



Leader Environmental Technologies Limited

利德环保技术有限公司

(Incorporated in the Republic of Singapore on 15 August 2006)

(Company Registration Number: 200611799H)

**MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS
OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

Unless otherwise defined, capitalised terms herein shall have the same meaning as ascribed to them in the Company's announcement dated 1 March 2021 in relation to its unaudited financial results for the financial year ended 31 December 2020.

The Board of Directors of Leader Environmental Technologies Limited ("Company" and together with its subsidiaries, "Group") refers to the unaudited full year financial results announcement for the financial year ended 31 December 2020 ("**FY2020**") released via the SGX-NET on 1 March 2021 ("**Unaudited**"). Further reference is made to the Audited Financial Statements of the Company for FY2020 ("**Audited**").

Pursuant to Rule 704(6) of the Listing Manual, the Board wishes to highlight that there are certain adjustments made by the Company to the Company's Consolidated Statement of Profit and Loss and other Comprehensive loss, Statement of Financial Position and Consolidated Statement of Cash Flows in the Audited Financial Statements as compared with the Unaudited Financial Statements.

Below is a comparison between the Unaudited financial statements which was announced on 1 March 2021 and the Audited financial statements.

Consolidated Statement of profit or loss and other comprehensive income

	Note	Group 12 Months Ended		Variance RMB'000
		31.12.20 ("FY2020") Audited RMB'000	31.12.20 ("FY2020") Unaudited RMB'000	
Revenue		13,736	13,736	
Cost of sales		(10,378)	(10,378)	
Gross profit		3,358	3,358	
Finance income		23	23	
Other income	(1)	389	386	3
Selling and distribution expenses		(1,356)	(1,356)	
Administrative expenses		(13,911)	(13,911)	
Finance costs		(4,951)	(4,951)	
Impairment loss on financial assets and contract assets	(2)	(45,714)	-	45,714
Other expenses	(1) & (2)	(2,771)	(48,652)	(45,881)
Loss before income tax		(64,933)	(65,103)	
Taxation		75	75	
Loss after taxation	(3)	(64,858)	(65,028)	(170)
Other comprehensive loss after tax		-	-	
Total comprehensive loss for the year		(64,858)	(65,028)	
Loss attributable to:				
Owners of the parent		(64,858)	(65,028)	
Non-controlling interests		-	-	
		(64,858)	(65,028)	
Total comprehensive loss attributable to:				
Owners of the parent		(64,858)	(65,028)	
Non-controlling interests		-	-	
		(64,858)	(65,028)	

The breakdown of other expenses is as follows:

	Audited 2020 RMB'000	Unaudited 2020 RMB'000	Variance RMB'000	Note
Bad debts written off	46	46		
Impairment loss on intangible assets	1,022	1,022		
Exchange loss	1,236	1,236		
Loss on disposal of property, plant and equipment	520	486	(34)	NM
Bad debts recovered	(150)	(150)		
Allowance for impairments:				
- contract assets	-	4,643	4,643	
- trade receivables	-	497	497	
- retention monies	-	43	43	
- advances to trade suppliers	-	8,625	8,625	
- tendered and security deposits	-	9,574	9,574	
- advances to third parties	-	22,415	22,415	
- Advance to non-trade suppliers no longer required	-	(83)	(83)	
	-	45,714	45,714	(2)
Loss on disposal of subsidiary	-	167	167	(1)
Others	97	131	34	NM
	<u>2,771</u>	<u>48,652</u>	<u>45,881</u>	

NM – not material

Consolidated Statement of changes in equity

Audited	Attributable to owners of the Company							Total equity RMB'000
	Share capital	PRC statutory common reserve	Merger reserve	Accumulated losses	Premium paid on acquisition of non-controlling interests	Total attributable to equity holders of the parent	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 31December 2019	224,747	31,748	(454)	(215,435)	(170)	40,436	-	40,436
Loss for the year	-	-	-	(64,858)	-	(64,858)	-	(64,858)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(64,858)	-	(64,858)	-	(64,858)
Issuance of new shares pursuant to the private placement	9,087	-	-	-	-	9,087	-	9,087
Issuance of new shares pursuant to the rights issue	44,355	-	-	-	-	44,355	-	44,355
Share issue expenses	(1,490)	-	-	-	-	(1,490)	-	(1,490)
Disposal of controlling interest in a subsidiary	-	-	-	(170)	170	-	-	-
Total transactions with owners	51,952	-	-	(170)	170	51,952	-	51,952
At 31 December 2020.	276,699	31,748	(454)	(280,463)	-	27,530	-	27,530

Unaudited	Attributable to owners of the Company							Total equity RMB'000
	Share capital	PRC statutory common reserve	Merger reserve	Accumulated losses	Premium paid on acquisition of non-controlling interests	Total attributable to equity holders of the parent	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 31December 2019	224,747	31,748	(454)	(215,435)	(170)	40,436	-	40,436
Loss for the year	-	-	-	(65,028)	-	(65,028)	-	(65,028)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(65,028)	-	(65,028)	-	(65,028)
Issuance of new shares pursuant to the private placement	8,594	-	-	-	-	8,594	-	8,594
Issuance of new shares pursuant to the rights issue	43,358	-	-	-	-	43,358	-	43,358
Share issue expenses	-	-	-	-	-	-	-	-
Disposal of controlling interest in a subsidiary	-	-	-	-	170	170	-	170
Total transactions with owners	51,952	-	-	-	170	52,122	-	52,122
At 31 December 2020.	276,699	31,748	(454)	(280,463)	-	27,530	-	27,530

The premium paid on acquisition of non-controlling interests of RMB170,000 should be considered as part of the movement in equity upon disposal of the subsidiary, and not as part of the gain/loss on disposal of subsidiary in the consolidated statement of profit or loss. The movement will be between accumulated losses and premium paid on acquisition of non-controlling interests, and there will not be any impact on the equity.

Consolidated Statement of Cash Flows for the financial year ended 31 December 2020

	Audited	Unaudited	Variance	
	RMB'000	RMB'000	RMB'000	Note
Cash Flows from Operating Activities				
Loss before taxation	(64,933)	(65,103)	170	✓ (3)
Depreciation of property, plant and equipment	1,103	1,103		
Loss on disposals of property, plant and equipment, net	486	486		
Amortisation of intangible assets	260	260		
(Gain)/loss on disposal of a subsidiary	(3)	167	(170)	✓ (3)
Impairment loss on intangible assets	1,022	1,022		
Allowance for impairments on financial assets and contract assets	45,714	45,714		
Gain on re-measurement of lease liabilities	(17)	(17)		
Gain on de-registration of subsidiaries	(9)	(9)		
Finance costs	4,951	4,951		
Interest income	(23)	(23)		
Operating loss before working capital changes	(11,449)	(11,449)		
Decrease in contract assets	11,747	11,747		
Decrease in inventories	19	19		
Decrease in trade and other receivables	20,791	20,791		
Increase in prepayments	(58)	(58)		
Decrease in contract liabilities	(4,020)	(4,020)		
Increase in trade and other payables	5,534	5,534		
Decrease in other liabilities	(5,605)	(5,605)		
Net cash generated from operations	16,959	16,959		
Income tax refund	75	75		
Net cash generated from operating activities	17,034	17,034		
Cash flows from investing activities				
Disposal of a subsidiary, net of cash disposed of	(75)	(75)		
Acquisition of property, plant and equipment	(57)	(57)		
Proceeds from disposals of property, plant and equipment	403	403		
Interest income received	23	23		
Net cash flows generated from investing activities	294	294		
Cash flows from financing activities				
Proceeds from issuance of ordinary shares via a private placement	9,087	8,594	493	✓ (4)
Proceeds from issuance of ordinary shares via rights issue	44,355	43,358	997	✓ (4)
Share issue expenses	(1,490)	-	(1,490)	✓ (4)
Repayments of third party loans	-	-		
Proceeds from bank borrowings	11,000	11,000		
Repayments of bank borrowings	(37,010)	(37,010)		
Repayments of lease liabilities	(434)	(434)		
Proceeds from bills payable, net	1,475	1,475		
Interest paid	(4,915)	(4,915)		
Increase in bank deposits pledged	(1,475)	(1,475)		
Net cash flows used in financing activities	20,593	20,593		
Net increase in cash and cash equivalents	37,921	37,921		
Cash and cash equivalents at the beginning of the year	9,707	9,707		
Cash and cash equivalents at the end of the year	47,628	47,628		

Notes:

- (1) The premium paid on acquisition of non-controlling interests of RMB170,000 should be considered as part of the movement in equity upon disposal of the subsidiary, and not as part of the gain/loss on disposal of subsidiary. Consequently, the exclusion from the gain/loss computation resulted in a gain on disposal of subsidiary of RMB3,000 instead of a loss on disposal of subsidiary of RMB167,000 as shown in the Unaudited results on 1 March 2021.
- (2) The impairment loss on financial assets and contract assets amounting to RMB45,714,000 were separately disclosed on the face of the consolidated statement of profit or loss and other comprehensive income in the audited results instead of grouped under other expenses as announced on 1 March 2021.
- (3) In view of the gain on disposal of subsidiary recognized of RMB3,000 from a previous reported loss of RMB167,000, the loss after taxation was reduced by RMB170,000 to RMB64,858,000 as shown in the Audited results.
- (4) The gross proceeds arising from the private placement and the Rights Issue exercises and total issuance expenses were separately disclosed in the Audited consolidated statement of cash flows instead of showing only the net proceeds of each of the fund raising exercises in the Unaudited results as announced on 1 March 2021.

By Order of the Board

Dr Lin Yucheng
Executive Chairman and Chief Executive Officer
14 April 2021