



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".

Full Year Financial Statement & Dividend Announcement For The Year Ended 31 December 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 12 months ended 31/12/2017 \$'000	Group 12 months ended 31/12/2016 \$'000	% Increase/ (Decrease)
Revenue	908,768	544,555	66.9
Other income	25,436	19,319	31.7
Changes in inventories	11,593	3,207	261.5
Material purchased, consumables used and subcontractors' fees	(595,011)	(281,153)	111.6
Employee benefits expense	(56,492)	(50,054)	12.9
Depreciation and amortisation expenses	(23,886)	(22,182)	7.7
Other operating expenses	(64,391)	(49,576)	29.9
Finance costs	(33,971)	(39,573)	(14.2)
Share of profit of associates	4,836	6,814	(29.0)
Profit before income tax	176,882	131,357	34.5
Income tax expense	(49,537)	(29,401)	68.5
Net profit for the year	127,345	101,956	24.9

	Group 12 months ended 31/12/2017 \$'000	Group 12 months ended 31/12/2016 \$'000	% Increase/ (Decrease)
Statement of Comprehensive Income			
Profit for the year attributable to:			
Owners of the Company	115,943	99,312	16.7
Non-controlling interests	11,402	2,644	331.2
Profit for the year	127,345	101,956	24.9
Currency translation loss	(7,159)	(41,877)	(82.9)
Total comprehensive income for the year	120,186	60,079	100.0
Total comprehensive income attributable to:			
Owners of the Company	108,784	57,435	89.4
Non-controlling interests	11,402	2,644	331.2
Total comprehensive income for the year	120,186	60,079	100.0

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

	Group 12 months ended 31/12/2017 \$'000	Group 12 months ended 31/12/2016 \$'000	% Increase/ (Decrease)
Employee share option expense	1,633	7,337	(77.7)
Interest expense on bank borrowings and finance leases	23,431	20,012	17.1
Interest expense on MTN bond	10,540	19,561	(46.1)
Interest income	(3,466)	(3,138)	10.5
Foreign currency exchange loss/(gain)	3,886	(2,934)	N/M
(Gain)/Loss on disposal of property, plant and equipment	(12)	26	N/M
Loss on disposal of service concession receivables	-	2,043	N/M
Loss/(Gain) on disposal of a subsidiary	781	(873)	N/M
Impairment loss on non-current assets held-for-sale	-	2,494	N/M
Allowance for doubtful receivables	2,577	1,028	150.7
Reversal of allowance for doubtful receivables	(61)	-	N/M

N/M: Not meaningful

1(b)(l) 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 31/12/2017 \$'000	Group 31/12/2016 \$'000	Company 31/12/2017 \$'000	Company 31/12/2016 \$'000
ASSETS				
Current assets:				
Cash and bank balances	631,304	493,541	259,081	110,426
Trade receivables	267,518	240,414	-	-
Service concession receivables	6,113	6,248	-	-
Other receivables and prepayments	204,550	141,233	918,580	851,053
Inventories	25,370	13,777	-	-
Prepaid leases	2,134	736	-	-
	1,136,989	895,949	1,177,661	961,479
Assets classified as held for sale	55,546	55,645	-	-
Total current assets	1,192,535	951,594	1,177,661	961,479
Non-current assets:				
Trade receivables	364,000	25,036	-	-
Service concession receivables	672,826	597,191	-	-
Other receivables and prepayments	32,163	15,577	-	-
Prepaid leases	85,850	39,996	-	-
Subsidiaries	-	-	595,233	413,323
Associates	29,720	17,807	10,588	10,588
Property, plant and equipment	720,545	374,470	309	182
Goodwill	255,365	255,365	-	-
Intangible assets	252,636	271,894	200	200
Available-for-sale financial asset	2,660	-	-	-
Deferred tax assets	470	1,111	-	-
Total non-current assets	2,416,235	1,598,447	606,330	424,293
Total assets	3,608,770	2,550,041	1,783,991	1,385,772
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	197,070	76,499	-	-
Medium term notes	224,559	-	224,559	-
Trade payables	751,143	310,048	-	-
Other payables	92,807	79,410	172,883	15,064
Finance leases	116	161	39	17
Income tax payable	56,925	30,534	-	-
	1,322,620	496,652	397,481	15,081
Non-current liabilities held for sale	4,779	31,953	-	-
Total current liabilities	1,327,399	528,605	397,481	15,081
Non-current liabilities:				
Bank loans	387,725	256,868	-	-
Finance leases	236	169	139	66
Medium term notes	-	223,449	-	223,449
Deferred tax liabilities	52,294	45,432	-	-
Total non-current liabilities	440,255	525,918	139	223,515

	Group 31/12/2017 \$'000	Group 31/12/2016 \$'000	Company 31/12/2017 \$'000	Company 31/12/2016 \$'000
Capital and reserves:				
Share capital	622,741	608,063	622,741	608,063
Perpetual capital securities	717,600	481,250	717,600	481,250
General reserve	10,569	7,414	-	-
Capital reserve	6,073	2,096	-	-
Share option reserve	21,848	27,782	21,848	27,782
Currency translation reserve	(19,158)	(11,999)	(13,005)	7,160
Retained earnings	328,816	264,385	37,187	22,921
Equity attributable to owners of the Company	1,688,489	1,378,991	1,386,371	1,147,176
Non-controlling interests	152,627	116,527	-	-
Total equity	1,841,116	1,495,518	1,386,371	1,147,176
Total liabilities and equity	3,608,770	2,550,041	1,783,991	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 31/12/2017</u>		<u>As at 31/12/2016</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
176,645	245,100	76,660	-

Amount repayable after one year

<u>As at 31/12/2017</u>		<u>As at 31/12/2016</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
387,961	-	257,037	223,449

Details of any collateral

1. The finance leases of \$352,000 (31 December 2016: \$330,000) is secured over the Group's motor vehicles.
2. The bank loans of \$564,254,000 (31 December 2016: \$337,697,000) 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 12 months ended 31/12/2017 \$'000	Group 12 months ended 31/12/2016 \$'000
Operating activities		
Profit before income tax	176,882	131,357
Adjustments for:		
Loss/(Gain) on disposal of a subsidiary	781	(873)
(Gain)/Loss on disposal of property, plant and equipment	(12)	26
Loss on disposal of service concession receivables	-	2,043
Impairment loss on non-current assets held-for-sale	-	2,494
Interest income	(3,466)	(3,138)
Finance costs	33,971	39,573
Share of profit of associates	(4,836)	(6,814)
Depreciation and amortisation expenses	23,886	22,182
Share option expense	1,633	7,337
Allowance for doubtful receivables	2,577	1,028
Reversal of allowance for doubtful receivables	(61)	-
Exchange differences arising on foreign currency translation	24,550	(17,697)
Operating profit before working capital changes	255,905	177,518
Trade receivables	(366,466)	(53,261)
Other receivables and prepayments	(50,133)	30,824
Inventories	(11,607)	(3,192)
Trade payables	435,206	166,697
Other payables	13,424	37,886
Cash generated from operations	276,329	356,472
Interest received	3,466	3,138
Interest paid	(34,658)	(38,539)
Income tax paid	(18,952)	(14,581)
Net cash from operating activities	226,185	306,490
Investing activities		
Proceeds from disposal of property, plant and equipment	60	3
Addition to service concession receivables	(104,076)	(130,344)
Proceeds from disposal of service concession receivables	-	739
Addition to intangible assets	(30,254)	(44,260)
Addition to prepaid leases	(39,724)	(4,491)
Addition to available-for-sale financial asset	(2,660)	-
Addition for projects and land deposits	(26,086)	-
Investment in associates	(8,190)	(385)
Dividend received from associate	1,113	-
Disposal of a subsidiary	22,532	3,350
Contribution from non-controlling shareholders	34,732	72,426
Addition to property, plant and equipment	(259,560)	(259,317)
Net cash outflow from acquisition of subsidiaries	(115,310)	(36,120)
Net cash used in investing activities	(527,423)	(398,399)

	Group 12 months ended 31/12/2017 \$'000	Group 12 months ended 31/12/2016 \$'000
Financing activities		
Proceeds from bank borrowings	345,276	195,286
Proceeds from issuing shares	10,324	90
Redemption of medium term notes	-	(99,000)
Proceeds from issuance of perpetual capital securities, net of expenses	236,350	239,195
Share buy-back and cancellation of shares	(3,213)	-
Addition of obligations under finance lease	114	-
Acquisition of non-controlling shareholders in a subsidiary	(7,525)	-
Dividend paid	(49,751)	(21,200)
Repayment of obligations under finance lease	(91)	(106)
Repayment of bank borrowings	(82,783)	(258,398)
Net cash from financing activities	448,701	55,867
Net increase (decrease) in cash and cash equivalents	147,463	(36,042)
Cash and cash equivalents at beginning of year	493,541	540,466
Net effect of exchange rate changes on the balance and cash held in foreign currencies	(9,700)	(10,883)
Cash and cash equivalents at end of year	631,304	493,541

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	-	-	-	-	-	(7,159)	115,943	108,784	11,402	120,186
Recognition of share-based payment	-	-	-	-	1,633	-	-	1,633	-	1,633
Issuance of shares on exercise of the ESOS	17,891	-	-	-	(7,567)	-	-	10,324	-	10,324
Issuance of perpetual capital securities	-	240,000	-	-	-	-	-	240,000	-	240,000
Perpetual capital securities issuance costs	-	(3,650)	-	-	-	-	-	(3,650)	-	(3,650)
Share buy-back and cancellation of shares	(3,213)	-	-	-	-	-	-	(3,213)	-	(3,213)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	18,320	18,320
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	17,880	17,880
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-
Effect of acquiring part of non-controlling interest in a subsidiary	-	-	-	3,977	-	-	-	3,977	(11,502)	(7,525)
Transfer to general reserve	-	-	3,155	-	-	-	(3,155)	-	-	-
Dividend paid/payable	-	-	-	-	-	-	(48,357)	(48,357)	-	(48,357)
At 31 December 2017	622,741	717,600	10,569	6,073	21,848	(19,158)	328,816	1,688,489	152,627	1,841,116

	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	-	-	-	-	-	(41,877)	99,312	57,435	2,644	60,079
Recognition of share-based payment	-	-	-	-	7,337	-	-	7,337	-	7,337
Issuance of shares on exercise of the ESOS	90	-	-	-	-	-	-	90	-	90
Issuance of perpetual capital securities	-	242,037	-	-	-	-	-	242,037	-	242,037
Perpetual capital securities issuance costs	-	(2,842)	-	-	-	-	-	(2,842)	-	(2,842)
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	72,426	72,426
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	3,144	3,144
Disposal of subsidiary	-	-	-	-	-	-	-	-	(695)	(695)
Transfer to general reserve	-	-	2,084	-	-	-	(2,084)	-	-	-
Dividend paid/payable	-	-	-	-	-	-	(26,814)	(26,814)	-	(26,814)
At 31 December 2016	608,063	481,250	7,414	2,096	27,782	(11,999)	264,385	1,378,991	116,527	1,495,518

	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	-	-	-	(20,165)	62,623	42,458
Recognition of share-based payment	-	-	1,633	-	-	1,633
Issuance of shares on exercise of ESOS	17,891	-	(7,567)	-	-	10,324
Issuance of perpetual capital securities	-	240,000	-	-	-	240,000
Perpetual capital securities issuance costs	-	(3,650)	-	-	-	(3,650)
Share buy-back and cancellation of shares	(3,213)	-	-	-	-	(3,213)
Dividend	-	-	-	-	(48,357)	(48,357)
At 31 December 2017	622,741	717,600	21,848	(13,005)	37,187	1,386,371

	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	-	-	-	2,745	45,382	48,127
Recognition of share-based payment	-	-	7,337	-	-	7,337
Issuance of shares on exercise of ESOS	90	-	-	-	-	90
Issuance of perpetual capital securities	-	242,037	-	-	-	242,037
Perpetual capital securities issuance costs	-	(2,842)	-	-	-	(2,842)
Dividend	-	-	-	-	(26,814)	(26,814)
At 31 December 2016	608,063	481,250	27,782	7,160	22,921	1,147,176

- 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 in the company's share capital.

The total number of shares that may be issued on conversion of all the outstanding employee shares options were 74,009,200 (31 December 2016: 107,185,000 (pre-share split basis: 53,592,500)).

The perpetual capital securities comprised USD355 million (31 December 2016: USD355 million) issued at 5.45% per annum; and S\$240 million (31 December 2016: Nil) 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.**

	31/12/2017	31/12/2016
Total number of issues shares ('000)	2,284,973	2,255,856 1,127,928 (<i>pre-share split basis</i>)

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 treasure shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasure 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 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 12 months ended 31/12/2017	Group 12 months ended 31/12/2016
Net profit attributable to shareholders of the Company (\$'000)	115,943	99,312
Weighted average number of shares in issue (in '000) for computation of Basic EPS – Post share split	2,267,480	2,255,688
Earnings per share (cents) - Basic	5.11	4.40
Weighted average number of shares in issue (in '000) for computation of Diluted EPS – Post share split	2,353,736	2,362,874
Earnings per share (cents) – Diluted	4.93	4.20

	Group 12 months ended 31/12/2017	Group 12 months ended 31/12/2016
Adjusted EPS		
Net profit attributable to shareholders of the Company adjusted for dividends attributable to perpetual capital securities (\$'000)	90,312	76,588
Weighted average number of shares in issue (in '000) for computation of Basic EPS – Post share split	2,267,480	2,255,688
Earnings per share (cents)- Basic	3.98	3.40
Weighted average number of shares in issue (in '000) for computation of Diluted EPS – Post share split	2,353,736	2,362,874
Earnings per share (cents) – Diluted	3.84	3.24

For the purpose of calculating diluted EPS, assumption was made that all the employee share options issued 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 31/12/2017	Group 31/12/2016	Company 31/12/2017	Company 31/12/2016
Net asset value (\$'000)	1,841,116	1,495,518	1,386,371	1,147,176
Net asset value per share (cents)	80.57	66.29	60.67	50.85

The net asset value per share is calculated based on the issued share capital of 2,284,973,276 (31 December 2016: 2,255,855,176 (pre-share split basis: 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 \$908.8 million, which was \$364.2 million or 66.9% higher than the last corresponding period ended 31 December 2016 of \$544.6 million. The breakdown of the revenue was as follows:

	Group 12 months ended 31/12/2017 \$'million	Group 12 months ended 31/12/2016 \$'million	% increase/ (decrease)
Engineering revenue	686.5	318.8	115.3
Treatment revenue	192.5	165.8	16.1
Membrane sale	70.3	75.3	(6.6)
Less: Internal sales	(40.5)	(15.3)	
Total	908.8	544.6	66.9

The increase was mainly due to the increase in engineering revenue from \$318.8 million to \$686.5 million, representing an increase of \$367.7 million or 115.3%.

	Group 12 months ended 31/12/2017 \$'million	Group 12 months ended 31/12/2016 \$'million
Engineering revenue	686.5	318.8
Membrane sale	29.8	60.0
Total	716.3	378.8
Changes in inventories	11.4	2.6
Material purchased, consumables used and subcontractors' fees *	(548.4)	(249.5)
Gross profit	179.3	131.9
GP margin (%)	25.0	34.8

Materials purchased, consumables used and subcontractors' fees increased to \$595.0 million from \$281.2 million, representing an increase of \$313.8 million or 111.6% as compared to the last corresponding period ended 31 December 2016. The increase was mainly due to the increase in engineering revenue to \$686.5 million from \$318.8 million, representing an increase of \$367.7 million or 115.3% as compared to the last corresponding period ended 31 December 2016. Gross profit margin has decreased from 34.8% to 25.0%.

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

Other income was \$25.4 million, which was \$6.1 million or 31.7% higher than the last corresponding period ended 31 December 2016 of \$19.3 million. The increase was mainly due to the government grant and VAT refund of \$15.8 million (31 December 2016: \$10.5 million) in the current period.

Other operating expenses increased to \$64.4 million from \$49.6 million, representing an increase of \$14.8 million or 29.9% as compared to the last corresponding period ended 31 December 2016. The increase was mainly due to higher operating expenses incurred mainly from the operation of the treatment facilities and net foreign currency exchange loss of \$3.9 million during the period (31 December 2016: net foreign currency exchange gain \$2.9 million).

The Group generated a net profit of \$127.3 million compared to \$102.0 million for the last corresponding period ended 31 December 2016, representing an increase of \$25.3 million or 24.9%.

Statement of financial position

The Group's current assets increased from \$951.6 million as at 31 December 2016 to \$1,192.5 million as at 31 December 2017. The increase was mainly due to the increase in cash and bank balances from \$493.5 million as at 31 December 2016 to \$631.3 million, an increase of \$137.8 million. The increase was mainly due to the proceeds from the newly issued SGD240 million perpetual capital securities during the financial year. In addition, the increase in current assets was also due to the increase of \$63.4 million in other receivables from \$141.2 million as at 31 December 2016 to \$204.6 million as at 31 December 2017. The increase was mainly due to the increase in advance payment to suppliers and VAT receivable of \$57.8 million.

The Group's non-current assets increased from \$1,598.4 million as at 31 December 2016 to \$2,416.2 million as at 31 December 2017. The Increase was mainly due to additions to property, plant and equipment of \$259.6 million, additions to service concession receivables of \$104.1 million, additions to prepaid lease of \$39.7 million during the period; and increase of \$339.0 million in non-current trade receivables from \$25.0 million as at 31 December 2016 to \$364.0 million as at 31 December 2017. The non-current trade receivables arose mainly from Build-Transfer ("BT") projects.

The Group's current liabilities increased from \$528.6 million as at December 2016 to \$1,327.4 million as at 31 December 2017. The increase was mainly due to the reclassification of MTN notes from non-current to current liabilities, which will be due in April 2018; new loans to finance the investment projects; and trade payables arose mainly from the engineering projects.

The Group's non-current liabilities decreased from \$525.9 million as at 31 December 2016 to \$440.3 million as at 31 December 2017. The decrease was mainly due to the reclassification of MTN notes from non-current to current liabilities. The decrease was partially offset by the additions of longer-tenure bank loan of \$130.9 million to finance the investment projects during the year.

The Group's total equity increased from \$1,495.5 million as at 31 December 2016 to \$1,841.1 million as at 31 December 2017. The increase was mainly due to:

- a. 33,175,800 of new ordinary shares were issued pursuant to the conversion of the Employee Share Option Scheme; and
- b. Issuance of perpetual capital securities of SGD240 million.

Statement of cash flow

The net cash from financing activities of the group increased from \$55.9 million to \$448.7 million as compared to the last corresponding year ended 31 December 2016. The increase was mainly due to the bank borrowings of \$345.3 million, and perpetual capital securities of \$236.4 million during the financial year.

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.

Opportunities continue to abound in the environmental sector in China with its ongoing focus on improving environmental quality. Given the Company's technological advantage, it is an immediate beneficiary of any move by China to raise water treatment and waste disposal standards.

The Group is actively carrying out Research, Development and Design and has successfully developed and filed 22 patents, some of which will be commercialised in 2018. These commercialisation will be instrumental in driving operational excellence in all aspects of CEL's business and operations; as well as in providing innovative, effective and efficient solutions to its customers.

In 2017, CEL was able to ride on a strong momentum of order book to secure contracts valued in aggregate of more than RMB 10 billion. In addition to clinching a steady flow of contracts, CEL is also expanding its membrane technology division to manufacture nanofiltration (NF) and reverse osmosis (RO) membranes in USA by Memstar USA, a subsidiary of CEL, and start production by the first half of 2018.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Final
Dividend Type	Final
Dividend Amount per Share (in cents)	1.50
Optional:- Dividend Rate (in %)	N/A
Par value of shares	N/A
Tax Rate	Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Final	Special	Total
Dividend Type	Final	Special	Total
Dividend Amount per Share (in cents)	0.75	0.25	1.00
Optional:- Dividend Rate (in %)		N/A	
Par value of shares		N/A	
Tax Rate		Tax exempt	

(c) Date payable

To be announced at a later date.

(d) Books closure date

Notice of books closure date for determining shareholders' entitlement of the proposed dividend will be announced at a later date.

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

Final dividends have been declared/recommended.

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.**

12 months ended 31 December 2017

	Engineering	Treatment	Membrane	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Sales	686,494	192,454	29,820	-	908,768
Inter-segment sales	25,365	-	40,537	65,902	-
Total	711,859	192,454	70,357	(65,902)	908,768
Results					
Segment result	99,543	102,123	24,933		226,599
Finance costs					(33,971)
Unallocated corporate expenses					(19,393)
Loss on disposal of subsidiary					(781)
Gain on disposal of property, plant and equipment					12
Foreign currency exchange loss					(3,886)
Share of profit of associates					4,836
Interest income					3,466
Profit before income tax					176,882
Income tax expense					(49,537)
Net profit for the year					127,345
Other information					
Segment assets	910,997	2,125,000	416,320		3,452,317
Unallocated corporate assets					156,453
Consolidated total assets					3,608,770
Segment liabilities	960,571	355,861	40,174		1,356,606
Unallocated corporate liabilities					411,048
Consolidated total liabilities					1,767,654
Addition to non-current assets	8,807	394,627	30,180		433,614
Depreciation and amortisation	352	17,586	5,948		23,886

12 months ended 31 December 2016

	Engineering	Treatment	Membrane	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Sales	318,719	165,791	60,045	-	544,555
Inter-segment sales	8,428	-	15,240	(23,668)	-
Total	327,147	165,791	75,285	(23,668)	544,555
Results					
Segment result	73,213	65,244	26,316	-	164,773
Finance costs					(39,573)
Unallocated corporate expenses					(3,039)
Gain on disposal of subsidiary					873
Loss on disposal of property, plant and equipment					(26)
Loss on disposal of service concession					(2,043)
Impairment loss on assets held for sale					(2,494)
Foreign currency exchange gain					2,934
Share of loss of associates					6,814
Interest income					3,138
Profit before income tax					131,357
Income tax expense					(29,401)
Net profit for the year					101,956
Other information					
Segment assets	509,086	1,422,150	399,751		2,330,987
Unallocated corporate assets					219,054
Consolidated total assets					2,550,041
Segment liabilities	386,584	371,979	33,790		792,353
Unallocated corporate liabilities					262,170
Consolidated total liabilities					1,054,523
Addition to non-current assets	308	485,499	2,737		488,544
Depreciation and amortisation	381	14,008	7,793		22,182

Segment assets represent property, plant and equipment, service concession receivables, associates, intangible assets, goodwill, inventories, trade and other receivables and bank balances and cash, which are attributable to each operating segments. Segment liabilities represent trade and other payables and bank borrowings, which are attributable to each operating segments.

Unallocated corporate assets mainly represent the Group's investment holding entities' cash and bank balances and other financial assets.

Unallocated corporate liabilities represent the Group's investment holding entities' finance leases, bank loans, deferred tax liabilities and, medium term notes and convertible bonds at corporate level.

Analysis by Geographical Segments (Secondary segment)

The geographical locations of the customers of the Group principally comprise the People's Republic of China ("PRC"), United States of America ("USA") and Malaysia.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

12 months ended 31 December 2017

	Revenue from external customers \$'000	Non-current assets \$'000
PRC	884,690	2,120,693
Singapore	-	288,375
Malaysia	22,432	1,690
USA	1,646	5,477
Total	908,768	2,416,235

12 months ended 31 December 2016

	Revenue from external customers \$'000	Non-current assets \$'000
PRC	521,715	1,568,610
Singapore	-	28,292
Malaysia	19,507	1,545
USA	3,333	-
Total	544,555	1,598,447

Non-current assets information presented above mainly consist of prepaid lease, property, plant and equipment, service concession receivables, intangible assets, club memberships, goodwill, associates and deferred tax assets.

Information about major customers

There were no revenue from major customers which accounts for 10% of more of the Group's revenue.

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.**

Business segment analysis

12 months ended 31 December 2017 vs 12 months ended 31 December 2016

The segment revenue from the engineering business increased to \$711.9 million from the last corresponding year of \$327.1 million, representing an increase of \$384.7 million or 117.6%. The segment result increased from \$73.2 million to \$99.5 million, representing an increase of \$26.3 million or 36.0%.

The segment revenue from the treatment business increased to \$192.5 million from the last corresponding year of \$165.8 million, representing an increase of \$26.7 million or 16.1%. The segment result increased from \$65.2 million to \$102.1 million, representing an increase of \$36.9 million or 56.5%. With the increase in the treatment capacity of the current plants and the additions to the treatment capacity arising from the newly acquired plants in the coming year, the Group expects the contribution from the treatment business to continue its uptrend going forward.

The segment revenue from the membrane business decreased to \$70.4 million from the last corresponding year of \$75.3 million, representing a decrease of \$4.9 million or 6.5%. The segment result decreased from \$26.3 million to \$24.9 million, representing a decrease of \$1.4 million or 5.3%.

Geographical segment analysis

PRC segment remained the major contributor for our Group's revenue due to the greater market and demand for our advanced membrane technology for the treatment and recycling of wastewater.

16. **A breakdown of sales.**

	Group 12 months ended 31/12/2017 \$'000	Group 12 months ended 31/12/2016 \$'000	% increase (decrease)
Breakdown of sales			
Sales reported for first half year	248,135	239,440	3.6
Operating profit after tax reported for first half year	40,048	35,531	12.7
Sales reported for second half year	660,633	305,115	116.5
Operating profit after tax reported for second half year	87,297	66,425	31.4

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

	Group 12 months ended 31/12/2017 \$'000	Group 12 months ended 31/12/2016 \$'000
Total annual dividend		
Ordinary	22,726	4,053
Perpetual capital securities	25,631	22,761

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

There is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

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.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company secretary
27 February 2018