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CITIC Limited
中國中信股份有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00267)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited)

The following announcement is released by CITIC Envirotech Ltd. (a subsidiary of CITIC Limited) to Singapore Exchange Limited on 7 March 2019:-

Response to SGX in relation to the Company's Unaudited Financial Statements for the year ended 31 December 2018

Hong Kong, 7 March 2019

As at the date of this announcement, the executive directors of CITIC Limited are Mr Chang Zhenming (Chairman), Mr Wang Jiong and Ms Li Qingping; the non-executive directors of CITIC Limited are Mr Song Kangle, Ms Yan Shuqin, Mr Liu Zhuyi, Mr Peng Yanxiang, Mr Liu Zhongyuan and Mr Yang Xiaoping; and the independent non-executive directors of CITIC Limited are Mr Francis Siu Wai Keung, Dr Xu Jinwu, Mr Anthony Francis Neoh, Ms Lee Boo Jin, Mr Paul Chow Man Yiu and Mr Shohei Harada.



CITIC ENVIROTECH LTD

(Company Registration Number: 200306466G)

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**RESPONSE TO SGX IN RELATION TO THE COMPANY'S UNAUDITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

The Board of Directors (the "Board") of CITIC Envirotech Ltd ("CEL", the "Company" or "Group") wishes to respond to the queries raised by SGX in relation to the Company's unaudited financial statements for the year ended 31 December 2018, which was announced on 26 February 2019.

SGX query 1

With reference to the unaudited financial statements for the year ended 31 December 2018, please provide an explanation for the increase in trade and other payables of \$310.6 million.

Company's response

The increase in trade and other payables of \$310.6 million was mainly due to the increase in raw material purchased, consumables used and subcontractors' fees from \$427.6 million to \$602.1 million, representing an increase of \$174.5 million or 40.8% from the last corresponding year ended 31 December 2017. In addition, the Company had \$124.7 million of other payable to suppliers for the construction of the Meigu project. The Meigu project was announced by the Company on 24 June 2018.

SGX query 2

Please provide an explanation for the increase in contract assets of \$678.3 million, and provide further elaboration on the relevant projects as well as the estimated date of completion.

Company's response

The increase in contract assets under the non-current assets of \$678.3 million pertained mainly to service concession receivables and intangible assets that were still under construction. The estimated dates of completion ranged from the second half of 2019 to end 2020. The contract assets will be classified as service concession receivables and intangible assets upon the completion of construction and commissioning.

SGX query 3

Please provide a breakdown for other receivables and prepayments, and explain the increase in other receivables and prepayments from \$167,573,000 in FY2017 to \$383,258,000 in FY2018.

Company's response

	31 December 2018	31 December 2017
	\$'000	\$'000
Deposits for projects	47,323	14,973
Prepayments and advance payment to suppliers	49,933	78,176
VAT receivables	109,047	40,371
Other receivables for Meigu project	125,189	-
Deposit for acquisition of subsidiaries	24,017	15,019
Amount due to associated companies	5,825	-
Amount due from non-controlling shareholder	23,313	17,590
Other receivables	15,684	31,435
Other deposits	1,793	2,172
Total	402,124	199,736
Presentation on the Statements of Financial Position:		
Current	383,258	167,573
Non-current	18,866	32,163

The increase in other receivables and prepayments under the current assets from \$167.6 million to \$383.3 million, represents an increase of \$215.7 million or 128.7% as compared to 31 December 2017. The increase was mainly due to receivables from Meigu county arising from the Meigu project.

SGX query 4

It is disclosed on Page 14 of the announced financial results that the increase in other income was mainly due to finance income from the Build-Transfer project. Please explain how the Build-Transfer project has led to an increase in finance income and provide further elaboration on the Build-Transfer project.

Company's response

Under the Build-Transfer agreement, the Company will be financing the project for a period of 13 years. The finance income was earned for extending financing for the project.

SGX query 5

Please explain the basis for the recognition of impairment loss, net of reversal on financial assets and other items subject to ECL, of \$29.4 million in FY2018.

Company's response

The impairment loss was made as follows:

	\$ million
Impairment on specific debtors	26.1
Impairment for estimated credit loss	3.3
	29.4

Impairment was made on specific debtors of \$26.1 million. The board was of the view that impairment was necessary given that the said debtors were long outstanding and there were no collections made during the period under review.

Under SFRS(I) 9 – Financial instruments, the Group has developed and maintained the group's credit risk gradings to categorise exposures according to their degree of risk of default. Impairment for estimated credit loss was assessed and provided.

SGX query 6

It is disclosed on Page 14 of the announced financial results that the Company had reached a mutual agreement with the authority not to proceed with the land remediation project within the PPP project, due to unexpected changes made to the initial planning for the Lanzhou city by the local authority. When did the Company decide not to proceed with the land remediation project? Was it disclosed on a timely basis?

Company's response

The Company had been re-negotiating with the local authority of Lanzhou city for some time during 2018 and the Company had internally decided not to proceed with the land remediation project during the last quarter of 2018. However, the local authority kept trying to persuade the Company to continue the project. The company then put on hold its final decision to see if the local authority would make a more attractive new proposal that would merit our re-consideration. As no new proposal was forthcoming, the Board decided that given the suspension of the project as at the date of announcement of the unaudited results for the year ended 31 December 2018 and given that no further progress was being made on the project, it was prudent for the Company to provide an update on the project.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

7 March 2019