



**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".

**Second Quarter Financial Statement & Dividend Announcement for the Period Ended 30 June 2019**

**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.**

<b>The Group (\$'000)</b>	<b>3 months ended 30/6/2019</b>	<b>3 months ended 30/6/2018</b>	<b>% Increase/ (Decrease)</b>	<b>6 months ended 30/6/2019</b>	<b>6 months ended 30/6/2018</b>	<b>% Increase/ (Decrease)</b>
Revenue	202,845	291,011	(30.3)	274,977	550,226	(50.0)
Other income	3,564	5,851	(39.1)	6,356	9,012	(29.5)
Changes in inventories	(4,872)	(7,466)	(34.7)	1,799	(1,182)	N/M
Material purchased, consumables used and subcontractors' fees	(100,621)	(176,000)	(42.8)	(128,514)	(344,223)	(62.7)
Employee benefits expense	(15,482)	(14,348)	7.9	(29,240)	(27,512)	6.3
Depreciation and amortisation expenses	(9,808)	(7,932)	23.7	(18,234)	(16,161)	12.8
Other operating expenses	(31,508)	(21,874)	44.0	(37,645)	(32,890)	14.5
Finance costs	(19,087)	(10,565)	80.7	(35,986)	(19,835)	81.4
Share of profit/(loss) of associates	159	1,335	(88.1)	(17)	741	N/M
<b>Profit before income tax</b>	<b>25,190</b>	<b>60,012</b>	<b>(58.0)</b>	<b>33,496</b>	<b>118,176</b>	<b>(71.7)</b>
Income tax expense	(10,201)	(16,499)	(38.2)	(14,118)	(32,921)	(57.1)
<b>Net profit for the period</b>	<b>14,989</b>	<b>43,513</b>	<b>(65.6)</b>	<b>19,378</b>	<b>85,255</b>	<b>(77.3)</b>

<b>The Group (\$'000)</b>	3 months ended 30/6/2019	3 months ended 30/6/2018	% Increase/ (Decrease)	6 months ended 30/6/2019	6 months ended 30/6/2018	% Increase/ (Decrease)
<b>Statement of Comprehensive Income</b>						
<b>Profit attributable to:</b>						
Owners of the Company	14,715	43,325	(66.0)	17,799	82,657	(78.5)
Non-controlling interests	274	188	45.7	1,579	2,598	(39.2)
<b>Profit for the period</b>	<b>14,989</b>	<b>43,513</b>	<b>(65.6)</b>	<b>19,378</b>	<b>85,255</b>	<b>(77.3)</b>
Currency translation loss	(30,869)	(25,035)	23.3	(5,870)	(42,121)	(86.1)
<b>Total other comprehensive loss for the period</b>	<b>(30,869)</b>	<b>(25,035)</b>	<b>23.3</b>	<b>(5,870)</b>	<b>(42,121)</b>	<b>(86.1)</b>
<b>Total comprehensive (loss)/ income for the period</b>	<b>(15,880)</b>	<b>18,478</b>	<b>N/M</b>	<b>13,508</b>	<b>43,134</b>	<b>(68.7)</b>
<b>Total comprehensive (loss)/ income attributable to:</b>						
Owners of the company	(14,932)	19,115	N/M	10,500	40,536	(74.1)
Non-controlling interests	(948)	(637)	48.8	3,008	2,598	15.8
<b>Total comprehensive (loss)/ income for the period</b>	<b>(15,880)</b>	<b>18,478</b>	<b>N/M</b>	<b>13,508</b>	<b>43,134</b>	<b>(68.7)</b>

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

<b>The Group (\$'000)</b>	3 months ended 30/6/2019	3 months ended 30/6/2018	% Increase/ (Decrease)	6 months ended 30/6/2019	6 months ended 30/6/2018	% Increase/ (Decrease)
Employee share option expense	-	342	N/M	-	342	N/M
Interest expense on bank borrowings and finance leases	19,087	9,667	97.4	35,986	16,329	120.4
Interest expense on MTN bond	-	898	N/M	-	3,506	N/M
Interest income	(1,216)	(982)	23.8	(1,945)	(1,751)	11.1
Foreign currency exchange loss/(gain)	11,454	6,373	79.7	(153)	1,226	N/M
Gain on disposal of subsidiaries	-	(3,136)	N/M	-	(3,136)	N/M
Loss/(Gain) on disposal of intangible asset	4	-	N/M	(14)	-	N/M
Allowance for doubtful receivables	-	562	N/M	-	562	N/M
Reversal of allowance for doubtful receivables	(67)	(284)	(76.4)	(172)	(284)	(39.4)

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 30/6/2019 \$'000	Group 31/12/2018 \$'000	Company 30/6/2019 \$'000	Company 31/12/2018 \$'000
<b>ASSETS</b>				
Current assets:				
Cash and bank balances	560,088	376,521	86,627	17,873
Trade receivables	243,203	245,240	-	-
Contract assets	54,948	47,287	-	-
Service concession receivables	17,140	15,739	-	-
Other receivables and prepayments	368,550	383,258	890,688	893,534
Inventories	28,048	26,249	-	-
Prepaid leases	2,106	2,158	-	-
Total current assets	1,274,083	1,096,452	977,315	911,407
Non-current assets:				
Contract assets	1,102,390	1,106,461	-	-
Service concession receivables	601,149	611,881	-	-
Trade receivables	24,551	23,586	-	-
Other receivables and prepayments	35,329	18,866	8,000	8,000
Prepaid leases	96,756	86,353	-	-
Subsidiaries	-	-	810,587	750,665
Associates	44,340	44,357	12,316	12,316
Property, plant and equipment	382,342	231,672	197	228
Goodwill	255,365	255,365	-	-
Intangible assets	290,479	295,423	200	200
Financial assets at fair value through profit or loss	4,639	4,639	-	-
Deferred tax assets	12,608	11,704	-	-
Right-of-use assets	3,233	-	-	-
Total non-current assets	2,853,181	2,690,307	831,300	771,409
Total assets	4,127,264	3,786,759	1,808,615	1,682,816
<b>LIABILITIES AND EQUITY</b>				
Current liabilities:				
Bank loans	230,916	377,736	150,315	136,344
Trade payables	635,607	721,884	-	-
Contract liabilities	1,542	-	-	-
Other payables	216,890	200,980	200,499	184,606
Finance leases	84	98	39	39
Lease liabilities	1,640	-	-	-
Income tax payable	37,212	49,174	-	-
Total current liabilities	1,123,891	1,349,872	350,853	320,989
Non-current liabilities:				
Bank loans	1,547,256	1,005,744	524,044	409,033
Finance leases	100	135	81	99
Lease liabilities	9,818	-	-	-
Deferred tax liabilities	61,184	56,900	-	-
Total non-current liabilities	1,618,358	1,062,779	524,125	409,132

	Group 30/6/2019 \$'000	Group 31/12/2018 \$'000	Company 30/6/2019 \$'000	Company 31/12/2018 \$'000
Capital, reserves and non-controlling interests:				
Share capital	723,648	717,855	723,648	717,855
Perpetual capital securities	236,350	236,350	236,350	236,350
General reserve	28,432	28,121	-	-
Capital reserve	6,073	6,073	-	-
Share option reserve	10,245	12,733	10,245	12,733
Currency translation reserve	(80,472)	(73,173)	(5,296)	(33,795)
Retained earnings/ (Accumulated losses)	249,510	254,839	(31,310)	19,552
Equity attributable to owners of the Company	1,173,786	1,182,798	933,637	952,695
Non-controlling interests	211,229	191,310	-	-
Total equity	1,385,015	1,374,108	933,637	952,695
Total liabilities and equity	4,127,264	3,786,759	1,808,615	1,682,816

**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 30/6/2019</u>		<u>As at 31/12/2018</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
80,685	150,315	241,490	136,344

**Amount repayable after one year**

<u>As at 30/6/2019</u>		<u>As at 31/12/2018</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,023,312	524,044	596,846	409,033

**Details of any collateral**

1. The finance leases of \$184,000 (31 December 2018: \$233,000) is secured over the Group's motor vehicles.
2. The bank loans of \$1,103,813,000 (31 December 2018: \$838,103,000) 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.**

<b>The Group (\$'000)</b>	3 months ended 30/6/2019	3 months ended 30/6/2018	6 months ended 30/6/2019	6 months ended 30/6/2018
<b>Operating activities</b>				
Profit before income tax	25,190	60,012	33,496	118,176
Adjustments for:				
Interest income	(1,216)	(982)	(1,945)	(1,751)
Interest expense	19,087	10,565	35,986	19,835
Share of (profit)/loss of associates	(159)	(1,335)	17	(741)
Depreciation and amortisation	9,808	7,932	18,234	16,161
Share option expense	-	342	-	342
Allowance for doubtful receivables	-	562	-	562
Reversal of allowance for doubtful receivables	(67)	(284)	(172)	(284)
Loss/(Gain) on disposal of intangible asset	4	-	(14)	-
Gain on disposal of subsidiaries	-	(3,136)	-	(3,136)
<b>Operating profit before working capital changes</b>	<b>52,647</b>	<b>73,676</b>	<b>85,602</b>	<b>149,164</b>
Contract assets	(94,657)	(79,960)	(101,209)	(128,274)
Trade receivables	3,195	(26,803)	(74)	(59,385)
Other receivables and prepayments	(16,896)	(33,526)	(2,569)	(48,484)
Inventories	4,251	7,426	(1,998)	1,126
Trade payables	(25,020)	(6,858)	(116,144)	(39,715)
Other payables	(17,277)	40,505	178	24,246
Lease liabilities	(877)	-	(877)	-
<b>Cash used in operations before service concession arrangement projects</b>	<b>(94,634)</b>	<b>(25,540)</b>	<b>(137,091)</b>	<b>(101,322)</b>
Changes in receivables under service concession arrangement projects (Note A)	7,886	6,227	7,011	(2,293)
<b>Cash used in operations after service concession arrangement projects</b>	<b>(86,748)</b>	<b>(19,313)</b>	<b>(130,080)</b>	<b>(103,615)</b>
Interest received	1,216	982	1,945	1,751
Interest paid	(17,184)	(14,789)	(46,961)	(21,161)
Income tax paid	(12,004)	(4,078)	(18,812)	(10,561)
<b>Net cash used in operating activities</b>	<b>(114,720)</b>	<b>(37,198)</b>	<b>(193,908)</b>	<b>(133,586)</b>
<b>Investing activities</b>				
Net cash outflow on acquisition of a subsidiary	-	-	(12,016)	-
Addition to property, plant and equipment	(161)	(6,487)	(4,058)	(8,436)
Addition to intangible assets	(420)	-	(492)	-
Addition to prepaid lease	(1,430)	-	(2,601)	-
Addition to deposits for investment projects	-	(62,026)	-	(62,026)
Deposits received	13,652	-	18,632	-
Investment in joint ventures	-	-	-	(1,087)
Disposal of subsidiary	-	10,378	-	10,378
<b>Net cash from (used in) investing activities</b>	<b>11,641</b>	<b>(58,135)</b>	<b>(535)</b>	<b>(61,171)</b>

<b>The Group (\$'000)</b>	<b>3 months ended 30/6/2019</b>	<b>3 months ended 30/6/2018</b>	<b>6 months ended 30/6/2019</b>	<b>6 months ended 30/6/2018</b>
<b>Financing activities</b>				
Contribution from non-controlling shareholders	3,323	706	8,732	3,035
Dividend paid	(22,843)	(53,251)	(22,843)	(53,251)
New bank loans raised	316,133	278,669	548,370	283,722
Redemption of medium term notes	-	(225,000)	-	(225,000)
Proceeds from issuing new shares	3,305	10,203	3,305	80,937
Share buy-back and cancellation of shares	-	(544)	-	(544)
Repayment of obligations under finance leases	(23)	(31)	(48)	(60)
Repayment of bank borrowings	(35,018)	(154,398)	(166,052)	(199,631)
<b>Net cash from (used in) financing activities</b>	<b>264,877</b>	<b>(143,646)</b>	<b>371,464</b>	<b>(110,792)</b>
Net increase (decrease) in cash and cash equivalents	161,798	(238,979)	177,021	(305,549)
Cash and cash equivalents at beginning of period	397,077	568,038	376,521	631,304
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	1,213	(824)	6,546	2,480
Cash and cash equivalents at end of period	560,088	328,235	560,088	328,235

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
<b>Group</b>										
At 1 January 2019	717,855	236,350	28,121	6,073	12,733	(73,173)	254,839	1,182,798	191,310	1,374,108
Profit for the year	-	-	-	-	-	-	3,084	3,084	1,305	4,389
Other comprehensive income for the period	-	-	-	-	-	22,348	-	22,348	2,651	24,999
Total comprehensive income for the period	-	-	-	-	-	22,348	3,084	25,432	3,956	29,388
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	5,268	5,268
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	5,852	5,852
Dividend payable	-	-	-	-	-	-	(2,308)	(2,308)	-	(2,308)
At 31 March 2019	717,855	236,350	28,121	6,073	12,733	(50,825)	255,615	1,205,922	206,386	1,412,308
Profit for the year	-	-	-	-	-	-	14,715	14,715	274	14,989
Other comprehensive income for the period	-	-	-	-	-	(29,647)	-	(29,647)	(1,222)	(30,869)
Total comprehensive income for the period	-	-	-	-	-	(29,647)	14,715	(14,932)	(948)	(15,880)
Issuance of shares on exercise of ESOS	5,793	-	-	-	(2,488)	-	-	3,305	-	3,305
Transfer to general reserve	-	-	311	-	-	-	(311)	-	-	-
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	2,966	2,966
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	2,825	2,825
Dividend paid/ payable	-	-	-	-	-	-	(20,509)	(20,509)	-	(20,509)
At 30 June 2019	723,648	236,350	28,432	6,073	10,245	(80,472)	249,510	1,173,786	211,229	1,385,015

	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
<b>Group</b>										
At 1 January 2018	622,741	717,600	10,569	6,073	21,848	(19,156)	324,419	1,684,094	152,256	1,836,350
Profit for the year	-	-	-	-	-	-	39,332	39,332	2,410	41,742
Other comprehensive income for the period						17,085	-	17,085	826	17,911
Total comprehensive income for the period	-	-	-	-	-	17,085	39,332	56,417	3,236	59,653
Issuance of new shares	70,734	-	-	-	-	-	-	70,734	-	70,734
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	947	947
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	1,382	1,382
Dividend payable	-	-	-	-	-	-	(8,619)	(8,619)	-	(8,619)
At 31 March 2018	693,475	717,600	10,569	6,073	21,848	(2,071)	355,132	1,802,626	157,821	1,960,447
Profit for the year	-	-	-	-	-	-	43,325	43,325	188	43,513
Other comprehensive income for the period	-	-	-	-	-	(24,210)	-	(24,210)	(825)	(25,035)
Total comprehensive income for the period	-	-	-	-	-	(24,210)	43,325	19,115	(637)	18,478
Recognition of share based payment	-	-	-	-	342	-	-	342	-	342
Issuance of shares on exercise of ESOS	17,498	-	-	-	(7,295)	-	-	10,203	-	10,203
Share buy-back and cancellation of shares	(544)	-	-	-	-	-	-	(544)	-	(544)
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	706	706
Transfer to general reserve	-	-	104	-	-	-	(104)	-	-	-
Dividend paid/payable	-	-	-	-	-	-	(41,661)	(41,661)	-	(41,661)
At 30 June 2018	710,429	717,600	10,673	6,073	14,895	(26,281)	356,692	1,790,081	157,890	1,947,971



	Share capital \$'000	Perpetual capital securities \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
<b><u>Company</u></b>						
At 1 January 2019	717,855	236,350	12,733	(33,795)	19,552	952,695
Loss for the year	-	-	-	-	(8,493)	(8,493)
Other comprehensive income for the period	-	-	-	22,945	-	22,945
Total comprehensive income for the period	-	-	-	22,945	(8,493)	14,452
Dividend payable	-	-	-	-	(2,308)	(2,308)
At 31 March 2019	717,855	236,350	12,733	(10,850)	8,751	964,839
Loss for the year	-	-	-	-	(19,552)	(19,552)
Other comprehensive income for the period	-	-	-	5,554	-	5,554
Total comprehensive income for the period	-	-	-	5,554	(19,552)	(13,998)
Issuance of shares on exercise of ESOS	5,793	-	(2,488)	-	-	3,305
Dividend paid/ payable	-	-	-	-	(20,509)	(20,509)
At 30 June 2019	723,648	236,350	10,245	(5,296)	(31,310)	933,637

	Share capital \$'000	Perpetual capital securities \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
<b><u>Company</u></b>						
At 1 January 2018	622,741	717,600	21,848	(13,005)	37,187	1,386,371
Loss for the year	-	-	-	-	(8,062)	(8,062)
Other comprehensive income for the period	-	-	-	9,126	-	9,126
Total comprehensive income for the period	-	-	-	9,126	(8,062)	1,064
Dividend payable	-	-	-	-	(8,619)	(8,619)
Issuance of new shares	70,734	-	-	-	-	70,734
At 31 March 2018	693,475	717,600	21,848	(3,879)	20,506	1,449,550
Profit for the year	-	-	-	-	64,336	64,336
Other comprehensive income for the period	-	-	-	828	-	828
Total comprehensive income/(loss) for the period	-	-	-	828	-	65,164
Issuance of shares on exercise of ESOS	17,498	-	(7,295)	-	-	10,203
Recognition of share- based payment	-	-	342	-	-	342
Share buy-back and cancellation of shares	(544)	-	-	-	-	(544)
Dividend paid/payable	-	-	-	-	(41,661)	(41,661)
At 30 June 2018	710,429	717,600	14,895	(3,051)	43,181	1,483,054

**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 April 2019	2,420,387,356
Issuance of New Shares on exercise of ESOS	<u>11,974,000</u>
Number of ordinary shares as at 30 June 2019	<u>2,432,361,356</u>

During the period, 11,974,000 ESOS were converted into New Shares. The total number of shares that may be issued on conversion of all the outstanding employee shares options were 7,857,200 (30 June 2018: 53,342,200).

The perpetual capital securities comprised Nil (30 June 2018: USD355 million) issued at 5.45% per annum; and S\$240 million (30 June 2018: 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.**

	30/6/2019	31/12/2018
Total number of issued shares ('000)	2,432,361	2,420,387

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 year ended 31 December 2018. The new and revised FRSs and Interpretation of FRS ("INT FRS") that are effective from 1 January 2019 have no material effect on the amounts reported for the current or prior year. The Group adopted SFRS(I) 16 Leases using the transition approach with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, January 1, 2019, with no restatement of comparative information.

**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 except as described in note 4 above.

**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 3 months ended 30/6/2019	Group 3 months ended 30/6/2018	Group 6 months ended 30/6/2019	Group 6 months ended 30/6/2018
Net profit attributable to shareholders of the Company (\$'000)	14,715	43,325	17,799	82,657
Weighted average number of shares in issue (in '000) for computation of Basic EPS	2,425,231	2,376,330	2,422,822	2,333,662
Earnings per share (cents) - Basic	0.61	1.82	0.73	3.54
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	2,433,088	2,429,672	2,430,680	2,387,004
Earnings per share (cents) – Diluted	0.60	1.78	0.73	3.46

Adjusted EPS	Group 3 months ended 30/6/2019	Group 3 months ended 30/6/2018	Group 6 months ended 30/6/2019	Group 6 months ended 30/6/2018
Net profit attributable to shareholders of the Company adjusted for dividends attributable to perpetual capital securities (\$'000)	12,381	37,275	13,157	67,987
Weighted average number of shares in issue (in '000) for computation of Basic EPS	2,425,231	2,376,330	2,422,822	2,333,662
Earnings per share (cents) - Basic	0.51	1.57	0.54	2.91
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	2,433,088	2,429,672	2,430,680	2,387,004
Earnings per share (cents) – Diluted	0.51	1.53	0.54	2.85

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 30/6/2019	Group 31/12/2018	Company 30/6/2019	Company 31/12/2018
Net asset value (\$'000)	1,385,015	1,374,108	933,637	952,695
Net asset value per share (cents)	56.94	56.77	38.38	39.36

The net asset value per share is calculated based on the issued share capital of 2,432,361,356 (31 December 2018: 2,420,387,356).

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 \$202.9 million, which was \$88.1 million or 30.3% lower than last corresponding period ended 30 June 2018 of \$291.0 million. The breakdown of the revenue was as follows:

	Group 3 months ended 30/6/2019 \$'million	Group 3 months ended 30/6/2018 \$'million	% increase/ (decrease)
Engineering revenue	79.0	112.5	(29.8)
Membrane system sales	67.9	122.8	(44.7)
	146.9	235.3	(37.6)
Treatment revenue *	56.0	55.7	0.5
Total	202.9	291.0	(30.3)

\* *Included finance income from service concessions.*

The decrease was mainly due to the decrease in engineering business from \$112.5 million to \$79.0 million, representing a decrease of \$33.5 million or 29.8%; and membrane system sales from \$122.8 million to \$67.9 million, representing a decrease of \$54.9 million or 44.7%.

Other income decreased to \$3.6 million from \$5.9 million, representing a decrease of \$2.3 million or 39.1% as compared to the last corresponding period ended 30 June 2018. The decrease was mainly due to gain on disposal of subsidiaries of \$3.1 million in the last corresponding period ended 30 June 2018.

### **Gross profit margin analysis for engineering and membrane system sales**

	<b>Group 3 months ended 30/6/2019 \$'million</b>	<b>Group 3 months ended 30/6/2018 \$'million</b>
Engineering revenue	79.0	112.5
Membrane system sales	67.9	122.8
Total	146.9	235.3
Changes in inventories	(5.1)	(7.2)
Material purchased, consumables used and subcontractors' fees <sup>#</sup>	(90.2)	(169.1)
Gross profit	<b>51.6</b>	<b>59.0</b>
GP margin (%)	35.1%	25.1%

<sup>#</sup> *Material purchased, consumables used and subcontractors' fees related to engineering and membrane division only.*

Materials purchased, consumables used and subcontractors' fees decreased to \$100.6 million from \$176.0 million, representing a decrease of \$75.4 million or 42.8% as compared to the last corresponding period ended 30 June 2018. The decrease was consistent with the decrease in engineering revenue and membrane system sales from \$235.3 million to \$146.9 million, representing a decrease of \$88.4 million or 37.6% as compared to the last corresponding period ended 30 June 2018. The increase in gross profit margin was mainly due to membrane system sales which had relatively higher gross profit margin.

Other operating expenses increased to \$31.5 million from \$21.9 million, representing an increase of \$9.6 million or 44.0% as compared to the last corresponding period ended 30 June 2018. The increase was mainly due to increase in net foreign exchange loss from \$6.4 million to \$11.5 million, representing an increase of \$5.1 million or 79.7% as compared to the last corresponding period ended 30 June 2018. In addition, the increase in other operating expenses of \$3.1 million was also due to newly acquired subsidiary, Nantong Guoqi Environmental Protection Technology Co., Ltd during the period.

Finance costs increased to \$19.1 million from \$10.6 million, representing an increase of \$8.5 million or 80.7% as compared to the last corresponding period ended 30 June 2018. The increase was mainly due to additions of bank loans to finance the new investment projects during the period; and to re-finance the perpetual capital securities in November 2018.

Profit after tax decreased to \$15.0 million from \$43.5 million, representing a decrease of \$28.5 million or 65.6% as compared to the last corresponding period ended 30 June 2018.

### **Statement of financial position**

The Group's current assets increased from \$1,096.5 million as at 31 December 2018 to \$1,274.1 million as at 30 June 2019, representing an increase of \$177.6 million or 16.2% as compared to 31 December 2018. The increase was mainly due to cash and bank balances increased from \$376.5 million as at 31 December 2018 to \$560.1 million as at 30 June 2019, representing an increase of \$183.6 million or 48.8% as compared to 31 December 2018.

The Group's current liabilities decreased from \$1,349.9 million as at 31 December 2018 to \$1,123.9 million as at 30 June 2019, representing a decrease of \$226.0 million or 16.7% as compared to 31 December 2018. The decrease was mainly due to re-financing of short tenure bank loans with longer tenure bank loans during the period.

The Group's non-current liabilities increased from \$1,062.8 million as at 31 December 2018 to \$1,618.4 million as at 30 June 2019, representing an increase of \$555.6 million or 52.3% as compared to 31 December 2018. The increase was mainly due to new additions of longer-tenure bank loans to re-finance the current bank loans and the acquisition of investment projects during the period.

### **Statement of cash flow**

The net cash used in operating activities of the group increased to \$114.7 million from \$37.2 million in the last corresponding period ended 30 June 2018. The net cash used in operating activities for the current period was mainly due to cash outflow for the construction of the investment projects and Build-Transfer projects during the period.

The net cash from financing activities of the group increased to \$264.9 million from net cash used in financing activities of \$143.6 million in the last corresponding period ended 30 June 2018. The net cash from financing activities for the current period was mainly due to additions of bank loans of \$316.1 million, offset by repayment of bank loans of \$35.0 million in the current 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.**

Notwithstanding the macro economic environment, CEL is optimistic that its industry is well supported by China's stringent environmental mandates as outlined in the country's 13th Five Year Plan. The Group is committed to pursue opportunities and secure projects in the municipalities for projects involving a wide range of environmental services such as its core wastewater treatment solutions as well as its hazardous waste treatment solutions.

The Group expects its hazardous waste treatment, which is the most recent addition to its suite of capabilities, to become one of the key revenue drivers, led by government initiatives to introduce sustainable waste management mechanisms.

CEL's wholly-owned subsidiary Memstar Pte Ltd, which opened a membrane manufacturing facility in Conroe, Texas, USA in mid-2018, has commenced operation and expects increase in international sales. The Group expects this to continue gaining traction in tandem with higher anticipated demand for water purification and safe drinking water.

CEL will continue to leverage its proprietary membrane technology and expertise in environmental engineering to entrench its position as a leading player in the environmental protection sector.

**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? Yes

Name of Dividend	Interim
Dividend Type	Interim
Dividend Amount per Share (in cents)	0.5
Optional:- Dividend Rate (in %)	N/A
Par value of shares	N/A
Tax Rate	Tax exempt

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No 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 1HFY2019 under review in excess of S\$100,000 is as follows:-

Name of interested persons	Aggregate value of all IPTs during the 1H FY2019 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	25,212,753	Not Applicable
China CITIC Bank	335,400	Not Applicable

Of the aggregate value S\$25,212,753 for IPTs conducted with CITIC Finance Company Limited during Q2FY2019, S\$15,911,275 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.**

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 Second Quarter Results of the Group for the period ended 30 June 2019 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

**David Yeung**  
Director

#### **BY ORDER OF THE BOARD**

**Lotus Isabella Lim Mei Hua**  
Company secretary  
24 July 2019