$76.0 million, representing an increase of \$12.5 million or 19.7% as compared to the last corresponding period ended 31 March 2016.

Other operating expenses increased to \$16.3 million from \$14.3 million, representing an increase of \$2.0 million or 13.7% as compared to the last corresponding period ended 31 March 2016. The increase was mainly due to higher net foreign exchange loss of \$5.2 million (31 March 2016: \$4.5 million) in the current period ended 31 March 2017.

Finance costs decreased to \$6.2 million from \$10.7 million, representing a decrease of \$4.5 million or 42.2% as compared to the last corresponding period ended 31 March 2016. The decrease was mainly due to redemption of the S\$100 million MTN bond in the last financial year ended 31 December 2016.

Profit after tax increased to \$17.8 million from \$12.3 million, representing an increase of \$5.5 million or 44.7% as compared to the last corresponding period ended 31 March 2016.

Statement of financial position

The Group's current assets decreased to \$892.6 million as at 31 March 2017 from \$951.6 million as at 31 December 2016. The decrease was mainly due to the decrease in cash and bank balances from \$493.5 million as at 31 December 2016 to \$399.5 million, a decrease of \$94.0 million. The decrease was partially offset by the increase in other receivables from \$141.2 million as at 31 December 2016 to \$212.4 million as at 31 March 2017, an increase of \$71.2 million. The increase was mainly due to addition to deposits for investment projects of \$51.0 million.

The Group's non-current assets increased from \$1,598.4 million as at 31 December 2016 to \$1,643.1 million as at 31 March 2017. The increase was mainly due to addition to prepaid lease of \$16.4 million and additions to property, plant and equipment of \$46.1 million during the period.

The Group's current liabilities decreased from \$528.6 million as at 31 December 2016 to \$506.4 million as at 31 March 2017. The decrease was mainly due to repayments of short-term bank loans of \$10.0 million and the disposal of the liabilities directly associated with assets classified as held for sale.

The Group's non-current liabilities increased from \$525.9 million as at 31 December 2016 to \$547.2 million as at 31 March 2017. The increase was mainly due to the additions of longer-tenure bank loan of \$20.6 million to finance the acquisition 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.

The Water Ten Plan (水十条) set out by the China Central Government has many specific and measurable targets to be achieved by 2020 and 2030 which aims to restore and improve the water ecological system. CEL continues to register strong growth momentum in the water sector and recently expanded into new areas in river restoration, sludge and hazardous waste treatment. In view of the government's commitment to environmental conservation and pollution reduction and given CEL's advanced membrane technologies, the Group is confident that it is well positioned to secure more projects in the pipeline.

Update of the use of proceeds

	\$ million
Unutilised balance as at last quarterly announcement	95
Investment in Xiaochang	(7)
Investment in Zhoubei	(3)
Increase in investment in Changyi	(1)
Investment in associate, Odan	(6)
Unutilised balance as at date of announcement	78

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

(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/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded.

13. Related parties and interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

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.

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 First Quarter Results of the Group for the period ended 31 March 2017 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

Dr Lin Yucheng
Director

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company secretary
25 April 2017