



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 2018

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 31/12/2018 \$'000	Group 12 months ended 31/12/2017 \$'000 (Restated)	% Increase/ (Decrease)
Revenue	994,466	677,173	46.9
Other income	40,361	25,436	58.7
Changes in inventories	879	11,593	(92.4)
Material purchased, consumables used and subcontractors' fees	(602,114)	(427,567)	40.8
Employee benefits expense	(62,961)	(56,492)	11.5
Depreciation and amortisation expenses	(39,037)	(23,887)	63.4
Other operating expenses	(133,446)	(64,216)	107.8
Finance costs	(41,028)	(33,971)	20.8
Share of profit of associates	4,248	4,836	(12.2)
Profit before income tax	161,368	112,905	42.9
Income tax expense	(48,190)	(32,984)	46.1
Net profit for the year	113,178	79,921	41.6

	Group 12 months ended 31/12/2018 \$'000	Group 12 months ended 31/12/2017 \$'000 (Restated)	% Increase/ (Decrease)
Statement of Comprehensive Income			
Profit for the year attributable to:			
Owners of the Company	105,141	70,238	49.7
Non-controlling interests	8,037	9,683	(17.0)
Profit for the year	113,178	79,921	41.6
Currency translation loss	(64,262)	(7,335)	776.1
Total comprehensive income for the year	48,916	72,586	(32.6)
Total comprehensive income attributable to:			
Owners of the Company	47,593	65,422	(27.3)
Non-controlling interests	1,323	7,164	(81.5)
Total comprehensive income for the year	48,916	72,586	(32.6)

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

	Group 12 months ended 31/12/2018 \$'000	Group 12 months ended 31/12/2017 \$'000 (Restated)	% Increase/ (Decrease)
Employee share option expense	1,370	1,633	(16.1)
Interest expense on bank borrowings and finance leases	37,081	22,321	66.1
Interest expense on MTN bond	3,947	11,650	(66.1)
Interest income	(4,519)	(3,466)	30.4
Foreign currency exchange loss	10,221	3,886	163.0
Property, plant and equipment written-off	1,330	-	N/M
Loss/(Gain) on disposal of property, plant and equipment	14	(12)	N/M
(Gain)/ Loss on disposal subsidiaries	(3,390)	781	N/M
Impairment loss on intangible assets	6,905	-	N/M
Impairment loss, net of reversal on financial assets and other items subject to estimated credit loss ("ECL")	29,371	2,577	1,039.7
Reversal of allowance for doubtful receivables	(385)	(61)	531.1

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 31/12/2018 \$'000	Group 31/12/2017 \$'000 (Restated)	Group 1/1/2017 \$'000 (Restated)	Company 31/12/2018 \$'000	Company 31/12/2017 \$'000
ASSETS					
Current assets:					
Cash and bank balances	376,521	631,304	493,541	17,873	259,081
Trade receivables	245,240	179,137	176,260	-	-
Contract assets	47,287	110,080	33,317	-	-
Service concession receivables	17,242	17,122	14,644	-	-
Other receivables and prepayments	383,258	167,573	139,193	897,534	918,580
Inventories	26,249	25,370	13,777	-	-
Prepaid leases	2,158	2,134	736	-	-
	1,097,955	1,132,720	871,468	915,407	1,177,661
Assets classified as held for sale	-	55,546	55,645	-	-
Total current assets	1,097,955	1,188,266	927,113	915,407	1,177,661
Non-current assets:					
Contract assets	1,106,461	428,225	263,309	-	-
Service concession receivables	610,378	637,999	573,667	-	-
Trade receivables	23,586	158,665	25,036	-	-
Other receivables and prepayments	18,866	32,163	15,577	8,000	-
Prepaid leases	86,353	85,850	39,996	-	-
Subsidiaries	-	-	-	750,665	595,233
Associates	44,357	29,720	17,807	12,316	10,588
Property, plant and equipment	231,672	237,975	124,926	228	309
Goodwill	255,365	255,365	255,365	-	-
Intangible assets	295,423	233,783	253,790	200	200
Available-for-sale financial asset	4,639	2,660	-	-	-
Deferred tax assets	11,704	470	1,111	-	-
Total non-current assets	2,688,804	2,102,875	1,570,584	771,409	606,330
Total assets	3,786,759	3,291,141	2,497,697	1,686,816	1,783,991
LIABILITIES AND EQUITY					
Current liabilities:					
Bank loans	377,736	197,070	76,499	136,344	-
Medium term notes	-	224,559	-	-	224,559
Trade payables	721,884	559,145	283,730	-	-
Other payables	200,980	53,105	75,087	184,606	172,883
Finance leases	98	116	161	39	39
Income tax payable	49,174	41,307	29,369	-	-
	1,349,872	1,075,302	464,846	320,989	397,481
Liabilities directly associated with assets classified as held for sale	-	4,779	31,953	-	-
Total current liabilities	1,349,872	1,080,081	496,799	320,989	397,481
Non-current liabilities:					
Bank loans	1,005,744	387,725	256,868	413,187	-
Finance leases	135	236	169	99	139
Medium term notes	-	-	223,449	-	-
Deferred tax liabilities	56,900	46,339	41,650	-	-
Total non-current liabilities	1,062,779	434,300	522,136	413,286	139

	Group 31/12/2018 \$'000	Group 31/12/2017 \$'000 (Restated)	Group 1/1/2017 \$'000 (Restated)	Company 31/12/2018 \$'000	Company 31/12/2017 \$'000
Capital, reserves and non-controlling interests:					
Share capital	717,855	622,741	608,063	717,855	622,741
Perpetual capital securities	236,350	717,600	481,250	236,350	717,600
General reserve	28,121	15,137	7,414	-	-
Capital reserve	6,073	6,073	2,096	-	-
Share option reserve	12,733	21,848	27,782	12,733	21,848
Currency translation reserve	(76,932)	(16,865)	(12,049)	(33,795)	(13,005)
Retained earnings	254,839	262,223	248,065	19,398	37,187
Equity attributable to owners of the Company	1,179,039	1,628,757	1,362,621	952,541	1,386,371
Non-controlling interests	195,069	148,003	116,141	-	-
Total equity	1,374,108	1,776,760	1,478,762	952,541	1,386,371
Total liabilities and equity	3,786,759	3,291,141	2,497,697	1,686,816	1,783,991

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 31/12/2018</u>		<u>As at 31/12/2017</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
241,490	136,344	176,645	245,100

Amount repayable after one year

<u>As at 31/12/2018</u>		<u>As at 31/12/2017</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
592,692	413,187	387,961	-

Details of any collateral

1. The finance leases of \$233,000 (31 December 2017: \$352,000) is secured over the Group's motor vehicles.
2. The bank loans of \$833,949,000 (31 December 2017: \$584,795,000) 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 31/12/2018 \$'000	Group 12 months ended 31/12/2017 \$'000 (Restated)
Operating activities		
Profit before income tax	161,368	112,904
Adjustments for:		
(Gain)/ Loss on disposal of a subsidiary	(3,390)	781
Loss/(Gain) on disposal of property, plant and equipment	14	(12)
Property, plant and equipment written-off	1,330	-
Impairment loss on intangible assets	6,905	
Interest income	(4,519)	(3,466)
Finance costs	41,028	33,971
Share of profit of associates	(4,248)	(4,836)
Depreciation and amortisation expenses	39,037	23,887
Share option expense	1,370	1,633
Impairment loss, net of reversal on financial assets and other items subject to ECL	29,371	2,577
Reversal of allowance for doubtful receivables	(385)	(61)
Operating profit before working capital changes	267,881	167,378
Trade receivables	(112,712)	(20,997)
Contract asset	(729,320)	(237,269)
Other receivables and prepayments	(207,050)	(16,489)
Inventories	(1,797)	(11,755)
Trade payables	316,153	163,840
Other payables	202,032	(8,975)
Cash (used in) generated from operations before service concession arrangement projects	(264,813)	35,733
Changes in receivables under service concession arrangements (Note A)	16,192	(91,936)
Cash used in operations after service concession arrangement projects	(248,621)	(56,203)
Interest received	4,519	3,466
Interest paid	(42,354)	(34,962)
Income tax paid	(29,646)	(18,952)
Net cash used in operating activities	(316,102)	(106,651)
Investing activities		
Proceeds from disposal of property, plant and equipment	24	60
Addition to intangible assets	(23,141)	(54,024)
Addition to prepaid leases	-	(39,724)
Addition to financial asset at fair value through profit or loss	(1,979)	(2,660)
Addition for projects and land deposits	(33,860)	(26,086)
Investment in associates	(1,725)	(8,190)
Dividend received from associate	1,730	1,113
Disposal of a subsidiaries	19,247	22,532
Addition to property, plant and equipment	(31,098)	(9,286)
Net cash outflow from acquisition of subsidiaries	-	(97,373)
Net cash used in investing activities	(70,802)	(213,638)

	Group 12 months ended 31/12/2018 \$'000	Group 12 months ended 31/12/2017 \$'000 (Restated)
Financing activities		
Proceeds from bank borrowings	1,155,038	345,276
Proceeds from issuing shares	85,173	10,324
Redemption of perpetual capital securities	(481,250)	-
Proceeds from issuance of perpetual capital securities, net of expenses	-	236,350
Redemption of medium term notes	(225,000)	-
Share buy-back and cancellation of shares	(544)	(3,213)
Contribution from non-controlling interest	44,292	17,881
Acquisition of non-controlling interest in a subsidiary	-	(7,525)
Dividend paid	(83,275)	(49,751)
Repayment of obligations under finance lease	(120)	(91)
Repayment of bank borrowings	(351,549)	(82,783)
Net cash from financing activities	142,765	466,468
Net (decrease) increase in cash and cash equivalents	(244,139)	146,179
Cash and cash equivalents at beginning of year	631,304	493,541
Net effect of exchange rate changes on the balance and cash held in foreign currencies	(10,644)	(8,416)
Cash and cash equivalents at end of year	376,521	631,304

Note A:

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

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 31 December 2017	622,741	717,600	15,137	6,073	21,848	(19,384)	262,223	1,626,238	150,522	1,776,760
Impact of adopting FRS 109 at 1 January 2018										
Impairment loss, net of reversal on financial assets and other items subject to ECL	-	-	-	-	-	-	(22,140)	(22,140)	-	(22,140)
At 1 January 2018 (Restated)	622,741	717,600	15,137	6,073	21,848	(19,384)	240,083	1,604,098	150,522	1,754,620
Profit for the year	-	-	-	-	-	-	105,141	105,141	8,037	113,178
Other comprehensive income for the period	-	-	-	-	-	(57,548)	-	(57,548)	(6,714)	(64,262)
Total comprehensive income for the period	-	-	-	-	-	(57,548)	105,141	47,593	1,323	48,916
Recognition of share-based payment	-	-	-	-	1,370	-	-	1,370	-	1,370
Share buy-back and cancellation of shares	(544)	-	-	-	-	-	-	(544)	-	(544)
Issuance of shares on exercise of ESOS	95,658	-	-	-	(10,485)	-	-	85,173	-	85,173
Redemption of perpetual capital securities	-	(481,250)	-	-	-	-	-	(481,250)	-	(481,250)
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	44,297	44,297
Disposal of subsidiary	-	-	-	-	-	-	-	-	(1,073)	(1,073)
Transfer to general reserve	-	-	12,984	-	-	-	(12,984)	-	-	-
Dividend paid/payable	-	-	-	-	-	-	(77,401)	(77,401)	-	(77,401)
At 31 December 2018	717,855	236,350	28,121	6,073	12,733	(76,932)	254,839	1,179,039	195,069	1,374,108

	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 (Restated)	608,063	481,250	7,414	2,096	27,782	(12,049)	248,065	1,362,621	116,141	1,478,762
Profit for the year	-	-	-	-	-	-	70,238	70,238	9,683	79,921
Other comprehensive loss for the period	-	-	-	-	-	(4,816)	-	(4,816)	(2,519)	(7,335)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(4,816)	70,238	65,422	7,164	72,586
Recognition of share based payment	-	-	-	-	1,633	-	-	1,633	-	1,633
Issuance of shares on exercise of 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
Effect of acquiring part of non-controlling interest in a subsidiary	-	-	-	3,977	-	-	-	3,977	(11,502)	(7,525)
Transfer to reserve	-	-	7,723	-	-	-	(7,723)	-	-	-
Dividend paid/payable	-	-	-	-	-	-	(48,357)	(48,357)	-	(48,357)
At 31 December 2017	622,741	717,600	15,137	6,073	21,848	(16,865)	262,223	1,628,757	148,003	1,776,760

	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
Profit for the year	-	-	-	-	59,471	59,471
Other comprehensive income for the year	-	-	-	(20,790)	-	(20,790)
Total comprehensive income for the year	-	-	-	(20,790)	59,471	38,681
Recognition of share-based payment	-	-	1,370	-	-	1,370
Dividend paid/payable	-	-	-	-	(77,260)	(77,260)
Issuance of shares on exercise of ESOS	95,114	-	(10,485)	-	-	84,629
Redemption of perpetual capital securities	-	(481,250)	-	-	-	(481,250)
At 31 December 2018	717,855	236,350	12,733	(33,795)	19,398	952,541

	Share capital \$'000	Perpetual capital securities \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
Company						
At 1 January 2017	608,063	481,250	27,782	7,160	22,921	1,147,176
Profit for the year	-	-	-	-	62,623	62,623
Other comprehensive income for the year	-	-	-	(20,165)	-	(20,165)
Total comprehensive income for the year	-	-	-	(20,165)	62,623	42,458
Recognition of share-based payment	-	-	1,633	-	-	1,633
Issuance of perpetual capital securities	-	240,000	-	-	-	240,000
Perpetual capital securities issuance costs	-	(3,650)	-	-	-	(3,650)
Issuance of shares on exercise of ESOS	17,891	-	(7,567)	-	-	10,324
Share buy-back and cancellation of shares	(3,213)	-	-	-	-	(3,213)
Dividend payable	-	-	-	-	(48,357)	(48,357)
31 December 2017	622,741	717,600	21,848	(13,005)	37,187	1,386,371

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.

Number of ordinary shares as at 1 October 2018	2,419,412,356
Issuance of New Shares on exercise of ESOS	<u>975,000</u>
Number of ordinary shares as at 31 December 2018	<u>2,420,387,356</u>

During the period, 975,000 of the employee share options were exercised. The total number of shares that may be issued on conversion of all the outstanding employee shares options were 37,995,200 (31 December 2017: 74,009,200).

The perpetual capital securities comprised Nil (31 December 2017: USD355 million) issued at 5.45% per annum; and S\$240 million (31 December 2017: 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.

	31/12/2018	31/12/2017
Total number of issues shares ('000)	2,420,387	2,284,973

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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation similar as those in the Company's audited consolidated financial statements for the financial year ended 31 December 2017.

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 31/12/2018	Group 12 months ended 31/12/2017 (Restated)
Net profit attributable to shareholders of the Company (\$'000)	105,141	70,238
Weighted average number of shares in issue (in '000) for computation of Basic EPS	2,375,167	2,267,480
Earnings per share (cents) - Basic	4.43	3.10
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	2,413,162	2,353,736
Earnings per share (cents) – Diluted	4.36	3.00

Adjusted EPS	Group 12 months ended 31/12/2018	Group 12 months ended 31/12/2017 (Restated)
Net profit attributable to shareholders of the Company adjusted for dividends attributable to perpetual capital securities (\$'000)	75,518	44,607
Weighted average number of shares in issue (in '000) for computation of Basic EPS	2,375,167	2,267,480
Earnings per share (cents) - Basic	3.18	1.97
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	2,413,162	2,353,736
Earnings per share (cents) – Diluted	3.13	1.90

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 31/12/2018	Group 31/12/2017 (Restated)	Company 31/12/2018	Company 31/12/2017
Net asset value (\$'000)	1,374,108	1,776,760	944,695	1,386,371
Net asset value per share (cents)	56.77	77.76	39.03	60.67

The net asset value per share is calculated based on the issued share capital of 2,420,387,356 (31 December 2017: 2,284,973,276).

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 year was \$994.5 million, which was \$317.3 million or 46.9% higher than last corresponding year ended 31 December 2017 of \$677.2 million. The breakdown of the revenue was as follows:

	Group 12 months ended 31/12/2018 \$'million	Group 12 months ended 31/12/2017 \$'million (Restated)	% increase/ (decrease)
Engineering revenue	511.5	366.4	39.6
Membrane system sales	255.1	127.0	100.9
	766.6	493.4	55.4
Treatment revenue	227.9	183.8	24.0
Total	994.5	677.2	46.9

The increase was mainly due to the increase in engineering revenue from \$366.4 million to \$511.5 million, representing an increase of \$145.1 million or 39.6%; and increase in membrane system sales from \$127.0 million to \$255.1 million, representing an increase of \$128.1 million or 100.9%

Gross profit analysis for engineering and membrane system sales

	Group 12 months ended 31/12/2018 \$'million	Group 12 months ended 31/12/2017 \$'million (Restated)
Engineering revenue	511.5	366.4
Membrane system sales	255.1	127.0
Total	766.6	493.4
Changes in inventories	(0.4)	(11.4)
Material purchased, consumables used and subcontractors' fees [#]	(548.2)	(355.5)
Gross profit	218.0	126.5
GP margin (%)	28.4	25.6

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

Materials purchased, consumables used and subcontractors' fees increased to \$602.1 million from \$427.6 million, representing an increase of \$174.5 million or 40.8% as compared to the last corresponding year ended 31 December 2017. Gross profit margin remained consistent with the last corresponding year ended 31 December 2017.

Other income increased to \$40.4 million from \$25.4 million, representing an increase of \$15.0 million or 58.7% as compared to the last corresponding year ended 31 December 2017. The increase was mainly due to finance income from the Build-Transfer project.

Depreciation and amortisation expenses increased to \$39.0 million from \$23.9 million, representing an increase of \$15.1 million or 63.4% as compared to the last corresponding year ended 31 December 2017. The increase was mainly due to the depreciation on the new additions of treatment plants during the year.

Other operating expenses increased to \$133.4 million from \$64.2 million, representing an increase of \$69.2 million or 107.8% as compared to the last corresponding year ended 31 December 2017. The increase was mainly due to increase in net foreign exchange loss from \$3.9 million to \$10.2 million, representing an increase of \$6.3 million or 163.0% as compared to the last corresponding year ended 31 December 2017. In addition, impairment loss, net of reversal on financial assets and other items subject to ECL increased to \$29.4 million from \$2.6 million, representing an increase of \$26.8 million or 1,039.7% as compared to the last corresponding year ended 31 December 2017.

Finance costs increased to \$41.0 million from \$ 34.0 million, representing an increase of \$7.0 million or 20.8% as compared to the last corresponding year ended 31 December 2017. The increase was mainly due to new additions of bank loans for redemption of perpetual capital securities of \$481.2 million; and to finance the acquisition of investment projects during the year.

Profit after tax increased to \$113.2 million from \$79.9 million, representing an increase of \$33.3 million or 41.6% as compared to the last corresponding year ended 31 December 2017.

Due to the unexpected changes made to the initial planning for the Lanzhou city by the local authority, the company had reached a mutual agreement with the authority not to proceed with the land remediation project within the PPP project. The remediation project amounted to RMB1.8 billion of the total RMB4.6 billion PPP project. Please refer to the announcements dated 31 October 2017 and 3 November 2017 for further details on the PPP project. This has reduced the order book of the Company and affected the revenue and profit of the company.

Statement of financial position

The Group's non-current assets increased from \$2,102.9 million as at 31 December 2017 to \$2,688.8 million as at 31 December 2018. The Increase was mainly due to increase in contract assets from \$428.2 million to \$1,106.5 million, representing an increase of \$678.3 million or 158.4%.

The Group's current liabilities increased from \$1,080.1 million as at 31 December 2017 to \$1,349.9 million as at 31 December 2018. The increase was mainly due to increase in trade and other payables of \$310.6 million or 50.7%.

The Group's non-current liabilities increased from \$434.3 million as at 31 December 2017 to \$1,062.8 million as at 31 December 2018. The increase was mainly due to the net additions of longer-tenure bank loan of \$803.5 million for redemption of perpetual capital securities of \$481.3 million, redemption of medium term note of \$225.0 million in full; and to finance the acquisition of investment projects during the year.

The Group's total equity decreased from \$ 1,776.8 million as at 31 December 2017 to \$1,374.1 million as at 31 December 2018. The decrease was mainly due to redemption of perpetual capital securities of \$481.3 million during the year.

Statement of cash flow

The net cash used in operating activities of the group increased to \$316.1 million from \$106.7 million in the last corresponding year ended 31 December 2017. The net cash used in operating activities for the current year was mainly due to cash outflow for the construction of the investment projects and Build-Transfer projects during the year.

The net cash generated from financing activities of the group decreased to \$142.8 million from \$466.5 million in the last corresponding year ended 31 December 2017. The net cash generated from financing activities for the current year was mainly due to additions of longer-tenure bank loan of \$1,155.0 million, offset by redemption of medium term notes of \$225.0 million and redemption of perpetual capital securities of \$481.3 million during the year. In addition, repayment of bank borrowings increased to \$351.5 million from \$82.8 million in the last corresponding year ended 31 December 2017.

The Company had a net current liability position of \$251.9 million as at 31 December 2018. The net current liability position was mainly due to the payout of Tranche 1 and 2 of the Group's Multicurrency Perpetual Securities of US\$175 million and US\$180 million respectively during the year. The Board expects that the Group will be able to meet its obligations within the next 12 months due to the following:

1. The group has readily available credit facilities from CITIC Finance Company of RMB10 billion and US\$240 million, as at the date of this announcement, RMB2.36 billion and US\$100 million have been drawn down from the 2 facilities;
2. The group expects to secure greater amount of longer tenure project bank loans to replace the shorter term financing; and
3. The group expects to generate positive cash inflows from the newly invested projects that are expected to bring in recurring treatment income in the coming years. In addition, the company will focus more on the third parties' membrane-based water treatment EPC projects to generate cash inflows.

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.

China's stringent policies to curb pollution will continue to be the backbone for opportunities in the environmental sector. CEL with its advanced technologies and proven track records is poised to tap on the growing market. The Group continues its strong momentum in securing more environmental projects and to deliver comprehensive and sustainable solutions to tackle pollution affecting the environment.

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)	0.75
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
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

(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 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 FY2018 under review in excess of S\$100,000 is as follows:-

Name of interested persons	Aggregate value of all IPTs during the financial year 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	18,480,464	Not Applicable
China CITIC Bank	1,011,821	Not Applicable

Of the aggregate value S\$18,480,464 for IPTs conducted with CITIC Finance Company Limited during FY2018, S\$2,988,374 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.

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 2018					
	Engineering	Membrane system sales	Engineering and membrane system sales	Treatment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Sales	511,461	255,078	766,539	227,927	994,466
Results					
Segment result			128,464	91,383	219,847
Finance costs					(41,028)
Unallocated corporate expenses					(11,138)
Gain on disposal of subsidiaries					3,390
Loss on disposal of property, plant and equipment					(14)
Property, plant and equipment written-off					(1,330)
Impairment loss on intangible assets					(6,905)
Foreign currency exchange loss					(10,221)
Share of profit of associates					4,248
Interest income					4,519
Profit before income tax					161,368
Income tax expense					(48,190)
Net profit for the year					113,178
Other information					
Segment assets			839,984	2,588,740	3,428,724
Unallocated corporate assets					358,035
Consolidated total assets					3,786,759
Segment liabilities			1,311,160	421,615	1,732,775
Unallocated corporate liabilities					679,876
Consolidated total liabilities					2,412,651
Addition to non-current assets *			15,925	38,314	54,239
Depreciation and amortisation			11,117	27,920	39,037

12 months ended 31 December 2017					
	Engineering	Membrane system sales	Engineering and membrane system sales	Treatment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Sales	366,421	126,942	493,363	183,810	677,173
Results					
Segment result			60,500	102,122	162,622
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					112,905
Income tax expense					(32,984)
Net profit for the year					79,921
Other information					
Segment assets			835,669	2,085,946	2,921,615
Unallocated corporate assets					369,526
Consolidated total assets					3,291,141
Segment liabilities			816,138	274,716	1,090,854
Unallocated corporate liabilities					423,527
Consolidated total liabilities					1,514,381
Addition to non-current assets *			38,987	24,323	63,310
Depreciation and amortisation			6,300n	17,587	23,887

* Include only additions of property, plant and equipment and intangible assets.

Segment assets represent property, plant and equipment, service concession receivables, associates, intangible assets, goodwill, inventories, contract assets, 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 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 and others.

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 2018	Revenue from external customers \$'000	Non-current assets \$'000
PRC	964,941	2,364,354
Singapore	-	303,505
USA	6,145	18,151
Malaysia and others	23,380	2,794
Total	994,466	2,688,804

12 months ended 31 December 2017	Revenue from external customers \$'000	Non-current assets \$'000
PRC	653,095	1,807,333
Singapore	-	288,375
Malaysia	22,432	1,690
USA	1,646	5,477
Total	677,173	2,102,875

Non-current assets information presented above mainly consist of prepaid lease, property, plant and equipment, contract assets, 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 2018 vs 12 months ended 31 December 2017

The segment revenue from the engineering and membrane system business increased to \$766.6 million from the last corresponding year of \$493.4 million, representing an increase of \$273.2 million or 55.4%. The segment result increased from \$60.5 million to \$128.5 million, representing an increase of \$68.0 million or 112.3%.

The segment revenue from the treatment business increased to \$227.9 million from the last corresponding year of \$183.8 million, representing an increase of \$44.1 million or 24.0%. The segment result decreased from \$102.1 million to \$91.4 million, representing a decrease of \$10.7 million or 10.5%.

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 31/12/2018 \$'000	Group 12 months ended 31/12/2017 \$'000 (Restated)	% increase (decrease)
Breakdown of sales			
Sales reported for first half year	550,226	234,437	134.7
Operating profit after tax reported for first half year	85,255	36,413	134.1
Sales reported for second half year	444,240	442,736	0.3
Operating profit after tax reported for second half year	27,923	43,508	(35.8)

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 31/12/2018 \$'000	Group 12 months ended 31/12/2017 \$'000
Total annual dividend		
Ordinary	47,638	22,726
Perpetual capital securities	29,622	25,631

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
26 February 2019