



CITIC ENVIROTECH LTD
(Company Registration Number: 200306466G)

CLARIFICATION ON THE COMPANY'S FIRST QUARTER FINANCIAL STATEMENTS ENDED 31 MARCH 2019

The Board of Directors (the "Board") of CITIC Envirotech Ltd ("Group" or the "Company") wishes to further clarify the Company's first quarter financial statements ended 31 March 2019 as set out below:

SGX Query 1

It was mentioned that the Meigu and Lanzhou sites were not ready for civil construction works to be carried out and will be delayed till defrosting takes place.

- (i) Could you explain more about where the Meigu and Lanzhou sites are located such that they were affected by wintry conditions compared to other parts of China?
- (ii) Please clarify when this defrosting is expected to take place and when the civil construction work will be ready to begin.

Company's response

Meigu County is located in the southwest of Sichuan Province and is a part of the Liangshan Yi Autonomous Prefecture. The county is largely mountainous and is 1,980 metres above sea level. Due to the high altitude, the winter season in Meigu County lasts for 135 days and has an average annual frost period of 125 days. There are frequent natural disasters in the territory, mainly including hail, storms, mudslides, droughts, cold frosts, and low temperatures. Defrosting will normally take place after March and for the Meigu Project, civil construction has gradually commenced from end April 2019.

Lanzhou city is located in the northwest of China and the central part of the Gansu Province.

It is 1,600 metres above sea level and the weather in winter is chilly with an average temperature of -7.3 degree Celsius and an average annual frost period of 180 days. Defrosting will normally take place after March and for the Lanzhou Project, civil construction has gradually commenced from end April 2019.

SGX Query 2

The purpose of the breakdown of Q1FY19 revenue against Q1FY18 was to compare the various projects between the two periods, and to give a detailed explanation as to what led to the decrease.

As there were no similar projects in both quarters, please confirm that the named projects in Q1FY18 have all been completed by Q1FY19, and the named projects in Q1FY19 are new projects.

Company's response

The Xiaogan PPP and Yangli Projects have been completed. The rest of the projects are not due for revenue recognition within the quarter ended 31 March 2019 as it has not reached the required milestone for recognition. The named projects in Q1FY19 are mainly new projects vis-à-vis those in Q1FY2018, except for the Chaonan Project.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary
8 May 2019