



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)

Unaudited Results for the Fourth Quarter and the Twelve Months Ended 31 December 2015

Unaudited Financial Statement and Dividend Announcement for the Financial Year Ended 31 December 2015 of Leader Environmental Technologies Limited (“Company”) and Its Subsidiaries (Collectively, “Group”)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of immediately preceding year.

The Group’s operations are principally conducted in the People’s Republic of China (“PRC”). Accordingly, the consolidated financial statements have been prepared in Chinese Renminbi (“RMB”), being the functional currency of the Group.

	Group					
	Unaudited 3 Months Ended			Unaudited 12 Months Ended		
	31.12.15 ("4Q2015") RMB'000	31.12.14 ("4Q2014") RMB'000	Change %	31.12.15 ("FY2015") RMB'000	31.12.14 ("FY2014") RMB'000	Change %
Revenue	19,770	23,920	(17.3)	51,187	72,387	(29.3)
Cost of sales	(16,663)	(17,175)	(3.0)	(35,526)	(50,207)	(29.2)
Gross profit	3,107	6,745	(53.9)	15,661	22,180	(29.4)
Financial income	530	39	1,259.0	1,696	178	852.8
Other income	28	(27)	NM	176	416	(57.7)
Selling and distribution expenses	(375)	(313)	19.8	(1,754)	(1,468)	19.5
Administrative expenses	(4,930)	(3,288)	49.9	(17,726)	(12,009)	47.6
Finance costs	(1,803)	(1,739)	3.7	(7,540)	(6,474)	16.5
Other expenses	(16,341)	(42)	NM	(266,820)	(78)	NM
Share of results of associated company	-	(130)	NM	(275)	(795)	(65.4)
(Loss)/profit before income tax	(19,784)	1,245	NM	(276,582)	1,950	NM
Income tax expense	(24)	(1,268)	NM	3,985	(1,854)	NM
(Loss)/profit and total comprehensive (loss)/income for the year *	(19,808)	(23)	NM	(272,597)	96	NM
(Loss)/profit and total comprehensive (loss)/income for the year attributable to:						
Owners of the Company	(19,774)	(23)	NM	(272,563)	96	NM
Non-controlling interest	(34)	-	NM	(34)	-	NM
	(19,808)	(23)		(272,597)	96	

* There are no other comprehensive (loss)/income items for both financial years.

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of immediately preceding year.

(i) (Loss)/profit before income tax is arrived at after charging/(crediting) the following:

	Unaudited 3 Months Ended			Unaudited 12 Months Ended		
	31.12.15 RMB'000	31.12.14 RMB'000	Change %	31.12.15 RMB'000	31.12.14 RMB'000	Change %
Depreciation of property, plant and equipment	222	201	10.4	839	827	1.5
Gain on disposal of property, plant and equipment	(28)	-	NM	(28)	(190)	(85.3)
Fixed asset written off	6	-	NM	6	-	NM
Amortization of intangible assets	355	323	9.9	1,439	1,227	17.3
Unbilled work-in-progress written off	1,169	-	NM	1,169	-	NM
Bad debts written off	1,875	-	NM	1,875	-	NM
Allowance for impairment of trade receivables	13,550	-	NM	174,763	-	NM
Allowance for impairment of advances to supplier	-	-	-	84,743	-	NM
Tax recoverable written off	-	-	-	503	-	NM
Allowance for impairment of investment in associate	-	-	-	3,440	-	NM
Operating lease expenses	254	258	(1.6)	1,030	1,040	(1.0)
Interest expense	1,803	1,739	3.7	7,540	6,474	16.5
Interest income	(530)	(39)	1,259.0	(1,696)	(178)	852.8
Inventories recognised as an expense in cost of goods sold	23,424	11,021	112.5	31,145	31,440	(0.9)
Employee compensations	2,543	2,299	10.6	7,819	7,998	(2.2)
Fair value of shares issued pursuant to LET Performance Share scheme	-	-	-	2,798	-	NM
Exchange loss/(gain)	(277)	84	NM	244	41	495.1

NM: Not meaningful

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

	Group As at		Company As at	
	31.12.15 RMB'000	31.12.14 RMB'000	31.12.15 RMB'000	31.12.14 RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	10,970	10,469	2	4
Intangible assets	5,573	6,966	-	-
Club membership	717	763	-	-
Investment in subsidiaries	-	-	75,000	152,494
Investment in associate	-	3,715	-	4,845
	17,260	21,913	75,002	157,343
Current assets				
Gross amount due from customers for contract work-in-progress	18,193	17,207	-	-
Inventories	1,342	1,747	-	-
Trade and other receivables	30,230	205,926	-	41,629
Prepayments	116,355	175,188	69	178
Bank deposits pledged	17,960	62,172	-	-
Cash and cash equivalents	26,097	75,051	9,371	1,945
	210,177	537,291	9,440	43,752
Total assets	227,437	559,204	84,442	201,095
Equity attributable to owners of the Company				
Share capital	224,747	211,449	224,747	211,449
Reserves	31,294	31,294	-	-
Accumulated (loss)/profit	(195,453)	77,110	(141,891)	(12,270)
	60,588	319,853	82,856	199,179
Non-controlling interest	18	-	-	-
Total equity	60,606	319,853	82,856	199,179
Non-current liabilities				
Deferred tax liabilities	-	4,643	-	-
Current liabilities				
Gross amount due to customers for contract work-in-progress	573	1,772	-	-
Trade and other payables	61,772	39,927	421	492
Loans and borrowings	97,000	172,600	-	-
Other liabilities	7,338	19,148	1,165	1,424
Income tax payable	148	1,261	-	-
	166,831	234,708	1,586	1,916
Total liabilities	166,831	239,351	1,586	1,916
Total equity and liabilities	227,437	559,204	84,442	201,095

1(b)(ii) Borrowings and debt securities (for the group) together with a comparative statement as at the end of the immediately preceding year.

	Group	
	As at 31.12.2015	As at 31.12.2014
	RMB'000	RMB'000
Amount repayable in one year or less, or on demand		
Bank loans		
- secured	17,000	60,232
- unsecured	80,000	112,600
Third party loan		
- Unsecured	20,000	-
	117,000	172,832
	117,000	172,832
 Amount repayable after one year		
- secured	-	-
- unsecured	-	-
	-	-
	-	-

Details of any collateral

As at 31 December 2015, short term loans and borrowings amounted to RMB80.0 million (31 December 2014: RMB110.0 million) were guaranteed by way of a corporate guarantee from the Company and personal guarantees by the Executive Chairman cum Chief Executive Officer of the Company and his spouse. Additional loans of RMB17.0 million (31 December 2014: RMB60.0 million) were secured by bank deposits of RMB18.0 million (31 December 2014: RMB62.0 million).

In addition to the above, the Group also obtained an unsecured loan of RMB20.0 million (31 December 2014: nil) from third party during the year which was subsequently repaid in January 2016.

There were no bills payable to suppliers as at 31 December 2015 (31 December 2014: RMB0.2 million) as the outstanding bills had matured and were fully settled in 3Q2015.

1(c) **Statement of cash flows (for the group) together with a comparative statement for the corresponding period of immediately preceding year.**

	Group	
	Unaudited 12 months Ended	
	31.12.15	31.12.14
	RMB'000	RMB'000
Cash Flows from Operating Activities		
(Loss)/profit before taxation	(276,582)	1,950
<u>Adjustments for:</u>		
Fair value of shares issued pursuant to LET Performance Share scheme	2,798	-
Fixed asset written off	6	-
Depreciation of property, plant and equipment	839	827
Gain on disposal of property, plant and equipment	(28)	(190)
Amortization of intangible assets	1,439	1,227
Unbilled work-in-progress written off	1,169	-
Bad debts written off	1,875	-
Allowance for impairment of trade receivables	174,763	-
Allowance for impairment of advances to trade supplier	84,743	-
Tax recoverable written off	503	-
Finance costs	7,540	6,474
Interest income	(1,696)	(178)
Share of results of associated company	275	795
Impairment loss on investment in associate	3,440	-
Unrealised exchange loss	231	56
Total adjustments	<u>277,897</u>	<u>9,011</u>
Operating profit before working capital changes	<u>1,315</u>	<u>10,961</u>
Changes in working capital		
(Increase)/decrease in gross amount due from customers for contract work-in-progress	(2,155)	2,378
Decrease in inventories	405	625
(Increase)/decrease in trade and other receivables	(428)	1,326
Increase in prepayments	(26,413)	(5,875)
(Decrease)/increase in gross amount due to customers for contract work-in-progress	(1,199)	230
Increase/(decrease) in trade and other payables	2,077	(7,584)
Decrease in other liabilities	(11,810)	(7,214)
Total changes in working capital	<u>(39,523)</u>	<u>(16,114)</u>
Cash used in operations	<u>(38,208)</u>	<u>(5,153)</u>
Interest paid	(7,540)	(6,474)
Interest income received	1,199	178
Income tax paid	(1,771)	(593)
Net cash used in operating activities	<u>(46,320)</u>	<u>(12,042)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,357)	(5)
Additions to intangible assets	-	(2,608)
Proceeds from disposal of fixed asset	35	-
Net cash flows used in investing activities	<u>(1,322)</u>	<u>(2,613)</u>
Cash flows from financing activities		
Proceeds from issuance of new ordinary shares pursuant to the placement	10,749	5,823
Share issuance expenses	(249)	(208)
Proceeds from bills payable	-	232
Repayments of bills payable	(232)	-
Cash contribution from non-controlling interest for incorporation of subsidiary	39	-
Loan from third party	20,000	-
Proceeds from loans and borrowings	97,000	172,600
Repayments of loans and borrowings	(172,600)	(80,000)
Decrease/(increase) in bank deposits pledged	44,212	(61,672)
Net cash flows (used in)/generated from financing activities	<u>(1,081)</u>	<u>36,775</u>
Net (decrease)/increase in cash and cash equivalents	<u>(48,723)</u>	<u>22,120</u>
Exchange differences on translation of cash and cash equivalents	(231)	(56)
Cash and cash equivalents at the beginning of the year	<u>75,051</u>	<u>52,987</u>
Cash and cash equivalents at the end of the year (Note A)	<u><u>26,097</u></u>	<u><u>75,051</u></u>

- 1(c) **Statement of cash flows (for the group) together with a comparative statement for the corresponding period of immediately preceding year.**

Consolidated statement of cash flows (cont'd)

	Group	
	As at	
	31.12.15	31.12.14
	RMB'000	RMB'000
Note A: Cash and cash equivalents		
Cash at bank and on hand	44,057	137,223
Less: bank deposits pledged	<u>(17,960)</u>	<u>(62,172)</u>
Cash and cash equivalents	<u>26,097</u>	<u>75,051</u>

1(d) Changes in equity (for the issuer and group) together with a comparative statement for the corresponding period of immediately preceding year.

Group

	<u>Attributable to the owners of the Company</u>						Total equity RMB'000
	Share capital RMB'000	PRC statutory common reserve RMB'000	Merger reserve RMB'000	Accumulated loss RMB'000	Sub-total RMB'000	Non-controlling interest RMB'000	
Balance at 1 January 2015	211,449	31,748	(454)	77,110	319,853	-	319,853
Loss for the year, representing total comprehensive loss for the year	-	-	-	(272,563)	(272,563)	(34)	(272,597)
Issuance of new shares	10,749	-	-	-	10,749	-	10,749
Share issue expenses	(249)	-	-	-	(249)	-	(249)
Grant of shares under LET Performance share scheme	2,798	-	-	-	2,798	-	2,798
Issuance of shares for the incorporation of subsidiary							
- fully paid up	-	-	-	-	-	39	39
- unpaid	-	-	-	-	-	13	13
Balance at 31 December 2015	224,747	31,748	(454)	(195,453)	60,588	18	60,606

	<u>Attributable to the owners of the Company</u>					Total equity RMB'001
	Share capital RMB'000	PRC statutory common reserve RMB'000	Merger reserve RMB'000	Accumulated profits RMB'001		
Balance at 1 January 2014	205,834	31,230	(454)	77,532		314,142
Profit for the year, representing total comprehensive profit for the year	-	-	-	96		96
Issuance of new ordinary shares	5,823	-	-	-		5,823
Share issuance expenses	(208)	-	-	-		(208)
Appropriation of profit to reserve	-	518	-	(518)		-
Balance at 31 December 2014	211,449	31,748	(454)	77,110		319,853

1(d) **Changes in equity (for the issuer and the group) together with a comparative statement for the corresponding period of immediately preceding year.**
(cont'd)

Company

Attributable to the owners of the Company

	Share capital	Accumulated loss	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015	211,449	(12,270)	199,179
Loss for the year, representing total comprehensive loss for the year	-	(11,567)	(11,567)
Allowance for impairment of investment in subsidiary	-	(77,494)	(77,494)
Allowance for impairment of amount due from subsidiary	-	(40,560)	(40,560)
Issuance of new shares	10,749	-	10,749
Share issue expenses	(249)	-	(249)
Grant of shares under LET Performance share scheme	2,798	-	2,798
Balance at 31 December 2015	224,747	(141,891)	82,856

	Share capital	Accumulated loss	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014	205,834	(8,024)	197,810
Loss for the year, representing total comprehensive loss for the year	-	(4,246)	(4,246)
Issuance of new shares	5,823	-	5,823
Share issue expenses	(208)	-	(208)
Balance at 31 December 2014	211,449	(12,270)	199,179

- 1(e) **Changes in issuer's share capital (for the issuer) 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**

	Company	
	Number of shares	Share capital RMB'000
As at 1 January 2015	551,959,000	211,449
Issuance of new shares pursuant to a private placement	51,300,000	10,749
Share issue expenses	-	(249)
	<u>603,259,000</u>	<u>221,949</u>
Grant of shares under LET Performance Share Scheme	13,950,000	2,798
Issued and fully paid-up as at 31 December 2015	<u><u>617,209,000</u></u>	<u><u>224,747</u></u>

On 22 June 2015, the Company undertook a private placement which comprised the placement of 51,300,000 new ordinary shares in the capital of the Company at \$0.045 for each new share.

The Company obtained the in-principle approval from the SGX-ST for the listing and quotation for 51,300,000 new shares on 7 July 2015 and these new shares were successfully listed and quoted on the Main Board of the SGX-ST on 16 July 2015.

Consequent to the private placement, the issued share capital of the Company increased from 551,959,000 ordinary shares to 603,259,000 ordinary shares.

Subsequently on 2 September 2015, the Company allotted and issued, an aggregate of 13,950,000 new shares to 20 employees of the subsidiary in accordance with the terms of the LET Performance Share Scheme. The new shares constituted approximately 2.3% of the issued shares of the Company and the last traded market price of the shares prior to the issue and allotment date was S\$0.045.

- 1(f) **Number of shares that may be issued on conversion of all outstanding convertibles together with a statement for the corresponding period of immediately preceding year**

Not applicable. The Company does not have any convertibles as at 31 December 2015 and 31 December 2014.

- 1(g)(i) **Number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer together with a statement for the corresponding period of immediately preceding year**

	Company	
	31.12.2015	31.12.2014
Total number of shares issued at end of year	<u><u>617,209,000</u></u>	<u><u>551,959,000</u></u>

The Company does not have any treasury shares as at 31 December 2015 and 31 December 2014.

1(g)(ii) 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.

Not applicable. The Company does not have any treasury shares as at 31 December 2015 and 31 December 2014.

2. Whether the figures have been audited or reviewed, and if so which auditing standard or practice has been followed.

The financial statements presented have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, please provide a statement on whether there are any qualifications or emphasis of matter.

Not applicable.

4. Whether the same accounting policies and method of computation as the issuer's most recently audited financial statements have been followed.

The same accounting policies and methods of computation have been applied in the financial statements as in the most recently audited annual financial statements as at 31 December 2014 except for the adoption of Financial Reporting Standards ("FRSs") which are relevant to the Group's operations and became effective for the financial years beginning on or after 1 January 2015.

5. If there have been any changes to the above, please make adequate disclosure and state the reasons for and effect of the change.

Nil.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding year, after deducting any provision for preference dividends.

The calculation of the basic loss/(earnings) per share is based on the Group's net (loss)/profit attributable to owners of the Company for the respective year divided by the weighted average of 580,151,702 ordinary shares for the year ended 31 December 2015 (2014: 535,292,333 ordinary shares).

	Group	
	Year ended 31 December	
	2015	2014
(Loss)/profit after tax attributable to owners of the Company (RMB'000)	(272,563)	96
Basic (loss)/earnings per share (RMB cents per share)	(46.98)	0.02

There are no potential dilutive options or instruments for both financial years.

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		Company	
	31.12.15	31.12.14	31.12.15	31.12.14
Net asset value (RMB'000)	60,588	319,853	82,856	199,179
Net asset value per ordinary share (RMB cents per share)	9.82	57.95	13.42	36.09

Net asset value of the Group and Company as at 31 December 2015 and 31 December 2014 was computed based on 617,209,000 ordinary shares and 551,959,000 ordinary shares in issue at the end of the financial year respectively.

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 and liabilities of the Group during the current financial period reported on.

Review of Group Performance

INCOME STATEMENT/STATEMENT OF COMPREHENSIVE INCOME

Revenue

	4Q2015		4Q2014		FY2015		FY2014	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Industrial wastegas treatment								
- Dust elimination	2,362	11.9	13,541	56.6	15,700	30.7	22,202	30.7
- Desulphurization	17,215	87.1	1,777	7.4	29,215	57.1	6,411	8.8
- De-nitrification	193	1.0	-	-	2,515	4.9	-	-
Industrial wastewater	-	-	1,010	4.2	374	0.7	20,357	28.1
Operation and maintenance	-	-	7,592	31.8	3,383	6.6	22,417	31.0
Design, technical and others	-	-	-	-	-	-	1,000	1.4
	<u>19,770</u>	<u>100.0</u>	<u>23,920</u>	<u>100.0</u>	<u>51,187</u>	<u>100.0</u>	<u>72,387</u>	<u>100.0</u>

Revenue

Total revenue decreased by RMB21.2 million or 29.3%, from RMB72.4 million in FY2014 to RMB51.2 million in FY2015. In line with the declining trend in 3Q2015, the Group registered another drop in revenue of RMB4.1 million to RMB19.8 million in 4Q2015, representing a vast improvement of 178.9% over the preceding quarter due to increased amount of work activities relating to desulphurization contracts, but a decrease of 17.3% when compared against 4Q2014.

The dust elimination contracts were mainly at the tail ends with only small amount of engineering, procurement and construction work ("EPC") performed, which explained the sharp decline in revenue of RMB11.1 million in 4Q2015 and at the same time, it pulled down the full year's revenue to RMB15.7 million in FY2015, representing a decline of RMB6.5 million or 29.3% over FY2014.

There was no further contribution generated from the operation and maintenance ("O&M") segment after 2Q2015 as the contract was not renewed because it was not deemed to be economically viable by management, which resulted in a decrease in revenue of RMB7.6 million in 4Q2015. Accordingly, the O&M segment only recorded revenue of RMB3.4 million in FY2015, representing a decrease of RMB19.0 million or 84.9% over FY2014.

The decrease in revenue from industrial wastewater segment in FY2015 was attributed to no new contract was secured in 4Q2015 and small of construction and engineering work had already been completed in 3Q2015, with revenue of RMB0.4 million recorded, which accounted mainly for the decrease in revenue of RMB1.0 million and RMB20.0 million in 4Q2015 and FY2015 respectively.

It was a one-off design and technical service contract of RMB1.0 million being secured and performed in 1Q2014 and there was no such contract since then because most customers do not offer stand-alone design and technical service contracts of late, which explained the decrease in revenue of RMB1.0 million in the design, technical and others segment in FY2015.

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:- (cont'd)

The above decrease in revenue of RMB19.7 million and RMB46.5 million in 4Q2015 and FY2015 respectively, was partly offset by increase in revenue from desulphurization and de-nitrification segment in 4Q2015 and FY2015.

The increase in revenue from desulphurization segment of RMB15.4 million in 4Q2015 was due to more contracts and works performed which contributed to the significant increase in revenue of RMB22.8 million in FY2015.

Furthermore, the successful bidding and performance of the bulk of the construction and engineering works for a de-nitrification contract in 3Q2015 and small amount of work to complete the tail end of the contract in 4Q2015, largely accounted for the increase in revenue from the de-nitrification segment of RMB0.2 million in 4Q2015 and RMB2.5 million in FY2015. There was no such contract in FY2014.

Gross profit and gross profit margin

Overall gross profit decreased by RMB6.5 million or 29.4%, from RMB22.2 million in FY2014 to RMB15.7 million in FY2015. The lower gross profit was generally in line with the above-mentioned explanations for the decrease in revenue, which resulted in the decrease in gross profit from dust elimination and O&M segment of RMB3.8 million and RMB2.8 million respectively in 4Q2015. However, the dust elimination segment managed to eke out a small amount of gross profit of RMB0.7 million in FY2015 because of a premium charged on its latest patented technology. Whereas the decline in gross profit from the O&M segment in 4Q2015 had further contributed to the decline in gross profit from O&M segment of RMB6.4 million in FY2015.

The sole design and technical service contract secured and performed in 1Q2014 accounted for the decrease in gross profit of RMB1.0 million from the design, technical and others segment in FY2015. In addition, gross profit from industrial wastewater segment also decreased by RMB4.9 million in FY2015, in line with the above-mentioned explanations for the decrease in revenue, despite an increase in the gross profit of RMB0.1 million due to a one-off reversal of costs of RMB1.0 million in 4Q2015.

Total decrease in gross profit of RMB6.5 million and RMB11.6 million respectively in 4Q2015 and FY2015 was partly offset by the increase in gross profit from the desulphurization and de-nitrification segments of RMB2.8 million and RMB0.1 million respectively in 4Q2015, also in line with the above-mentioned explanations for the increase in revenue, contributed partly to the increase in gross profit from the desulphurization and de-nitrification segments of RMB3.5 million and RMB1.6 million respectively in FY2015.

Total gross profit margin decreased from 28.2% in 4Q2014 to 15.7% in 4Q2015, which pulled down the overall gross profit margin for the full year to 30.6% in FY2015 and comparing against the overall gross profit margin derived in FY2014, there was no fluctuation.

Lower gross profit margin was generated from the desulphurization segment in 4Q2015 as it was mainly pulled down by a large scale contract that was outsourced to sub-contractors. Consequently, gross profit margin generated in 4Q2015 was only 10.6% against 33.3% of the same period last year because the bulk of the above-mentioned contract was only performed by the sub-contractors in the last quarter of FY2015, which led the gross profit margin from desulphurization segment to decline to 20% in FY2015 vis- a-vis 35.3% in FY2014.

The decrease in gross profit margin from dust elimination contract of 21.2%, from 29.8% in 4Q2014 to 8.6% in 4Q2015 was attributed to the performance of the tail ends of the contracts which generally generated lower gross profit margin coupled by the absence of high gross profit margin contract which applied the latest patented in-house developed technology by the Group as it was completed in 3Q2015. Notwithstanding the decrease in gross profit margin in 4Q2015, the aforementioned contract still contributed to the higher gross profit margin from dust elimination segment of 40.6% in FY2015 against 25.4% in FY2014.

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:- (cont'd)**

Financial income

Financial income for FY2015 increased by RMB1.5 million, from RMB0.2 million in FY2014 to RMB1.7 million in FY2015 as approximately RMB1.0 million of financial income relates to FY2014, but was inadvertently recognized in FY2015.

Other income

Other income for FY2015 decreased by RMB0.2 million or 57.7%, from RMB0.4 million in FY2014 to RMB0.2 million in FY2015 due mainly to the absence of rental income of RMB0.2 million, derived from sub-letting part of the operating plant in FY2014. In addition, the gain on disposal of motor vehicle was lower by RMB0.1 million. The overall decrease of RMB0.3 million was partly offset by the final distribution of RMB0.1 million resulting from the liquidation of Pioneer Membrane Pte Ltd as there was no such income in 2014.

Operating Expenses

Selling and distribution expenses increased by RMB0.3 million or 19.5%, from RMB1.5 million in FY2014 to RMB1.8 million in FY2015 as a result of pay increments and new hire of sales personnel relating to the new subsidiary for the photovoltaic business of RMB0.2 million. Travelling and promotional expenses and office expenses also increased by RMB0.2 million as they were working on the tenders for new contracts to be awarded prior to Chinese New Year. The overall increase of RMB0.4 million was partly offset by lower miscellaneous expenses of RMB0.1 million.

Administrative expenses increased by RMB5.7 million or 47.6%, from RMB12.0 million in FY2014 to RMB17.7 million in FY2015 due to a non-cash charge of RMB2.8 million, being the fair value of the 13.95 million ordinary shares issued to 20 employees pursuant to the Company's Performance Share Scheme. There was a new payroll of RMB0.6 million in 4Q2015 relating to the new subsidiary set up for the photovoltaic business. Professional fees and travelling and entertainment expenses also increased in FY2015 by RMB0.6 million and RMB0.9 million respectively. The increase in professional fees was mainly attributable to internal audit and valuation of the proposed target company as there were no such expenses in FY2014. Similarly, travelling and entertainment expenses have also increased along with more frequent travelling by the administrative personnel to project sites to obtain status updates and inspect the work quality, and also by those involved in the due diligence in connection with potential acquisition targets. Other increases in administrative expenses also include welfare expenses, miscellaneous and amortization expenses of RMB0.5 million, RMB0.4 million and RMB0.2 million, respectively. Higher welfare expenses were incurred mainly on meal allowances as we set aside a bigger budget to support the personnel working on project sites to ensure better work quality and development of new patents relating to new products and technologies. The increase in amortization expenses of RMB0.2 million was attributed to the registered patent in respect of the in-house developed dust elimination technology which only commenced amortization in December 2014. The overall increase of RMB6.0 million was partly offset by downward revisions of Directors' remunerations and staff payroll amounting to RMB0.3 million in aggregate.

Higher finance costs of RMB7.5 million were incurred in FY2015 against RMB6.5 million in the corresponding period of last year as the additional unsecured loan quantum obtained of RMB30.0 million in 4Q2014 was only repaid in 4Q2015, which contributed to higher finance costs in FY2015, partly offset by lower interest rate offered by China Merchants Bank.

Other expenses of RMB266.8 million in FY2015 comprised the following:

	9M2015 RMB'000	4Q2015 RMB'000	FY2015 RMB'000
Allowance for impairment of investment in associate	3,440	-	3,440
Unbilled work-in-progress written off	-	1,169	1,169
Bad debts written off	-	1,875	1,875
Allowance for impairment of trade receivables	161,213	13,550	174,763
Allowance for impairment of advances to supplier	84,743	-	84,743
Others	1,083	(253)	830
	250,479	16,341	266,820

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:- (cont'd)

Unbilled work-in-progress written off amounted to RMB1.2 million which relate to amount of industrial wastewater works performed in accordance to the terms of the contracts, but were not accepted by the new government authorities during the certification process. In addition, the Group also had trade receivable written off amounted to RMB1.8 million on such disputed case with the new government authority during the period. Management had sought legal advice on these cases, and is not hopeful that there is any recourse against the new government authorities.

Additional allowance for impairment of trade receivables amounted to RMB13.6 million in 4Q2015. Management had to provide additional allowance for impairment of trade receivables due from 长春市成泰热力有限公司 and 通化钢铁股份有限公司. 长春市成泰热力有限公司 faced financial difficulties and refused to acknowledge the work performed. Attempts to seek acknowledgement and payment have been futile thus far, and since the outstanding debt was more than 5 years old, management decided to impair the trade receivable, while in the midst of exploring possible solutions to recover the trade debts. As for 通化钢铁股份有限公司, management was notified by the customer that there was an unexpected turn of events that would severely impact the steel industry. A recent announcement was made by the Chinese government in January 2016 to reduce the capacity of steel by as much as 15 tons because demand has significantly sagged after decades of expansion. The customer, who is already facing mounting debts, huge monthly interest payments and tight cash flows, could see the deepening of its financial woes, with heavy losses to be incurred going forward as a result of this implementation of new government policy. The customer also fears that the PRC government will cease financial support to it while the steel industry is undergoing reform, hence, leading to going concern issues. In the light of these new developments, the management is doubtful that the customer will have the ability to repay the outstanding debts and impaired the remaining outstanding trade receivables.

Others amounted to RMB0.8 million in FY2015, comprised tax recoverable of RMB0.5 million written off, exchange loss of RMB0.2 million, reversing from an exchange loss of RMB0.5 million in 9M2015 due to exchange gain on the revaluation of cash and cash equivalents of RMB0.3 million in 4Q2015 and contributions to flood prevention fund and fixed asset written of RMB0.1 million in aggregate. In FY2014, others relate mainly to exchange loss and flood prevention fund of RMB41,000 and RMB37,000 respectively.

The share of results of associate company was RMB0.3 million in FY2015. In view of the confirmed losses of the associate, the Group recognized an allowance for impairment of RMB3.4 million in FY2015.

Income tax expense

For FY2015, tax income of RMB4.0 million relates to past years' deferred tax written back of RMB4.6 million since the Group does not have accumulated profits to declare dividend as a result of the huge losses suffered. The gain in the income tax of RMB4.6 million was partly offset by corporate tax payable on PRC subsidiary's taxable profits of RMB0.6 million in 1Q and 2Q of FY2015 as the impairments and write-offs were deemed to be non-tax deductible.

In the light of the foregoing, the Group reported a substantial loss after taxation of RMB272.6 million in FY2015, reversing from a profit after taxation position of RMB96,000 in FY2014.

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:- (cont'd)

Balance sheet review

The Company

As at 31 December 2015, there was allowance for impairment of the entire amount due from subsidiary of RMB40.6 million as the recoverability was assessed to be remote. In addition, the Company also made an allowance for impairment of approximately RMB77.5 million (RMB2014: nil) on the carrying amount of its investment in the subsidiary, Jilin Anjie Environmental Engineering Co., Ltd ("Anjie"). Management had used cash flow projections to perform a detailed assessment and established that the carrying amount of its investment in Anjie exceeded its recoverable amount

The Group

As at 31 December 2015, non-current assets amounted to RMB17.3 million and comprised property, plant and equipment ("PPE") of RMB11.0 million, intangible assets of RMB5.6 million and club membership of RMB0.7 million.

The increase in PPE of RMB0.5 million during FY2015 was mainly attributed to PPE additions of RMB1.4 million comprising motor vehicles and computers, partly offset by the depreciation charges of RMB0.8 million, PPE disposed and written off amounted to RMB11,000 and RMB6,000 respectively.

Intangible assets amounted to RMB5.6 million and comprised two patents of RMB2.3 million and deferred development costs of RMB3.3 million as at 31 December 2015. The decrease in intangible assets of RMB1.4 million was attributed mainly to amortization in FY2015. The patents in relation to a dust precipitator was fully amortized and internally developed new dust elimination technology with pulsating rotary positioning mechanism have a remaining tenure of 107 months (2014: 119 months) as at 31 December 2015 respectively. In the case of the deferred development costs, they have an average amortization period of 35 months (2014: 47 months) as at 31 December 2015.

Club membership which has a remaining useful life of 185 months (2014: 197 months) amounted to RMB0.7 million as at 31 December 2015, lower by RMB46,000 due to amortization during the year.

Investment in associate decreased by RMB3.7 million, from RMB3.7 million as at 31 December 2014 to nil as at 31 December 2015 mainly due to the recognition of the share of post-acquisition loss of RMB0.3 million in Nano Sun Pte Ltd ("Nano Sun") for the period ended 30 June 2015, followed by impairment loss of RMB3.4 million in 3Q2015 as Nano Sun is still in a loss making position after more than 2 years of investment by the Group.

Current assets comprised gross amount due from customers for contract work-in-progress, inventories, trade and other receivables, prepayments, bank deposits pledged and cash and cash equivalents. Current assets amounted to RMB210.2 million and RMB537.3 million as at end of 31 December 2015 and 31 December 2014 respectively. Our current assets accounted for 92.4% and 96.1% of our total assets as at 31 December 2015 and 31 December 2014 respectively.

Gross amount due from customers for contract work-in-progress amounted to RMB18.2 million and RMB17.2 million as at 31 December 2015 and 31 December 2014 respectively and accounted for 8.7% and 3.2% of our current assets as at 31 December 2015 and 31 December 2014 respectively. The increase of RMB1.0 million was due to additional work of RMB2.2 million performed have yet to reach agreed billing milestone, partly offset by the written off of certain gross amount due from customer for contract work-in-progress of RMB1.2 million as the amount of works performed were not accepted by the new authorities during the certification process.

Inventories decreased by RMB0.4 million, from RMB1.7 million as at 31 December 2014 to RMB1.3 million as at 31 December 2015. We normally do not maintain high level of inventories in the warehouse due to relatively short purchasing lead time.

Trade and other receivables comprise trade receivables, bills receivable, retention receivables and other receivables amounted to RMB30.2 million and RMB205.9 million as at 31 December 2015 and 31 December 2014 respectively, and accounted for approximately 14.4% and 38.3% of our current assets as at the respective balance sheet dates. Trade receivables amounted to RMB14.8 million as at 31 December 2015, representing a decrease of RMB149.3 million from 31 December 2014. The decrease was attributed to allowance for impairment of trade receivables and bad debts written off of RMB174.8 million and RMB1.8 million respectively in FY2015. The decrease of RMB176.6 million was partly offset by new trade receivables of RMB27.3 million during the year.

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:- (cont'd)

Retention receivables also decreased by RMB22.5 million, from RMB28.2 million as at 31 December 2014 to RMB5.7 million as at 31 December 2015. The decrease was due to collections during the year.

Bills receivable amounted to RMB3.5 million and RMB4.4 million as at 31 December 2015 and 31 December 2014 respectively. The decrease of RMB0.9 million was due to settlements as certain bills receivable had matured in FY2015.

Other receivables comprised advances to employees for business purposes, bidding deposits and VAT and other recoverable. Other receivables amounted to RMB6.2 million and RMB9.2 million as at 31 December 2015 and 31 December 2014 respectively. The decrease in other receivables of RMB3.0 million was attributed to lower advances to employees of RMB3.1 million, in line with the decrease in revenue, coupled by the receipt of RMB1.1 million from Pioneer Membrane Pte. Ltd after its completion of Members' Voluntary liquidation. The decrease of RMB4.2 million was partly offset by rental recoverable of RMB0.7 million and accrual of interest income of RMB0.5 million. There were no such rental recoverable and accrual in FY2014.

Prepayments comprised prepaid operating expenses, advances to trade and non-trade suppliers amounted to RMB116.4 million and RMB175.2 million as at 31 December 2015 and 31 December 2014 respectively. The decrease of RMB58.8 million was attributed to allowance for impairment of trade supplier and tax recoverable written of RMB84.7 million and RMB0.5 million respectively in 3Q2015, partly offset by advance payments of RMB26.4 million made to certain suppliers for the manufacture of finished components as well as part of the tender requirements by certain customers to demonstrate the Group's financial abilities to undertake projects. The advances will be refunded back if the tenders for certain contracts are not successful.

Bank deposits pledged decreased by RMB44.2 million, from RMB62.2 million as at 31 December 2014 to RMB18.0 million as at 31 December 2015 which was in line with the decrease in loans and borrowings.

Cash and cash equivalents amounted to RMB26.1 million and RMB75.1 million as at 31 December 2015 and 31 December 2014 respectively, and accounted for approximately 12.4% and 14.0% of our current assets as at the respective balance sheet dates.

Our current liabilities comprise mainly gross amount due to customers for contract work-in-progress, trade and other payables, loans and borrowings, other liabilities and income tax payable. Our current liabilities amounted to RMB166.8 million and RMB234.7 million as at 31 December 2015 and 31 December 2014 respectively, and accounted for approximately 100.0% and 98.1% of total liabilities as at the respective balance sheet dates.

Gross amount due to customers for contract work-in-progress decreased by RMB1.2 million, from RMB1.8 million as at 31 December 2014 to RMB0.6 million as at 31 December 2015. The decrease was due to billings and lower advances received for on-going contracts which were in line with the decrease in revenue.

Trade and other payables comprised mainly trade payables, retention monies, bills payable and other payables. Trade payables including retention monies amounted to RMB39.6 million as at 31 December 2015, representing an increase of approximately RMB3.2 million as certain purchases were not yet due for payments according to the terms of the contracts.

Other payables comprised primarily VAT and other operating tax payables and accruals of other operating expenses for which invoices have already been received. Other payables amounted to RMB22.2 million as at 31 December 2015 and RMB3.3 million as at 31 December 2014 respectively. The increase of RMB18.9 million was attributed to a loan from third party of RMB20.0 million which was subsequently repaid in January 2016, partly offset by lower accruals of operating expenses of RMB0.5 million and other operating tax payables of RMB0.6 million, in line with the decrease in revenue.

Bills payable decreased by RMB0.2 million, from RMB0.2 million as at 31 December 2014 to nil as at 31 December 2015 as these bills payable were fully settled during the financial year.

Bank borrowings decreased by RMB75.6 million, from RMB172.6 million as at 31 December 2014 to RMB97.0 million as at 31 December 2015 as we pared down the loans and borrowings during the financial year after a review of the Group's cash flows requirement was performed.

Other liabilities comprised accrued output VAT, purchases, salaries and related costs, operating expenses, welfare expenses and advances from customers. Other liabilities amounted to RMB7.3 million and RMB19.1 million as at 31 December 2015 and 31 December 2014 respectively.

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:- (cont'd)

Accrued purchases, payroll and related expenses, operating expenses and welfare expenses amounted to RMB6.9 million and RMB5.1 million as at 31 December 2015 and 31 December 2014 respectively. The increase of RMB1.8 million was attributed to higher accrued purchases of RMB2.3 million as we have yet to receive the invoices from suppliers during year end and operating expenses of RMB0.3 million mainly for the internal audit, partly offset by lower accruals of payroll and related expenses of RMB0.5 million and welfare expenses of RMB0.3 million, in line with the decrease in number of employees.

Advances from customers amounted to RMB0.4 million as at 31 December 2015, representing a decrease of RMB13.6 million over end of FY2014 as fewer new contracts were signed in FY2015 and work had already commenced on contracts signed in FY2014.

Income tax payable decreased by RMB1.2 million, from RMB1.3 million as at 31 December 2014 to RMB0.1 million as at 31 December 2015 due was attributed mainly to payments of corporate tax of RMB1.8 million during the financial year, partly offset by the aggregate of tax provisions of RMB0.6 million relating to 1Q2015 and 2Q2015.

Deferred tax liability which relates to the temporary difference on the subsidiary undistributed profits decreased by RMB4.6 million as at 31 December 2015 due to the decrease in undistributed profits of its subsidiary arising from the loss incurred for the current year.

The Group's total shareholder's equity comprises share capital, PRC statutory reserve fund, merger reserve and accumulated profits. Between 31 December 2015 and 31 December 2014, our shareholder's equity decreased from RMB319.9 million to RMB60.6 million due mainly to the share issuance expenses of RMB0.2 million and loss after tax of RMB272.6 million. The decrease of RMB272.8 million was partly offset by the issuance of new ordinary shares amounting to RMB10.7 million pursuant to a private placement exercise, award of performance shares under LET Performance Share scheme of RMB2.8 million to reward long serving employees. In addition, the Group also accounted for non-controlling interest of RMB18,000, derived from the incorporation of a new subsidiary which was 95.1% owned.

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:- (cont'd)**

STATEMENT OF CASH FLOWS

In FY2015, operating profit before working capital changes amounted to RMB1.3 million. Net cash flows used in operating activities, after accounting for working capital changes, interest paid, interest income received and corporate tax amounted to RMB46.3 million and comprised the following:

- (i) an increase in gross amount due from customers for work-in-progress of RMB2.2 million;
- (ii) an increase in trade and other receivables of RMB0.4 million;
- (iii) an increase in prepayments of RMB26.4 million;
- (iv) a decrease in other liabilities of RMB11.8 million;
- (v) a decrease in gross amount due to customers for work-in-progress of RMB1.2 million;
- (vi) payments of interest expenses of approximately RMB7.5 million incurred on the loans from China Merchant Bank; and
- (vii) corporate tax paid of RMB1.8 million.

The cash outflows were partly offset by:

- (i) a decrease in inventories of RMB0.4 million;
- (ii) an increase in trade and other payables of RMB2.1 million; and
- (iii) interest income received of RMB1.2 million.

Net cash outflows from investing activities of approximately RMB1.4 million, attributed mainly to the purchase of office furniture and motor vehicle.

Net cash outflows from financing activities of approximately RMB1.1 million, attributed to repayments of loans and borrowings, and bills payable of RMB172.6 million and RMB0.2 million respectively. The decrease of RMB172.8 million was partly offset by net proceeds received of RMB10.5 million from the issuance of new ordinary shares pursuant to a placement exercise on 22 June 2015, fresh loans obtained from China Merchants Bank and third party of RMB97.0 million and RMB20.0 million respectively, a decrease in bank deposits pledged of RMB44.2 million which was in line with the decrease in bank loans and borrowings and cash contribution from non-controlling interest for incorporation of subsidiary of RMB39,000.

Overall our cash and cash equivalents decreased by approximately RMB48.8 million in FY2015, further decreased by RMB0.2 million as a result of exchange loss from translation of cash and cash equivalents. In the light of the foregoing, overall cash and cash equivalents decreased from RMB75.1 million as at 31 December 2014 to RMB26.1 million as at 31 December 2015.

9. **Where a forecast or prospect statement ("Prospect Statement") has been made and disclosed to shareholders, any variances between the forecast and actual results has been explained.**

Not applicable.

10. A commentary of the competitive conditions of the industry in which the group operates and any known factors that might affect the group in the next reporting period and the next 12 months has been provided.

Management expects the challenging environment to continue in the next twelve months and is actively pursuing and evaluating other potential business options linked to the environmental business. Notwithstanding the massive impairment of trade receivables during the year, the Group's priority remains in the recovery of these debts and will continue to follow up closely with these customers. The Group had successfully renewed its bank facility which amounted to RMB80.0 million from China Merchants Bank. The total unsecured loans and borrowings were pared down from RMB110.0 million to RMB97.0 million as at 31 December 2015. Another RMB17.0 million was due and repaid in January 2016. Management expects to better manage the Group's internal cash flows and to reduce reliance on external financing.

11. Dividend

(a) Current Financial Period Reported On?

Not applicable.

(b) Corresponding Period of the Immediately Preceding Financial Year?

Any dividend declared for the corresponding period of the preceding financial year?

Not applicable.

(c) Date Payable

Not applicable.

(d) Book Closure Date.

Not applicable.

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

No dividend in respect of the year ended 31 December 2015 has been proposed by the Directors.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **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.**

Segmental information (RMB'000)	Dust elimination	Desulphurisation	Industrial wastewater	Operation and maintenance	De-nitrification	Total
2015						
Revenue						
Sales to external customers	15,700	29,215	374	3,383	2,515	51,187
Results						
Segment gross profit	6,368	5,802	136	1,811	1,544	15,661
Segmental information (RMB'000)	Dust elimination	Desulphurisation	Industrial wastewater	Operation and maintenance	Design, Technical services & Others	Total
2014						
Revenue						
Sales to external customers	22,202	6,411	20,357	22,417	1,000	72,387
Results						
Segment gross profit	5,632	2,261	5,033	8,263	991	22,180

The chief operating decision makers reviews the results of the segment using segment gross profit. Segment assets, liabilities and other expenses are not disclosed as they are not regularly provided to the chief operating decision maker.

Geographical information

There is no geographical segment information as the Group operates predominately in the PRC only.

Information about major customers

During the financial year ended 31 December 2015, revenue from three (2014: three) major customers amounted to RMB21.7 million, RMB11.8 million and RMB4.8 million (2014: RMB22.4 million, RMB9.5 million and RMB8.5 million), arising from sales by the dust elimination and desulphurization segment. In FY2014, the sales derived from these major customers were from operation and maintenance and industrial wastewater segment.

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Refer to review of performance of the Group in para 8.

15. **A breakdown of sales**

	Group		
	2015	2014	change
	RMB'000	RMB'000	%
Sales reported for the first half year	24,344	25,915	(6.1)
Operating loss after tax reported for the first half year	(167)	(1,849)	(91.0)
Sales reported for the second half year	26,843	46,472	(42.2)
Operating (loss)/profit after tax before deducting non-controlling interest for the second half year	(272,430)	1,945	NM

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

17. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from its shareholders for IPTs.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Zhan Bijin	47	Cousin of Lin Baiyin *	<p>(1) Procurement Manager – Leader Environmental Technologies Limited</p> <p>Duties – Responsible for the procurement works, such as maintaining relationship with suppliers and ensure smooth coordination of projects with other departments.</p> <p>Position held since January 2006.</p> <p>(2) Director of Jilin Anjie Environmental Engineering Co., Ltd.</p> <p>Duties – same as above.</p> <p>Position held since November 2005.</p>	N.A

Note:

* Lin Baiyin (Executive Chairman cum Chief Executive Officer)

19. **Update of usage of IPO and placement proceeds**

Private placement on 22 June 2015

<u>Usage of private placement proceeds</u>	RMB'000
Gross proceeds received, earmarked as working capital for the Company	4,214
Amount utilised as follows:	
Directors' remunerations, Directors' fees and staff payroll and related costs	(836)
Compliance costs	(779)
Legal fees incurred for the private placement and advisory work	(140)
Printing and courier charges	(127)
Others *	(214)
Balance as at 31 December 2015	<u><u>2,118</u></u>

* Others comprised office rental, travelling and promotional expenses.

The gross proceeds of RMB6,285,735 (\$\$1,350,000) which had been earmarked for construction and operation of new energy generation (solar photovoltaic, wind and hydro, water management and other related environmental projects) remained unused as at 31 December 2015.

BY ORDER OF THE BOARD
Leader Environmental Technologies Limited

Lin Baiyin
Executive Chairman and Chief Executive Officer

29 February 2016