



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".

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

	Group 3 months ended 31/3/2019 \$'000	Group 3 months ended 31/3/2018 \$'000	% Increase/ (Decrease)
Revenue	72,132	259,215	(72.2)
Other income	14,246	8,308	71.5
Changes in inventories	6,671	6,284	6.2
Material purchased, consumables used and subcontractors' fees	(27,893)	(168,223)	(83.4)
Employee benefits expense	(13,758)	(13,164)	4.5
Depreciation and amortisation expenses	(8,426)	(8,229)	2.4
Other operating expenses	(17,591)	(16,163)	8.8
Finance costs	(16,899)	(9,270)	82.3
Share of loss of associates	(176)	(594)	(70.4)
Profit before income tax	8,306	58,164	(85.7)
Income tax expense	(3,917)	(16,422)	(76.1)
Net profit for the period	4,389	41,742	(89.5)

	Group 3 months ended 31/3/2019 \$'000	Group 3 months ended 31/3/2018 \$'000	% Increase/ (Decrease)
Profit attributable to:			
Owners of the Company	3,084	39,332	(92.2)
Non-controlling interests	1,305	2,410	(45.9)
Profit for the period	4,389	41,742	(89.5)
Currency translation gain	24,999	17,911	39.6
Total other comprehensive income for the period	29,388	59,653	(50.7)
Total comprehensive income attributable to:			
Owners of the Company	25,432	56,417	(54.9)
Non-controlling interests	3,956	3,236	22.2
Total comprehensive income for the period	29,388	59,653	(50.7)

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

	Group 3 months ended 31/3/2019 \$'000	Group 3 months ended 31/3/2018 \$'000	% Increase/ (Decrease)
Interest expense on bank borrowings and finance leases	16,899	6,662	153.7
Interest expense on MTN bond	-	2,608	N/M
Interest income	(729)	(769)	(5.2)
Foreign currency exchange gain	(11,607)	(5,147)	125.5
Gain on disposal of intangible asset	(18)	-	N/M
Impairment loss reversed on trade receivables	(105)	-	N/M

N/M: Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group 31/3/2019 \$'000	Group 31/12/2018 \$'000	Company 31/3/2019 \$'000	Company 31/12/2018 \$'000
ASSETS				
Current assets:				
Cash and bank balances	397,077	376,521	5,088	17,873
Trade receivables	246,510	245,240	-	-
Contract assets	47,509	47,287	-	-
Service concession receivables	17,017	15,739	-	-
Other receivables and prepayments	359,286	383,258	887,660	893,534
Inventories	32,920	26,249	-	-
Prepaid leases	2,079	2,158	-	-
Right-of-use assets	589	-	404	-
Total current assets	1,102,987	1,096,452	893,152	911,407
Non-current assets:				
Contract assets	1,131,226	1,106,461	-	-
Service concession receivables	618,874	611,881	-	-
Trade receivables	25,104	23,586	-	-
Other receivables and prepayments	36,005	18,866	8,000	8,000
Prepaid leases	91,327	86,353	-	-
Subsidiaries	-	-	800,784	750,665
Associates	44,181	44,357	12,316	12,316
Property, plant and equipment	288,740	231,672	215	228
Goodwill	255,365	255,365	-	-
Intangible assets	290,090	295,423	200	200
Financial assets at fair value through profit or loss	4,639	4,639	-	-
Deferred tax assets	12,174	11,704	-	-
Right-of-use assets	1,379	-	288	-
Total non-current assets	2,799,104	2,690,307	821,803	771,409
Total assets	3,902,091	3,786,759	1,714,955	1,682,816
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	252,669	377,736	135,085	136,344
Trade payables	644,723	721,884	-	-
Other payables	214,995	200,980	208,955	184,606
Finance leases	97	98	39	39
Lease liabilities	589	-	404	-
Income tax payable	43,692	49,174	-	-
Total current liabilities	1,156,765	1,349,872	344,483	320,989
Non-current liabilities:				
Bank loans	1,271,129	1,005,744	405,256	409,033
Finance leases	111	135	89	99
Lease liabilities	1,379	-	288	-
Deferred tax liabilities	60,399	56,900	-	-
Total non-current liabilities	1,333,018	1,062,779	405,633	409,132

	Group 31/3/2019 \$'000	Group 31/12/2018 \$'000	Company 31/3/2019 \$'000	Company 31/12/2018 \$'000
Capital, reserves and non-controlling interests:				
Share capital	717,855	717,855	717,855	717,855
Perpetual capital securities	236,350	236,350	236,350	236,350
General reserve	28,121	28,121	-	-
Capital reserve	6,073	6,073	-	-
Share option reserve	12,733	12,733	12,733	12,733
Currency translation reserve	(50,825)	(73,173)	(10,850)	(33,795)
Retained earnings	255,615	254,839	8,751	19,552
Equity attributable to owners of the Company	1,205,922	1,182,798	964,839	952,695
Non-controlling interests	206,386	191,310	-	-
Total equity	1,412,308	1,374,108	964,839	952,695
Total liabilities and equity	3,902,091	3,786,759	1,714,955	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 31/3/2019</u>		<u>As at 31/12/2018</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
117,681	135,085	241,490	136,344

Amount repayable after one year

<u>As at 31/3/2019</u>		<u>As at 31/12/2018</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
865,984	405,256	596,846	409,033

Details of any collateral

1. The finance leases of \$208,000 (31 December 2018: \$233,000) is secured over the Group's motor vehicles.
2. The bank loans of \$983,457,000 (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.

	Group 3 months ended 31/3/2019 \$'000	Group 3 months ended 31/3/2018 \$'000
Operating activities		
Profit before income tax	8,306	58,164
Adjustments for:		
Interest income	(729)	(769)
Interest expense	16,899	9,270
Share of loss of associates	176	594
Depreciation and amortisation expense	8,426	8,229
Gain on disposal of intangible assets	(18)	-
Impairment loss reversed on trade receivables	(105)	-
Operating profit before working capital changes	32,955	75,488
Contract assets	(6,552)	(32,582)
Trade receivables	(3,269)	(22,028)
Other receivables and prepayments	14,327	(14,958)
Inventories	(6,249)	(6,300)
Trade payables	(89,947)	(32,856)
Other payables	17,455	(16,260)
Cash used in from operations before service concession arrangement projects	(41,280)	(49,496)
Changes in receivables under service concession arrangements (Note A)	(875)	(8,520)
Cash used in from operations after service concession arrangement projects	(42,155)	(58,016)
Interest received	729	769
Interest paid	(29,777)	(6,372)
Income tax paid	(6,808)	(6,483)
Net cash used in operating activities	(78,011)	(70,102)
Investing activities		
Net cash outflow on acquisition of a subsidiary	(12,016)	-
Addition to intangible assets	(1,249)	(307)
Addition to prepaid leases	(1,171)	-
Addition to property, plant and equipment	(3,897)	(27,928)
Addition to available-for-sale financial asset	-	(1,087)
Proceed from disposal of intangible assets	4,980	-
Net cash used in investing activities	(13,353)	(29,322)
Financing activities		
Contribution from non-controlling shareholders	5,409	2,329
New bank loans raised	232,237	5,053
Proceeds from issuing shares	-	70,734
Repayment of obligations under finance lease	(25)	(29)
Repayment of bank borrowings	(131,034)	(45,233)
Net cash from financing activities	106,587	32,854

	Group 3 months ended 31/3/2019 \$'000	Group 3 months ended 31/3/2018 \$'000
Net increase/(decrease) in cash and cash equivalents	15,223	(66,570)
Cash and cash equivalents at beginning of period	376,521	631,304
Net effect of exchange rate changes on the balance and cash held in foreign currencies	5,333	3,304
Cash and cash equivalents at end of period	397,077	568,038

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 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

	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 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

	Share capital \$'000	Perpetual capital securities \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
Company						
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/(loss) 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

	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
Loss for the year	-	-	-	-	(16,681)	(16,681)
Other comprehensive income for the period	-	-	-	9,126	-	9,126
Total comprehensive income/(loss) for the period	-	-	-	9,126	(16,681)	(7,555)
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

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.

There is no change in the Company's share capital during the period.

The total number of shares that may be issued on conversion of all the outstanding employee shares options were 19,831,200 (31 March 2018: 74,009,200).

The perpetual capital securities comprised Nil (31 March 2018: USD355 million) issued at 5.45% per annum; and S\$240 million (31 March 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.

	31/3/2019	31/12/2018
Total number of issues shares ('000)	2,420,387	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 31/3/2019	Group 31/3/2018
Net profit attributable to shareholders of the Company (\$'000)	3,084	39,332
Weighted average number of shares in issue (in '000) for computation of Basic EPS	2,420,387	2,288,672
Earnings per share (cents) - Basic	0.13	1.72
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	2,440,219	2,362,681
Earnings per share (cents) – Diluted	0.13	1.66

Adjusted EPS	Group 31/3/2019	Group 31/3/2018
Net profit attributable to shareholders of the Company adjusted for dividends attributable to perpetual capital securities (\$'000)	776	30,713
Weighted average number of shares in issue (in '000) for computation of Basic EPS	2,420,387	2,288,672
Earnings per share (cents) - Basic	0.03	1.34
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	2,440,219	2,362,681
Earnings per share (cents) – Diluted	0.03	1.30

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

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group 31/3/2019	Group 31/12/2018	Company 31/3/2019	Company 31/12/2018
Net asset value (\$'000)	1,412,308	1,374,108	964,839	952,695
Net asset value per share (cents)	58.35	56.77	39.86	39.36

The net asset value per share is calculated based on the issued share capital of 2,420,387,356 (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 \$72.1 million, which was \$187.1 million or 72.2% lower than last corresponding period ended 31 March 2018 of \$259.2 million. The breakdown of the revenue was as follows:

	Group 3 months ended 31/3/2019 \$'million	Group 3 months ended 31/3/2018 \$'million	% increase/ (decrease)
Engineering revenue	6.9	121.9	(94.3)
Membrane system sales	13.7	90.9	(84.9)
	20.6	212.8	(90.3)
Treatment revenue *	51.5	46.4	11.0
Total	72.1	259.2	(72.2)

* Included finance income from service concessions.

The decrease was mainly due to the decrease in engineering business from \$121.9 million to \$6.9 million, representing a decrease of \$115.0 million or 94.3%; and membrane system sales from \$90.9 million to \$13.7 million, representing a decrease of \$77.2 million or 84.9%.

The decrease in engineering revenue and membrane system sales was mainly due to delay in two major projects, namely Meigu and Lanzhou due to adverse wintry condition.

Other income was \$14.2 million, which was \$5.9 million or 71.5% higher than last corresponding period ended 31 March 2018 of \$8.3 million. The increase was mainly due to increase in net foreign exchange gain from \$5.1 million to \$11.6 million, representing an increase of \$6.5 million or 125.5% as compared to the last corresponding period ended 31 March 2018.

Gross profit margin analysis for engineering and membrane system sales

	Group 3 months ended 31/3/2019 \$'million	Group 3 months ended 31/3/2018 \$'million
Engineering revenue	6.9	121.9
Membrane system sales	13.7	90.9
Total	20.6	212.8
Changes in inventories	3.3	5.9
Material purchased, consumables used and subcontractors' fees [#]	(11.4)	(148.0)
Gross profit	12.5	70.7
GP margin (%)	60.7%	33.2%

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

Materials purchased, consumables used and subcontractors' fees decreased to \$27.9 million from \$168.2 million, representing a decrease of \$140.3 million or 83.4% as compared to the last corresponding period ended 31 March 2018. The decrease was consistent with the decrease in engineering revenue and membrane system sales from \$212.8 million to \$20.6 million, representing a decrease of \$192.2 million or 90.3% as compared to the last corresponding period ended 31 March 2018. The increase in gross profit margin was mainly due to membrane system sales which had relatively higher gross profit margin.

Finance costs increased to \$16.9 million from \$9.3 million, representing an increase of \$7.6 million or 82.3% as compared to the last corresponding period ended 31 March 2018. The increase was mainly due to additions of bank loans to re-finance the perpetual capital securities in November 2018.

Profit after tax decreased to \$4.4 million from \$41.7 million, representing a decrease of \$37.4 million or 89.5% as compared to the last corresponding period ended 31 March 2018.

Statement of financial position

The Group's current liabilities decreased from \$1,349.9 million as at 31 December 2018 to \$1,156.8 million as at 31 March 2019, representing a decrease of \$193.1 million or 14.3% 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 current period.

The Group's non-current liabilities increased from \$1,062.8 million as at 31 December 2018 to \$1,333.0 million as at 31 March 2019, representing an increase of \$270.2 million or 25.4% 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 current period.

Statement of cash flow

The net cash used in operating activities of the group increased to \$78.0 million from \$70.1 million in the last corresponding period ended 31 March 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 generated from financing activities of the group increased to \$106.6 million from \$32.9 million in the last corresponding period ended 31 March 2018. The net cash generated from financing activities for the current period was mainly due to additions of longer-tenure bank loans of \$232.2 million, offset by repayment of bank loans of \$131.0 million in the current financial period.

The Company had a net current liability position of \$53.8 million as compared to \$251.9 million as at 31 December 2018. The improved net current liability position was mainly due to the Group's ability to refinance short term bank loans with longer tenure bank loans of 3 years.

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.

Despite the macro economic climate, China has reiterated its commitment to combat environmental pollution and develop its strengths in waste treatment. This bodes well for the long-term growth prospects of China's environmental protection industry, and translates to greater opportunities for CEL to pursue and secure more projects across a wide range of environmental services such as its core wastewater treatment solutions as well as its hazardous waste treatment solutions. The Group will continue to leverage its proprietary membrane technology and expertise in environmental engineering to entrench its position as a leading player in China's 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? No

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommendeded.

13. Related parties and interested person transactions

The Company does not have a general shareholders' mandate for recurrent interested person transactions. The aggregate value of interested person transactions entered into during Q1FY2019 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	11,977,087	Not Applicable
China CITIC Bank	111,277	Not Applicable

Of the aggregate value S\$11,977,087 for IPTs conducted with CITIC Finance Company Limited during Q1FY2019, S\$7,350,113 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 First Quarter Results of the Group for the period ended 31 March 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

Zhang Yong
Director

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company secretary
29 April 2019