



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 2010

The initial public offering (the "IPO") of Leader Environmental Technologies Limited was sponsored by Stirling Coleman Capital Limited (the "Issue Manager"). The Issue Manager assumes no responsibility for the contents of this announcement.

Unaudited Financial Statement and Dividend Announcement for the Financial Year Ended 31 December 2010 of Leader Environmental Technologies Limited (the "Company" or "LET") and Its Subsidiary (Collectively, the "Group")

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

1(a)(i) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial 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.

Consolidated Statement of Comprehensive Income

	Group			Group		
	Unaudited Oct to Dec 2010 RMB'000	Unaudited Oct to Dec 2009 RMB'000	change %	Unaudited Jan to Dec 2010 RMB'000	Unaudited Jan to Dec 2009 RMB'000	change %
Revenue	150,719	138,804	8.6%	274,877	181,652	51.3%
Cost of sales	(86,807)	(77,643)	11.8%	(158,087)	(100,756)	56.9%
Gross profit	63,912	61,161	4.5%	116,790	80,896	44.4%
Other items of income						
Other income	257	76	238.2%	1,034	675	53.2%
Financial income	259	9	2777.8%	877	618	41.9%
Other items of expense						
Other expenses	(157)	(1)	15600.0%	(190)	(163)	16.6%
Financial expense	(41)	(686)	-94.0%	(1,598)	(2,553)	-37.4%
Selling and distribution expenses	(1,028)	(837)	22.8%	(2,677)	(1,769)	51.3%
Administrative expenses	(4,790)	(1,529)	213.3%	(18,474)	(5,621)	228.7%
Profit before income tax	58,412	58,193	0.4%	95,762	72,083	32.8%
Income tax expense	(8,928)	(5,531)	61.4%	(13,423)	(7,810)	71.9%
Profit net of tax attributable to equity holders of the Company	49,484	52,662	-6.0%	82,339	64,273	28.1%
Other comprehensive income						
Foreign currency translation	-	(668)	-100.0%	-	(1,094)	-100.0%
Total comprehensive income for the period attributable to equity holders of the Company	49,484	51,994	-4.8%	82,339	63,179	30.3%

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 the immediately preceding financial year.

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

	Group			Group		
	Q4		change %	12 months		change %
	Unaudited Oct to Dec 2010 RMB'000	Unaudited Oct to Dec 2009 RMB'000		Unaudited Jan to Dec 2010 RMB'000	Unaudited Jan to Dec 2009 RMB'000	
Depreciation of property, plant and equipment	142	83	71.1%	437	323	35.3%
Amortisation of intangible asset	11	11	-	46	45	2.2%
Operating lease expenses	448	273	64.1%	857	399	114.8%
Interest expense	41	686	-94.0%	1,598	2,553	-37.4%
Interest income	(259)	(9)	2777.8%	(877)	(618)	41.9%
Inventories recognised as an expense in cost of goods sold	62,944	58,779	7.1%	119,786	78,818	52.0%
Employee compensation	2,107	1,027	105.2%	6,316	3,898	62.0%

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

	Group		Company	
	Unaudited	Unaudited	Unaudited	Unaudited
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
NON-CURRENT ASSETS				
Investment in subsidiary	-	-	97,443	33,806
Property, plant and equipment	4,488	2,784	6	9
Patent	203	249	-	-
	4,691	3,033	97,449	33,815
CURRENT ASSETS				
Gross amount due from customers for contract work-in-progress	335,153	151,723	-	-
Inventories	3,918	6,466	-	-
Trade and other receivables	26,676	66,445	23,900	-
Prepayments	47,150	30,180	247	857
Bank deposits pledged	2,421	550	-	-
Cash and bank balances	144,001	50,651	19,655	1,627
	559,319	306,015	43,802	2,484
TOTAL ASSETS	564,010	309,048	141,251	36,299
CURRENT LIABILITIES				
Gross amount due to customers for contract work-in-progress	-	6	-	-
Trade and other payables	62,707	49,396	18	8,932
Bills payable	1,024	550	-	-
Financial liabilities relating to subscription shares	-	33,344	-	33,343
Other liabilities	131,673	66,577	2,016	61
Provision for PRC statutory welfare fund	673	468	-	-
Provision for income tax	8,333	4,848	-	-
	204,410	155,189	2,034	42,336
NET CURRENT ASSETS/(LIABILITIES)	354,909	150,826	41,768	(39,852)
Non-current liabilities				
Deferred tax liabilities	2,143	1,491	-	-
TOTAL LIABILITIES	206,553	156,680	2,034	42,336
NET ASSETS/(LIABILITIES)	357,457	152,368	139,217	(6,037)
Equity attributable to equity holders of the Company				
Share capital	130,884	10	130,884	10
Reserves	226,573	152,358	8,333	(6,047)
TOTAL EQUITY	357,457	152,368	139,217	(6,037)

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

	Group	
	As at 31.12.2010	As at 31.12.2009
	RMB'000	RMB'000
Amount repayable in one year or less, or on demand		
- secured	1,024	550
- unsecured	-	-
	<u>1,024</u>	<u>550</u>
Amount repayable after one year		
- secured	-	-
- unsecured	-	-
	<u>-</u>	<u>-</u>

Details of any collateral

As at 31 December 2010, the Group has approximately RMB1.0 million (31 December 2009: RMB0.6 million) of bills payable to suppliers which are secured by bank deposits pledged. These bills payable have a maturity period of 180 days and are non-interest bearing.

- 1(c) **A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Consolidated statements of cash flows

	Group	
	Unaudited 12 months ended 31.12.10	31.12.09
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before tax	95,762	72,083
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	437	323
Amortisation of intangible assets	46	45
Allowance for doubtful trade debts	278	23
Write-back of allowance for doubtful trade debts	-	(441)
Interest income	(877)	(618)
Interest expense	1,598	2,553
IPO expenses	4,699	451
Effect of changes in functional currency	(864)	(1,094)
Operating cashflow before movement in working capital changes	101,079	73,325
<u>Changes in working capital</u>		
Decrease (increase) in:		
Gross amount due from customers for contract work-in-progress	(183,430)	(83,222)
Inventories	2,548	10,799
Trade and other receivables	39,491	(21,652)
Prepayments	(16,970)	(639)
Increase (decrease) in :		
Gross amount due to customers for contract work-in-progress	(6)	(7,153)
Trade and other payables	21,338	2,061
Other liabilities	65,096	33,433
Provision for PRC statutory welfare fund	205	81
Cash flows from operating activities	29,351	7,033
Interest income received	877	618
Income tax paid	(9,286)	(2,105)
Net cash from operating activities	20,942	5,546
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,141)	(361)
Net cash used in investing activities	(2,141)	(361)
Cash flows from financing activities		
Proceeds from issuance of new ordinary shares	-	4,890
Proceeds from issuance of new ordinary shares pursuant to the IPO exercise	95,644	-
Payment of IPO expenses	(11,671)	(602)
Repayment to shareholder (non-trade)	(8,027)	-
Advances from shareholder (s) (non-trade)	-	4,489
Proceeds from bills payable	2,981	3,242
Repayments of bills payable	(2,507)	(10,954)
(Increase)/decrease in bank deposits pledged	(1,871)	8,324
Net cash from financing activities	74,549	9,389
Net increase in cash and cash equivalents	93,350	14,574
Cash and cash equivalents at 1 January	50,651	36,077
Cash and cash equivalents at 31 Dec (Note A)	144,001	50,651

- 1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

Consolidated statement of cash flows (cont'd)

	Group	
	As at 31 Dec	
	RMB'000	RMB'000
Note A: Cash and cash equivalents	2010	2009
Cash and bank balances	95,001	51,201
Fixed deposits	51,421	-
Less: fixed deposits pledged	(2,421)	(550)
Cash and cash equivalents	<u>144,001</u>	<u>50,651</u>

- 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, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

Group - Statement of changes in equity for 12 months ended 31 December 2009	Share capital RMB'000	Reserves sub-total RMB'000	PRC statutory			Translation reserve RMB'000	Equity component of financial liabilities relating to subscription shares	Accumulated profits RMB'000	Total equity RMB'000
			reserve fund RMB'000	Merger reserve RMB'000	Equity component of financial liabilities relating to subscription shares RMB'000				
Balance at 1 January 2009	10	88,949	9,733	(454)	1,824	5,044	72,802	88,959	
Total comprehensive income for the period	-	63,179	-	-	(1,094)	-	64,273	63,179	
Appropriation to reserve	-	-	6,612	-	-	-	(6,612)	-	
Financial liabilities relating to subscription shares - equity component	-	230	-	-	-	230	-	230	
Balance at 31 December 2009	10	152,358	16,345	(454)	730	5,274	130,463	152,368	

Group - Statement of changes in equity for 12 months ended 31 December 2010	Share capital RMB'000	Reserves sub-total RMB'000	PRC statutory			Translation reserve RMB'000	Equity component of financial liabilities relating to subscription shares	Accumulated profits RMB'000	Total equity RMB'000
			reserve fund RMB'000	Merger reserve RMB'000	Equity component of financial liabilities relating to subscription shares RMB'000				
Balance at 1 January 2010	10	152,358	16,345	(454)	730	5,274	130,463	152,368	
Total comprehensive income for the period	-	82,339	-	-	-	-	82,339	82,339	
Appropriation to reserve	-	-	9,505	-	-	-	(9,505)	-	
Financial liabilities relating to subscription shares - equity component	5,274	(5,274)	-	-	-	(5,274)	-	-	
Conversion of financial liabilities	34,942	-	-	-	-	-	-	34,942	
Proceeds from issue of new ordinary shares pursuant to the IPO exercise	95,644	-	-	-	-	-	-	95,644	
Share issue expenses	(6,972)	-	-	-	-	-	-	(6,972)	
Effect of changes in functional currency	1,986	(2,850)	-	-	(730)	-	(2,120)	(864)	
Balance at 31 December 2010	130,884	226,573	25,850	(454)	-	-	201,177	357,457	

- 1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity, or brochures
(ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

Statements of Changes in Equity (cont'd)

Company - Statement of changes in equity for 12 months ended 31 December 2009	Share capital RMB'000	Reserves sub-total RMB'000	Translation reserve RMB'000	Equity component of financial liabilities relating to subscription shares RMB'000	Accumulated profits RMB'000	Total RMB'000
Balance at 1 January 2009	10	(3,114)	(11)	5,044	(8,147)	(3,104)
Total comprehensive income for the period	-	(3,163)	(220)	-	(2,943)	(3,163)
Financial liabilities relating to subscription shares - equity component	-	230	-	230	-	230
Balance at 31 December 2009	10	(6,047)	(231)	5,274	(11,090)	(6,037)

Company - Statement of changes in equity for 12 months ended 31 December 2010	Share capital RMB'000	Reserves sub-total RMB'000	Translation reserve RMB'000	Equity component of financial liabilities relating to subscription shares RMB'000	Accumulated profits RMB'000	Total RMB'000
Balance at 1 January 2010	10	(6,047)	(231)	5,274	(11,090)	(6,037)
Total comprehensive income for the period	-	19,905	-	-	19,905	19,905
Financial liabilities relating to subscription shares - equity component	5,274	(5,274)	-	(5,274)	-	-
Conversion of financial liabilities	34,942	-	-	-	-	34,942
Proceeds from issue of new ordinary shares pursuant to the IPO exercise	95,644	-	-	-	-	95,644
Share issue expenses	(6,972)	-	-	-	-	(6,972)
Effect of change in functional currency	1,986	(251)	231	-	(482)	1,735
Balance at 31 December 2010	130,884	8,333	-	-	8,333	139,217

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.

Company	Number of shares issued	Issued and paid-up capital S\$'000
As at 1 July 2010	350,612,000	8,208
Issue of 91,000,000 new ordinary shares at S\$0.21 per share pursuant to the IPO exercise on 16 July 2010	91,000,000	19,110
Share issue expenses	-	(1,390)
As at 31 December 2010	<u>441,612,000</u>	<u>25,928</u>

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the immediately preceding year.

	Company	
	31.12.2010	31.12.2009
Total number of shares issued at end of period/year	<u>441,612,000</u>	<u>2,369</u>

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.

Not applicable. The Company does not have any treasury shares as at 31 December 2010 and 31 December 2009.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

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

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.

Except as disclosed in paragraph 5 below, the accounting policies have been consistently applied by the Group, and are consistent with those used in the preparation of the financial statements for the financial year ended 31 December 2009.

5. **If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well the reasons for, and the effect of, the change.**

The Group has adopted the applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") which became effective for the accounting periods beginning on or after 1 January 2010. The adoption of these new and revised FRS and INT FRS are currently assessed to have no material financial impact on the Group's financial statements for the reporting period.

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.**

The calculation of basic earnings per share is based on the Group's net profits attributable to equity holders for the respective periods divided by the weighted average of 441,612,000 and 392,320,333 ordinary shares for the three-month and twelve-month period ended 31 December 2010 respectively (2009: 332,408,000 and 305,102,000 ordinary shares respectively as adjusted for the share split).

	Group		Group	
	Q4		12 months	
	Oct to Dec 2010	Oct to Dec 2009	Jan to Dec 2010	Jan to Dec 2009
Net profit after tax attributable to equity holders of the Company (RMB'000)	49,484	52,662	82,339	64,273
Basic earnings per share (RMB cents per share)	11.21	15.84	21.00	21.07

Dilutive EPS per share is similar to basic EPS as there were no potential dilutive ordinary shares during the respective financial periods.

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 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Net asset value (RMB'000)	357,457	152,368	139,217	-6,037
Net asset value per share (RMB cents per share)	80.94	43.46	31.52	-1.72

The calculation of the net asset value per share is based on the net asset value as at the end of the respective periods divided by 441,612,000 ordinary shares (31 December 2009: 350,612,000 ordinary shares as adjusted for the share split).

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

Consolidated Statement of Comprehensive Income

Revenue

	4Q2010		4Q2009		FY2010		FY2009	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Industrial wastegas treatment								
- Dust elimination	5,796	3.8	45,146	32.5	11,703	4.3	57,163	31.5
- Desulphurisation	128,993	85.6	69,096	49.8	231,628	84.3	95,547	52.6
Industrial wastewater	8,153	5.4	11,740	8.5	12,661	4.6	12,491	6.9
Design, technical services and others	7,777	5.2	12,822	9.2	18,885	6.9	16,451	9.1
	<u>150,719</u>	<u>100.0</u>	<u>138,804</u>	<u>100.0</u>	<u>274,877</u>	<u>100.0</u>	<u>181,652</u>	<u>100.0</u>

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)

Revenue

Total revenue increased by approximately RMB93.2 million or 51.3%, from RMB181.7 million in FY2009 to RMB274.9 million in FY2010. The increase was due mainly to strong contributions from desulphurization contracts of RMB136.1 million as this business segment continues to be a key driver of our revenue growth, having regard to our established track record and the continued emphasis by the PRC government to reduce sulphur dioxide emission. The increase was mainly derived from eleven new desulphurization contracts secured and the fabrication works performed on the contracts secured with Liaoning Province Lingnan Environmental Protection Hi-Tech Industrial Development Co., Ltd of approximately RMB215.9 million in aggregate, partially offset by lower revenue contributions from on-going contracts of approximately RMB79.8 million as the bulk of the works were already completed and recognized in FY2009. In addition, we also registered higher revenue from industrial wastewater and design, technical and others of RMB0.2 million and RMB2.4 million due mainly to three new contracts secured from customers based in Lanzhou, Changchun and Xinjiang, partially offset by lower revenue from on-going contracts as the bulk of the works have been completed in FY2009.

The increase was partially offset by the decrease in dust elimination projects of RMB45.5 million as fewer new projects were secured in FY2010 as we intend to place more resources to secure and undertake large scale desulphurization projects.

Total revenue increased by approximately RMB11.9 million or 8.6%, from RMB138.8 million in 4Q2009 to RMB150.7 million in 4Q2010, attributed mainly to higher revenue contributions from desulphurization contracts of RMB59.9 million with the bulk of the increase derived from contracts secured mainly with Liaoning Province Lingnan Environmental Protection Hi-Tech Industrial Development Co., Ltd, Tonghua Iron & Steel Co., Ltd and eight new desulphurization contracts secured from customers based in Xinjiang and Changchun of approximately RMB119.8 million in aggregate, partly offset by lower revenue contributions from on-going contracts of approximately RMB59.9 million as the bulk of the works were already completed and recognized in FY2009. The increase in revenue was partly offset by lower revenue contributions from dust elimination of approximately RMB39.4 million due to fewer new contracts secured. In addition, contributions from industrial wastewater and design, technical services and others also declined by RMB8.6 million in aggregate. Despite the same number of contracts secured for industrial wastewater and design, technical and others, more works were actually performed in Q42009 which translated into higher revenue as compared against Q42010.

Gross profit and gross profit margin

Total gross profit for FY2010 increased by approximately RMB35.9 million or 44.4% due mainly to the increase in gross profit from desulphurization and industrial wastewater business of RMB48.7 million in aggregate because we undertook fabrication and installation works for eleven new desulphurization contracts as well as one large scale project secured with Liaoning Province Lingnan Environmental Protection Hi-Tech Industrial Development Co., Ltd. In addition, higher gross profit was also generated from design, technical services and others of approximately RMB3.1 million as the two new contracts secured contributed to the increase. The increase was partly offset by lower gross profit derived from dust elimination of RMB15.9 million attributed mainly to fewer and smaller size contracts undertaken in FY2010.

Total gross profit for 4Q2010 increased by approximately RMB2.8 million or 4.5% attributed mainly to the increase in gross profit from desulphurization business of RMB20.0 million derived mainly from the contracts with Liaoning Province Lingnan Environmental Protection Hi-Tech Industrial Development Co., Ltd. The increase in gross profit was partly offset mainly by lower gross profit derived from dust elimination of RMB12.1 million, attributed mainly to fewer and smaller size contracts undertaken. In addition, gross profit from industrial wastewater and design, technical services and others also decreased by RMB5.1 million as for the same number of new contracts secured, more works were actually performed in Q42009 which translated into higher revenue than in Q42010.

Overall gross profit margin declined by 2.0 percentage points, from 44.5% in FY2009 to 42.5% in FY2010 attributed to the civil engineering works which were performed and this segment of the work usually generate lower margin.

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)

Overall gross profit margin declined marginally by 1.7%, from 44.1% in 4Q2009 to 42.4% in 4Q2010. The decline was not material.

Other income

Other income for FY2010 increased by approximately RMB0.3 million or 53.2%, from approximately RMB0.7 million in FY2009 to RMB1.0 million in FY2010 due to the one-time exchange gain arising mainly from the revaluation of IPO proceeds and financial liabilities of RMB0.9 million in FY2010, partially offset by the absence of write-back of allowance for doubtful debts, incentive received from the Changchun Finance Bureau in relation to our IPO and monetary reward from the PRC government for winning the Economic Development Enterprise Technological Innovation award which amounted to approximately RMB0.6 million in aggregate.

Other income for 4Q2010 increased by approximately RMB0.2 million or 238.2%, from approximately RMB0.1 million in 4Q2009 to RMB0.3 million in 4Q2010 as a result of exchange gain arising mainly from the revaluation of IPO proceeds.

Financial income

Financial income for FY2010 increased by approximately RMB0.3 million or 41.9%, from RMB0.6 million in FY2009 to RMB0.9 million in FY2010 as a result of excess cash being placed in fixed deposits accounts to earn higher interest income.

Financial income for 4Q2010 increased by approximately RMB0.3 million or 2,777.8%, from RMB9,000 in 4Q2009 to RMB0.3 million in 4Q2010, as more interest income was derived from the placement of excess cash in fixed deposit accounts during the three month period.

Operating Expenses

Other expenses were relatively flat at RMB0.2 million in FY2009 and FY2010.

The main components of selling and distribution expenses are employee compensation costs, travelling expenses, office expenses, rental and others. For FY2010, selling and distribution expenses increased by RMB0.9 million, or 51.3%, from RMB1.8 million in FY2009 to RMB2.7 million in FY2010. This was due mainly to salary adjustments, higher entertainment expenses and sales related expenses incurred as a result of higher revenue generated in FY2010.

Selling expenses increased by approximately RMB0.2 million or 22.8%, from RMB0.8 million in 4Q2009 to RMB1.0 million in 4Q2010, this was mainly in line with the increase in business activities.

Administrative expenses increased by approximately RMB12.9 million or 228.7%, from RMB5.6 million in FY2009 to RMB18.2 million in FY2010, which resulted mainly from an increase in director's remunerations, salaries and staff related costs of approximately RMB1.9 million, one-off professional fees relating to our IPO and audit, secretarial and other post listing expenses amounted to RMB6.0 million in aggregate, higher allowance for doubtful debts of approximately RMB0.3 million attributed to long overdue debts not collected. In addition, travelling, entertainment, motor vehicle expenses, office expenses, rental expenses, certification expenses, printing costs and others also increased by approximately RMB4.7 million in aggregate as these were in line with the increase in business activities and the need to comply with the listing requirements.

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)

Administrative expenses increased by approximately RMB3.3 million or 213.3%, from RMB1.5 million in 4Q2009 to RMB4.8 million in 4Q2010. The increase was mainly due to the fees incurred for audit, secretarial and post listing expenses, increase in director's remunerations, salaries and staff related expenses, entertainment, motor vehicle expenses, travelling, office expenses, certification works, rental and others which amounted to approximately RMB3.0 million in aggregate as they were in line with the increase in business activities and the need to comply with the listing requirements. In addition, we also set aside higher allowance for doubtful debts of approximately RMB0.3 million as a result of long overdue debts not collected.

Financial expense decreased by approximately RMB1.0 million or 37.4%, from RMB2.6 million in FY2009 to RMB1.6 million in FY2010. This was due mainly to lower interest accrued on the financial liabilities relating to subscription shares as the put option relating to the subscription shares expired on 30 June 2010.

Financial expense decreased by approximately RMB0.7 million or 94.0%, from RMB0.7 million in 4Q2009 to RMB41,000 in 4Q2010 due to the absence of the accrual of interest on financial liabilities relating to subscription shares since the put option relating to the subscription shares expired on 30 June 2010.

Income tax expense

Pursuant to the Restructuring Exercise in FY2006, based on the Income Tax Law of the PRC for Foreign Investments and Foreign Enterprises, the Company's PRC subsidiary, Jilin Anjie Environmental Engineering Co., Ltd, was granted full exemption from income tax for the first 2 profit-making years and a 50% reduction in income tax for the next 3 years. Accordingly, it has elected 1 January to 31 December 2007 as the first profit-making year for the purpose of determining the tax holiday period.

With effect from 1 January 2008, in line with the China Corporate Tax Law, companies which do not enjoy full tax exemptions will be subject to the corporate income tax of 25%. However, the State Administration of Taxation has allowed a transitional period to be progressively applied for foreign enterprises which operate in any of the Economic Development Zone of the PRC. Accordingly, the new corporate income tax rate applicable to Anjie Environmental Engineering Co., Ltd was 10% in 2009 and will be 11% in 2010, 12% in 2011 and 25% in 2012, after taking into account the 50% reduction in income tax from FY2009-FY2011. In addition, the Group has provided for withholding tax of 10% on the portion of the distributable profits derived by our PRC subsidiary in FY2010 which is expected to be distributed out as dividend. The withholding tax rate was subsequently revised upwards, from 5% to 10% with retrospective effect from FY2008.

Income tax expense increased by approximately RMB5.6 million or 71.9% from RMB7.8 million in FY2009 to RMB13.4 million in FY2010. The increase was attributed to a higher corporate tax and withholding tax provision of RMB5.9 million which was mainly in line with the increase in profit of our PRC subsidiary, partly offset by a one-time reversal of excess withholding tax provided in FY2008 and FY2009 of RMB0.3 million as only 10% of the distributable profits is expected to be distributed out as dividend instead of 25% provided previously.

Income tax expense increased by approximately RMB3.4 million or 61.4%, from a tax expense of RMB5.5 million in 4Q2009 to a tax income of RMB8.9 million in 4Q2010 mainly due to higher income tax and withholding tax provision of RMB3.4 million which was mainly in line with the increase in profit of our PRC subsidiary.

Profit net of tax attributable to equity holders of the Company

The net profit after taxation attributable to equity holders of the Company increased by approximately RMB18.1 million or 28.1%, from RMB64.2 million in FY2009 to RMB82.3 million in FY2010, as a result of an increase in gross profit of RMB35.9 million, higher other income and financial income of RMB0.3 million each and a lower financial expense of RMB1.0 million, partially offset by higher selling and distribution expenses of RMB0.9 million, administrative expenses of RMB12.9 million and income tax expense of RMB5.6 million.

The net profit after taxation attributable to equity holders of the Company decreased by approximately RMB3.2 million or 6.0%, from RMB52.7 million in 4Q2009 to RMB49.5 million in 4Q2010, as a result of higher other expenses and selling and distribution expenses of RMB0.2 million each, administrative expenses of RMB3.3 million and income tax expense of RMB3.4 million, partially offset by an increase in gross profit of RMB2.8 million, other income of RMB0.2 million, financial income of RMB0.3 million and lower financial expense of RMB0.6 million.

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 position

1. Non-current assets

Our non-current assets amounted to RMB4.7 million and comprised property, plant and equipment ("PPE") of RMB4.5 million and patent of RMB0.2 million as at 31 December 2010. The increase of approximately RMB1.7 million in PPE in FY2010 was due mainly to PPE additions of approximately RMB2.1 million, comprising mainly notebooks, computers and motor vehicles, partially offset by depreciation of approximately RMB0.4 million for the year.

- 1.1** Patent amounted to RMB0.2 million as at 31 December 2010 after amortisation of approximately RMB46,000 in FY2010. The patent has a remaining tenure of 53 months as at 31 December 2010.

2. Current assets

Our current assets comprise amount due from customers for contract work-in-progress, inventories, trade and other receivables, prepayments, bank deposits and cash and cash equivalents. Current assets amounted to RMB559.3 million and RMB306.0 million as at end of 31 December 2010 and 31 December 2009 respectively. Our current assets accounted for approximately 99.2% and 99.0% of our total assets as at 31 December 2010 and 31 December 2009 respectively.

- 2.1** Amount due from customers for contract work-in-progress amounted to RMB335.2 million and RMB151.7 million as at 31 December 2010 and 31 December 2009 respectively and accounted for approximately 59.9% and 49.6% of our current assets as at 31 December 2010 and 31 December 2009 respectively. The increase was mainly attributed to unbilled contracts work-in-progress as they were not due for billings in accordance with the terms of the contracts.
- 2.2** Inventories amounted to approximately RMB3.9 million and RMB6.5 million as at 31 December 2010 and 31 December 2009 respectively. The decrease was mainly due to drawn down of raw materials for our projects and was in line with the increase in projects undertaken during the year.
- 2.3** Trade and other receivables comprise trade receivables, bills receivable, retention monies and other receivables amounting to RMB26.7 million and RMB66.4 million as at 31 December 2010 and 31 December 2009 respectively, and accounted for approximately 4.8% and 21.7% of our current assets as at the respective balance sheet dates. Trade receivables amounted to RMB3.9 million as at 31 December 2010, representing a decrease of approximately RMB44.0 million from 31 December 2009. The decrease was due mainly to concerted efforts by our sales and finance team.
- 2.4** Bills receivable amounted to RMB4.7 million and RMB2.0 million as at 31 December 2010 and 31 December 2009 respectively which was in line with the increase in revenue.
- 2.5** Retention monies (mainly ranging from 5% to 10% of the contract sums or agreed amounts with customers) amounted to RMB8.7 million and RMB11.1 million as at 31 December 2010 and 31 December 2009 respectively. The decrease of approximately RMB2.4 million was mainly due to retention monies received from customers as they were due.
- 2.6** Other receivables comprise VAT receivables and advances to employees for business purposes. Other receivables amounted to RMB9.4 million and RMB5.4 million as at 31 December 2010 and 31 December 2009 respectively. The increase was mainly in line with the increase in business activities.
- 2.7** Prepayments comprising prepaid operating expenses, advances to trade and non-trade suppliers amounted to RMB47.2 million and RMB30.2 million as at 31 December 2010 and 31 December 2009 respectively. The increase was in line with the increase in business activities.
- 2.8** Bank deposits increased by approximately RMB1.9 million or 340.2%, from RMB0.6 million as at 31 December 2009 to RMB2.4 million as at 31 December 2010, as more cash were placed with the banks.
- 2.9** Cash and cash equivalents amounted to RMB144.0 million and RMB50.7 million as at 31 December 2010 and 31 December 2009 respectively, and accounted for approximately 25.7% and 16.6% of our current assets as at the respective balance sheet dates.

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)

3. Current liabilities

Our current liabilities comprise mainly trade and other payables, financial liabilities, other liabilities, provision for statutory welfare fund as well as provision for income tax. Our current liabilities amounted to RMB212.6 million and RMB155.2 million as at 31 December 2010 and 31 December 2009 respectively, and accounted for approximately 99.0% of total liabilities as at the respective balance sheet dates.

- 3.1** Trade and other payables comprise mainly trade payables, other payables, bills payables and due to shareholders. Trade payables amounted to RMB59.8 million, representing an increase of approximately RMB22.6 million over end of FY2009. The increase was in line with the increase in business activities.
- 3.2** Other payables comprise primarily accruals of payroll and its related expenses and other operating expenses. Other payables amounted to RMB3.0 million and RMB4.2 million as at 31 December 2010 and 31 December 2009 respectively. The decrease was attributed to payments of operating expenses of approximately RMB0.9 million, coupled by lower other payables relating to sub-contractor's costs of approximately RMB0.3 million.
- 3.3** Bills payable amounted to RMB1.0 million, representing an increase of approximately RMB0.5 million over end of FY2009. The increase in bills payable was due mainly to an increase in bills payable facilities utilised for procuring raw materials from our suppliers.
- 3.4** Due to shareholders decreased by approximately RMB8.0 million, from RMB8.0 million as at 31 December 2009 to nil as at 31 December 2010. The decrease was due to full repayments made during the year.
- 3.5** Financial liabilities relating to subscription shares amounted to nil as at 31 December 2010 as the financial liabilities which relate to share issue (in conjunction with a put option to be issued to Pre-IPO Investors) to the Pre-IPO investors and accrued interest on financial liabilities were no longer deemed payable following the successful listing on the main board of SGX-ST on 16 July 2010. Accordingly, the financial liabilities relating to subscription shares as at 31 December 2009 together with the interest accrued for the 6 month period ended 30 June 2010 were converted into share capital.
- 3.6** Other liabilities comprise accrued purchases, salaries, travelling and other operating expenses and advances from customers. Other liabilities amounted to RMB131.7 million and RMB66.6 million as at 31 December 2010 and 31 December 2009 respectively and the increase was mainly in line with the increase in business activities.
- 3.7** Advances from customers amounted to RMB4.0 million, representing an increase in approximately RMB3.7 million over at end of FY2009. The increase was attributed to an increase in the number of contracts secured as at 31 December 2010 with works scheduled to commence in FY2011.
- 3.8** Provision for statutory welfare fund amounted to RMB0.7 million and RMB0.5 million as at 31 December 2010 and 31 December 2009 respectively.
- 4.** Provision for income tax amounted to RMB8.3 million as at 31 December 2010 and mainly relate to the corporate tax payable by our PRC subsidiary on the taxable profits for 4Q 2010.

5. Non-current liabilities

As at 31 December 2010, our deferred tax liabilities amounted to RMB2.1 million, relating to withholding tax on undistributed profits of our PRC subsidiary pursuant to the PRC tax law.

6. Shareholder's equity

The Group's total shareholder's equity comprises share capital, PRC statutory reserve fund, merger reserve and accumulated profits. Between 31 December 2010 and 31 December 2009, our shareholder's equity increased from RMB152.4 million to RMB357.5 million due mainly to net profit recorded for FY2010, additions to share capital as a result of the conversion from financial liabilities relating to subscription shares and the issuance of 91 million new ordinary shares at 21 cents per share on 16 July 2010, net of share issue expenses.

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)

CASHFLOWS

In FY2010, net cash flows from operating activities before changes in working capital amounted to approximately RMB101.1 million. Net cash flows used in operating activities amounted to approximately RMB80.2 million attributed mainly to:

- (i) an increase in gross amount due from customers for work-in-progress of approximately RMB183.4 million as a result of more contracts performed whereby the billing milestones have not been reached;
- (ii) an increase in prepayments of approximately RMB17.0 million made to suppliers of raw materials; and
- (iii) payments of income tax of approximately RMB9.3 million.

The working capital outflows were partly offset by:

- (i) a decrease in inventories of approximately RMB2.5 million arising from inventories drawn down for projects;
- (ii) a decrease in trade and other receivables of approximately RMB39.5 million due to collections from customers;
- (iii) an increase in trade and other payables of approximately RMB21.3 million, which was in line with increase in business activities;
- (iv) an increase in other liabilities of approximately RMB65.1 million, in line with the increase in business activities;
- (v) an increase in provision for statutory reserve fund of approximately RMB0.2 million; and
- (vi) interest income received of approximately RMB0.9 million derived from fixed deposits placed with the banks.

Net cash outflow from investing activities of approximately RMB2.1 million was due mainly to the purchase of office equipment, computers and notebooks during the period.

Net cash inflows from financing activities of approximately RMB74.5 million were attributed to an increase in net proceeds from bills payable of RMB0.5 million and issuance of new ordinary shares of RMB95.6 million as a result of the IPO exercise, partly offset by the increase in bank deposits pledged of approximately RMB1.9 million, repayment of shareholder's loans of RMB8.0 million and IPO expenses of RMB11.7 million.

Overall our cash and cash equivalents increased by approximately RMB93.3 million in FY2010 from RMB50.7 million as at 31 December 2009 to RMB144.0 million as at 31 December 2010.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of 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.

Riding on the robust growth of the PRC's economy and Government's continued emphasis and strong support on environmental protection and pollution controls, the Group has achieved a record performance in FY2010. Its cash flow position has further strengthened which placed us in a good position to capitalize on any business opportunities that may arise in the near future. We received many favourable feedbacks from customers with regards to our in-house developed technologies and systems for the treatment of dust and sulphur dioxide which gave us added confidence going into FY2011, however, the Group is not resting on its laurels and is stepping up its efforts in R&D so that we can continue to stay ahead of our competitors.

The outlook remains bright for the industry and with the 12th five year economic plan (2011-2015) expected to be announced on March 2011, we understand that more expenditure will be allocated towards environmental protection and pollution controls which will translate into many more contracts for the environmental companies. In addition, several additional measures introduced by the Government in FY2010 to further tighten the environmental regulations, such as prohibiting polluting companies to raise capital through IPO exercise and obtaining additional loans from banks unless these companies can meet the national emission standards. Hence, barring any foreseen circumstances, management is confident that FY2011 will be another exciting year for the Group.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

The company recommends that a first and final exempt (one-tier) dividend of RMB1.88 cents per share be declared for the financial year ended 31 December 2010. The proposed dividend amounts to 10.08% of the Group's current year net profits. This is consistent with the Company's intention to distribute not less than 10% of FY2010's net profit attributable to shareholders as disclosed on page 182 of the Company's prospectus dated 8 July 2010.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date Payable

To be advised later.

(d) Book Closure Date.

To be advised later.

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

Not applicable.

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	Dust elimination	Desulphurisation	Industrial wastewater	Design, technical services and others	Total
(RMB'000)					
2010					
Revenue					
Sales to external customers	11,703	231,628	12,661	18,885	274,877
Results					
Segment profit	3,056	94,870	2,022	16,842	116,790
2009					
Revenue					
Sales to external customers	57,163	95,547	12,491	16,451	181,652
Results					
Segment profit	18,928	46,571	1,667	13,730	80,896

(a) Geographical

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

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		
	2010	2009	change
	RMB'000	RMB'000	%
Sales reported for the first half year	28,519	17,564	62.4%
Operating profit after tax reported for the first half year	6,549	1,366	379.4%
Sales reported for the second half year	246,358	164,088	50.1%
Operating profit after tax reported for the second half year	75,904	62,907	20.7%

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

RMB'000	31/12/2010	31/12/2009
Ordinary	<u>8,300</u>	<u>-</u>

17. **Interested person transactions**

The Group had the following transaction with an interested person, on terms agreed between the respective parties

**Aggregate value of all interested persons transactions
during the financial period under review**

	4Q ended		YTD ended	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	RMB'000	RMB'000	RMB'000	RMB'000
Jingold Resources Limited				
- loans	(7,807)	4,380	(8,027)	4,489

Note:

Jingold Resources Limited is a controlling shareholder of the Company and is owned by Lin Baiyin (the Executive Chairman and Chief Executive Officer of our Company), Zhan Bijin and Zhan Changkun in the proportion of 63.0%, 32.0% and 5.0% respectively. By virtue of Section 7 of the Companies Act (Chapter 50) of Singapore, Lin Baiyin and Zhan Bijin are deemed interested in the shares held by Jingold Resources Limited in our Company. As at 30 June 2010, the outstanding amount of shareholder's loans owing to Jingold Resources Limited was approximately RMB7.8 million. The loans were obtained for working capital purposes and capital injection into the Company's subsidiary, Jilin Anjie Environmental Engineering Co., Ltd. The loans are unsecured and interest free and have no fixed terms of repayment. The loans are not made on an arm's length basis but on terms beneficial to the Group. For full details of the loans from Jingold Resources Limited, please refer to pages 210 to 211 of the Company's Prospectus dated 8 July 2010 under section "Future and On-going Interested Person Transaction".

On 27 September 2010, the shareholder's loans of approximately RMB7.8 million (equivalent to S\$1.6 million) were fully repaid using internal funds generated by the Group. As a result, the outstanding balance was nil as at 31 December 2010. For full details relating to the repayment of the shareholder's loans, please refer to the Company's announcement dated 27 September 2010.

18. Update of usage of IPO proceeds

As at 31 December 2010, the net proceeds from the Company's initial public offering have been utilised as follows:

<u>Usage of IPO proceeds</u>	Amount allocated	Amount utilised	Balance
	RMB'000	RMB'000	RMB'000
Increase and enhance research and development activities	15,107	-	15,107
Investment in capital expenditures	3,021	41	2,980
To increase in sales and marketing activities in the representative offices	3,021	1,895	1,126
To secure and undertake large scale environmental projects	50,358	50,358	-
General working capital	6,654	443	6,211
Total	78,161	52,737	25,424

BY ORDER OF THE BOARD
Leader Environmental Technologies Limited

Lin Baiyin
Executive Chairman and Chief Executive Officer

28 February 2011