SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

OFFER INFORMATION STATEMENT UNDER SECTION 277 OF THE SECURITIES AND FUTURES ACT (CAP. 289)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser.

A copy of this offer information statement (the "**Offer Information Statement**") has been lodged with the Monetary Authority of Singapore (the "**Authority**"). The Authority assumes no responsibility for the contents of this Offer Information Statement. Lodgement of this Offer Information Statement with the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the securities being offered for investment.

An application will be made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of up to 50,000,000 new ordinary shares ("**Placement Shares**") in the capital of Leader Environmental Technologies Limited ("**Company**") on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained and opinions expressed in this Offer Information Statement. In-principle approval granted by the SGX-ST for the listing and quotation of the Placement Shares on the Official List of the SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiary, the ordinary shares in the capital of the Company ("**Shares**") or the Placement Shares.

This Offer Information Statement is not for distribution, directly or indirectly, in or into the United States. The Placement Shares are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). The Placement Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

No securities shall be allotted or allocated on the basis of this Offer Information Statement later than six months after the date of lodgement of this Offer Information Statement.

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)

PROPOSED PLACEMENT OF UP TO 50,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

Placement Agent

CIMB

CIMB Securities (Singapore) Pte Ltd
(Incorporated in the Republic of Singapore)
(Company Registration No.: 198701621D)

Date of lodgement:

20 April 2011

THIS OFFER INFORMATION STATEMENT HAS BEEN PREPARED SOLELY IN RELATION TO THE ABOVE TRANSACTION AND SHALL NOT BE RELIED UPON BY ANY OTHER PERSON AND FOR ANY OTHER PURPOSE.

IMPORTANT NOTES

Persons wishing to subscribe for the Placement Shares offered by this Offer Information Statement should, before deciding whether to so subscribe, carefully read this Offer Information Statement in its entirety in order to make an informed assessment of the assets and liabilities, profits and losses, financial position, performance and prospects of the Company and the Group (as defined herein) and the rights and obligations attaching to the Placement Shares. They should also make their own independent enquiries and investigations of any bases and assumptions, upon which financial projections, if any, are made or based, and carefully consider this Offer Information Statement in light of their personal circumstances (including financial and taxation affairs). It is recommended that such persons seek professional advice from their accountant, stockbroker, bank manager, solicitor or other professional adviser before deciding whether to acquire the Placement Shares.

No person has been authorised to give any information or to make any representations, other than those contained in this Offer Information Statement, in connection with the Placement or the issue of the Placement Shares and, if given or made, such information or representations must not be relied upon as having been authorised by the Company. Save as expressly stated in this Offer Information Statement, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Company or the Group. Neither the delivery of this Offer Information Statement nor the issue of the Placement Shares shall, under any circumstances, constitute a continuing representation, or give rise to any implication, that there has been no material change in the affairs of the Company or the Group, or any of the information contained herein since the date hereof. Where such changes occur after the date hereof and are material, or are required to be disclosed by law and/or the SGX-ST, the Company may make an announcement of the same to the SGX-ST and, if required, lodge a supplementary or replacement document with the Authority. All subscribers of the Placement Shares should take note of any such announcement and, upon the release of such announcement or lodgement of such supplementary or replacement document, as the case may be, shall be deemed to have notice of such changes.

The Company is not making any representation to any person regarding the legality of an investment in the Placement Shares or the Shares by such person under any investment or any other laws or regulations. In particular, the Placement Shares have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Placement Shares may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined under Regulation S under the Securities Act). No information in this Offer Information Statement should be considered to be business, financial, legal or tax advice regarding an investment in the Placement Shares and/or the Shares. No information in this Offer Information Statement should be considered to be business, financial, legal or tax advice.

This Offer Information Statement has been prepared solely for the purpose of the subscription of the Placement Shares pursuant to the Placement, and may not be relied upon by any persons or for any other purpose.

This Offer Information Statement may not be used for the purpose of, and do not constitute, an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation.

The distribution of this Offer Information Statement may be prohibited or restricted by law (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions. Any person having possession of this Offer Information Statement are advised by the Company to keep themselves informed of and observe such prohibitions and restrictions.

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DEFINITIONS

For the purpose of this Offer Information Statement, the following definitions shall apply throughout unless otherwise stated or the context otherwise requires:-

Companies within the Group

"Anjie Environmental"	:	Jilin Anjie Environmental Engineering Co., Ltd.
"Company"	:	Leader Environmental Technologies Limited
"Group"	:	The Company and its Subsidiary, Anjie Environmental

General

"Authority"	:	The Monetary Authority of Singapore
"Board"	:	The board of directors of the Company as at the date of this Offer Information Statement
"*CDP*"	:	The Central Depository (Pte) Limited
"Companies Act"	:	The Companies Act, Cap. 50 of Singapore, as amended or modified from time to time
"Directors"	:	The directors of the Company as at the date of this Offer Information Statement
"EPS"	:	Earnings per Share
"FY"	:	Financial year ended or ending 31 December
"IPO"	:	Initial public offering
"Jingold Resources"	:	Jingold Resources Limited
"Latest Practicable Date"	:	19 April 2011, being the latest practicable date prior to the lodgement of this Offer Information Statement
"Listing Manual"	:	The listing manual of the SGX-ST, as amended or modified from time to time
"Offer Information Statement"	:	This offer information statement lodged by the Company with the Authority on 20 April 2011 in connection with the Placement
"O&M"	:	Operations and maintenance
"O&O"	:	Own and operate
"Placement"	:	The proposed placement by the Company of the Placement Shares through the Placement Agent
"Placement Agent"	:	CIMB Securities (Singapore) Pte Ltd
"Placement Agreement"	:	The placement agreement dated 20 April 2011 between the Company and the Placement Agent in relation to the Placement

"Placement Price"	:	S$0.25 per Placement Share
"Placement Shares"	:	Up to 50,000,000 new Shares to be offered by the Company pursuant to the Placement
"PRC"	:	The People's Republic of China, excluding Hong Kong and the Macau Special Administrative Region for the purposes of this Offer Information Statement
"Proceeds"	:	The aggregate Placement Price for all the Placement Shares
"Securities Account"	:	Securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
"Securities and Futures Act"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Registered holders of Shares, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with Shares
"Shares"	:	Ordinary shares in the capital of the Company
"Subsidiary"	:	Has the meaning ascribed to it in Section 5 of the Companies Act
"Subscribers"	:	The subscribers of the Placement Shares to be procured by the Placement Agent pursuant to the Placement Agreement
"Substantial Shareholder"	:	Has the meaning ascribed to it in Section 81 of the Companies Act

Currencies and Units of Measurement

"%" or "per cent"	:	Percentage or per centum
"RMB" and "RMB cents"	:	Renminbi and Renminbi cents respectively
"$" or "S$" and "cents"	:	Singapore dollars and Singapore cents respectively

The expressions "**Depositor**", “**Depository Agent**” and "**Depository Register**" shall have the same meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference to a time of day in this Offer Information Statement shall be a reference to Singapore time, unless otherwise stated.

Any reference in this Offer Information Statement to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the Companies Act, the Securities and Futures Act or the Listing Manual or such statutory modification thereof and used in this Offer Information Statement shall, where applicable, have the meaning ascribed to it under the Companies Act, the Securities and Futures Act or the Listing Manual or such statutory modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Offer Information Statement between the amounts listed and their totals are due to rounding. Accordingly, figures shown as totals in this Offer Information Statement may not be an arithmetic aggregation of the figures that precede them.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

PART II - IDENTITY OF DIRECTORS, ADVISERS AND AGENTS

Directors

1. Provide the names and addresses of each of the directors or equivalent persons of the relevant entity.

The name and address of each of the Directors of the Company are as follows:

Name	Position	Address
Lin Baiyin (林柏银)	Executive Chairman and Chief Executive Officer	Room 403, Unit 2, Block 58, Rongchuangshang City High-tech District, Changchun City, Jilin Province, PRC
Zang Linying (臧林颖)	Executive Director and Finance Director	No. 506, Room 3, Block 1-1, Changda Small District, Nanguan District, Changchun City, Jilin Province, PRC
Lee Gee Aik (李宜益)	Lead Independent Non-Executive Director	78 Cashew Crescent, Singapore 679820
Mak Yen-Chen Andrew (麦迎程)	Independent Non-Executive Director	8 West Coast Road, #03-05 Singapore 126823
Zhai Guihua (翟桂华)	Independent Non-Executive Director	Unit 212, Block 5, 1-36 Jisheng Small District, Erdao District, Changchun City, Jilin Province, PRC

Advisers

2. Provide the names and addresses of —

(a) the issue manager to the offer, if any;

(b) the underwriter to the offer, if any; and

(c) the legal adviser for or in relation to the offer, if any.

Role	Name and address
Issue Manager	Not applicable
Placement Agent	**CIMB Securities (Singapore) Pte Ltd** 50 Raffles Place #19-00 Singapore Land Tower Singapore 048623
Underwriter	Not applicable

Legal Adviser	**Loo & Partners LLP** 16 Gemmill Lane Singapore 069254

Registrars and Agents

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3. Provide the names and addresses of the relevant entity's registrars, transfer agents and receiving bankers for the securities being offered, where applicable.

Role	**Name and address**
Share Registrar	M & C Services Private Limited 138 Robinson Road #17-00 The Corporate Office Singapore 068906
Receiving Banker	Not applicable

PART III - OFFER STATISTICS AND TIMETABLE

Offer Statistics

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1. For each method of offer, state the number of the securities being offered.

Placement	Up to 50,000,000 Placement Shares, representing approximately 11.3 % of the existing issued and paid-up ordinary share capital of the Company as at the date of lodgement of this Offer Information Statement.
Status	The Placement Shares, when issued, shall be free from all claims, charges, liens and other encumbrances and shall rank *pari passu* in all respects with the existing issued Shares except for any dividends, rights, distributions, allotments or other entitlements the record date of which falls before such date of issue. For the avoidance of doubt, the holders of the Placement Shares shall be <u>entitled</u> to the final dividend of RMB1.88 cents per Share declared in respect of FY2010 (subject to the approval of Shareholders at the forthcoming annual general meeting in respect of such dividend declared).

Method and Timetable

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2. **Provide the information referred to in paragraphs 3 to 7 of this Part to the extent applicable to:**

(a) **the offer procedure; and**

(b) **where there is more than one group of targeted potential investors and the offer procedure is different for each group, the offer procedure for each group of targeted potential investors.**

Please refer to paragraphs 3 to 7 below.

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3. **State the time at, date on, and period during which the offer will be kept open, and the name and address of the person to whom the purchase or subscription applications are to be submitted. If the exact time, date or period is not known on the date of lodgement of the offer information statement, describe the arrangements for announcing the definitive time, date or period. State the circumstances under which the offer period may be extended or shortened, and the duration by which the period may be extended or shortened. Describe the manner in which any extension or early closure of the offer period shall be made public.**

Pursuant to the Placement Agreement, the Placement Agent has agreed to use its best efforts to procure subscriptions and payment for up to 50,000,000 Placement Shares at the Placement Price for each Placement Share.

Completion of the Placement is conditional upon, *inter alia*:

(a) the exemption under Section 277 of the Securities and Futures Act being applicable to the placement of the Placement Shares with this Offer Information Statement being lodged with and accepted by the Authority;

(b) in-principle approval being obtained from the SGX-ST for the listing of and quotation for the Placement Shares on the Main Board of the SGX-ST and such approval not having been revoked or amended and, where such approval is subject to conditions (which are not normally imposed by the SGX-ST for a transaction of a similar nature), such conditions being acceptable to the Placement Agent and, to the extent that any conditions for such approval are required to be fulfilled on or before completion date, they are so fulfilled;

(c) the allotment, issue and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation, ruling, directive or request promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority (including the SGX-ST, the Authority and the Securities Industry Council) which is applicable to the Company or the Placement Agent;

(d) on the completion date, the representations and warranties of the Company herein being true, accurate and correct in all material respects as if made on the completion date, with reference to the then existing circumstances and the Company having performed in all material respects all of its obligations hereunder to be performed on or before the completion date; and

(e) the Company having the full authority for the allotment and issuance of the Placement Shares and such authority not having been revoked, cancelled, terminated or varied by the completion date.

Pursuant to the Placement Agreement, the Company has undertaken, *inter alia*, that it shall not, without the prior written consent of the Placement Agent (such consent not to be unreasonably withheld), issue at any time on or before the expiry of 180 days after the completion date, any marketable securities of the Company (in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities), declare or distribute any scrip dividend or vary, alter, subdivide or otherwise do anything to its capital structure (issued or otherwise).

Completion of the Placement is to take place on the date falling three (3) business days after the date on which the last in time of the conditions to the completion of the Placement is satisfied (or such other date as the Company and the Placement Agent may agree in writing) but in any event being a date not later than 30 days after the date of the Placement Agreement. In the event that any of the conditions to the completion of the Placement is not satisfied within 30 days after the date of the Placement Agreement or such other date as the Company and the Placement Agent may agree in writing, the Placement Agreement will terminate and neither party shall have any claim against the other.

4. State the method and time limit for paying up for the securities and, where payment is to be partial, the manner in which, and dates on which, amounts due are to be paid.

Completion of the Placement is to take place on the date falling three (3) business days after the date on which the last in time of the conditions to the completion of the Placement is satisfied (or such other date as the Company and the Placement Agent may agree in writing) but in any event being a date not later than 30 days after the date of the Placement Agreement.

On completion of the Placement, the Placement Agent is required to pay and/or procure payment to the Company the aggregate Placement Price of the Placement Shares subscribed for, less the commission payable to the Placement Agent (including any tax thereon) and any other costs and expenses (including the goods and services tax) reasonably incurred by the Placement Agent in connection with the Placement, by bank transfer to such account of the Company with such bank in Singapore as the Company may designate or by cashier's order or bank draft issued by a licensed bank in Singapore made out in favour of the Company.

In the event that any of the conditions to the completion of the Placement is not satisfied within 30 days after the date of the Placement Agreement or such other date as the Company and the Placement Agent may agree in writing, the Placement Agreement will be terminated and neither party shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise.

The Placement Shares will be fully paid-up. Accordingly, partial payment is not relevant in the context of the Placement.

5. State, where applicable, the methods of and time limits for:

(a) the delivery of the documents evidencing title to the securities being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and

(b) the book-entry transfers of the securities being offered in favour of subscribers or purchasers.

Under the terms of the Placement Agreement, upon the payment by the Placement Agent of the net proceeds of the Placement in the manner described in paragraph 4 of this Part above, the Company shall allot the Placement Shares to the scrip allottee(s) and/or CDP for the account of the Subscribers and/or their respective nominees as notified by the Placement Agent and deliver the share certificates in respect of the Placement Shares registered in the name of the scrip allottee(s) and/or CDP.

6. In the case of any pre-emptive rights to subscribe for or purchase the securities being offered, state the procedure for the exercise of any right of pre-emption, the negotiability of such rights and the treatment of such rights which are not exercised.

There are no pre-emptive rights to subscribe for the Placement Shares.

7. Provide a full description of the manner in which results of the allotment or allocation of the securities are to be made public and, where appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).

The Placement Agent will procure Subscribers, on a best efforts basis, pursuant to the Placement Agreement. The Company will announce the completion of the Placement (including the number of Placement Shares for which the Placement Agent has procured subscription for) on the SGXNET. No excess amounts are expected to be received in respect of the Placement Shares.

PART IV - KEY INFORMATION

Use of Proceeds from Offer and Expenses Incurred

1. In the same section, provide the information set out in paragraphs 2 to 7 of this Part.

Please see paragraphs 2 to 7 below.

2. Disclose the estimated amount of the proceeds from the offer (net of the estimated amount of expenses incurred in connection with the offer) (referred to in this paragraph and paragraph 3 of this Part as the net proceeds). Where only a part of the net proceeds will go to the relevant entity, indicate the amount of the net proceeds that will be raised by the relevant entity. If none of the proceeds will go to the relevant entity, provide a statement of that fact.

The estimated net proceeds of the Placement to be received by the Company, after deducting expenses incurred in connection with the Placement and assuming that the Placement Agent procures Subscribers for all the Placement Shares at the Placement Price, are expected to be up to approximately S$11.9 million (the "**Net Proceeds**").

3. Disclose how the net proceeds raised by the relevant entity from the offer will be allocated to each principal intended use. If the anticipated proceeds will not be sufficient to fund all of the intended uses, disclose the order of priority of such uses, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed uses. Where specific uses are not known for any portion of the proceeds, disclose the general uses for which the proceeds are proposed to be applied. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors or equivalent persons of the relevant entity, must be raised by the offer of securities.

The Placement will allow the Company to raise estimated Net Proceeds of up to approximately S$11.9 million (after deducting expenses incurred in connection with the Placement and assuming that the Placement Agent procures Subscribers for all the Placement Shares). The Company intends to utilise all of the Net Proceeds as general working capital to finance large scale projects relating to desulphurisation and denitrification.

Pending the deployment of the Net Proceeds, such proceeds may be placed as deposits with banks and financial institutions or invested in short term money market or debt instruments or for any other purpose on a short-term basis as the Directors may in their absolute discretion deem fit from time to time.

Pursuant to the Placement Agreement, the Placement Agent has agreed to procure Subscribers for the Placement Shares on a best efforts basis. Accordingly, the Placement is not underwritten on a firm commitment basis. There is no minimum amount which, in the reasonable opinion of the Directors, must be raised in the Placement.

4. For each dollar of the proceeds from the offer that will be raised by the relevant entity, state the estimated amount that will be allocated to each principal intended use and the

estimated amount that will be used to pay for expenses incurred in connection with the offer.

The proportion of the Net Proceeds that will be allocated to the principal intended use as set out in Section 3 of this Part IV (Key Information) above, and the estimated amount that will be used to pay for expenses incurred in connection with the Placement (assuming that the Placement Agent procures Subscribers for all the 50,000,000 Placement Shares) is set out below:

Intended use	**Estimated amount (S$' million)**	**Estimated amount allocated for each dollar (S$)**
General working capital to finance large scale projects relating to desulphurisation and denitrification	11.9	0.96
Estimated expenses	0.6	0.04
Total	12.5	1.00

5. If any of the proceeds to be raised by the relevant entity will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business, briefly describe the asset and state its purchase price. If the asset has been or will be acquired from an interested person of the relevant entity, identify the interested person and state how the cost to the relevant entity is or will be determined.

Not applicable.

6. If any of the proceeds to be raised by the relevant entity will be used to finance or refinance the acquisition of another business, briefly describe the business and give information on the status of the acquisition.

Not applicable.

7. If any material part of the proceeds to be raised by the relevant entity will be used to discharge, reduce or retire the indebtedness of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, of the group, describe the maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds giving rise to such indebtedness were put.

Not applicable.

8. In the section containing the information referred to in paragraphs 2 to 7 of this Part or in an adjoining section, disclose the amount of discount or commission agreed upon between the underwriters or other placement or selling agents in relation to the offer and the person making the offer. If it is not possible to state the amount of discount or commission, the method by which it is to be determined must be explained.

The commission payable by the Company to the Placement Agent in relation to the Placement is 3.75% (and goods and services tax thereon) of the Proceeds.

Information on the Relevant Entity

9a. the address and telephone and facsimile numbers of the relevant entity's registered office and principal place of business (if different from those of its registered office);

Registered office	:	61 Robinson Road #13-02, Robinson Centre Singapore 068893
Principal Place of Business	:	Room 602, No. 5188 Freedom Road Economic Development Zone Changchun City, Jilin Province The People's Republic of China 130031
Telephone number	:	(86) 431-84620579
Facsimile number	:	(86) 431-86785550

9b. the nature of the operations and principal activities of the relevant entity or, if it is the holding company or holding entity of a group, of the group;

The Company was incorporated in Singapore on 15 August 2006 under the Companies Act as a private limited company. The Company was converted into a public limited company and was listed on the Main Board of the SGX-ST on 16 July 2010.

The Group is an environmental protection solutions provider in the PRC. It is principally engaged in the research and development, design, manufacturing, assembly, installation and support services of environmental protection systems, primarily for industrial wastegas and wastewater emissions. In addition to its head office and manufacturing facility located in Changchun City, Jilin Province, the Group also has representative offices located in the northern region of the PRC, namely, Beijing, Lanzhou, Urumqi, Xi'an and Shenyang.

The principal activity of the Company is that of investment holding. The subsidiary held by the Company and its principal activities are as follows:

Subsidiary	Date and Place of Incorporation/ Establishment	Principal Activities	Principal Place of Business	Equity Interest Held by the Group
Anjie Environmental[1]	3 November 2005, PRC	Research and development, design, manufacture and installation of environmental protection systems and provision of technical consulting and support services of environmental protection technologies and systems	PRC	100%

9c. the general development of the business from the beginning of the period comprising the 3 most recent completed financial years to the latest practicable date, indicating any material change in the affairs of the relevant entity or the group, as the case may be, since:

(i) the end of the most recent completed financial year for which financial statements of the relevant entity have been published; or

(ii) the end of any subsequent period covered by interim financial statements, if interim financial statements have been published;

The general development of the Group over the last three completed financial years and up to the Latest Practicable Date is set out below:

FY2008

In January 2008, the Group leased a property at 3888 Weishan Road, Gaoxin District, in Changchun City, Jilin Province, PRC, and established its second manufacturing facility. This was to cater to the increase in demand for its systems and services.

In February 2008, the Group secured its first major contract on its own for industrial wastegas treatment for Tonggang Group Jilin Iron & Steel Co., Ltd., a subsidiary of the state-owned enterprise, Tonghua Iron & Steel Group with a contract value of approximately RMB10.6 million.

In March 2008, the Group was awarded the Technologically Advanced Bag Method Dust Elimination Product by the China Association of Environmental Protection Industry – Fabric Filter Method Dust Elimination Committee, recognising its in-house developed system, the LFDM Series Dust Elimination Equipment as a technologically advanced equipment in the PRC.

In April 2008, the Group was also awarded the Jilin Province Key Environmental Protection Enterprise by the Jilin Province Association of Environmental Protection Industry ("**JAEPI**"), recognising the Group as one of the key environmental protection enterprises in Jilin Province.

In July 2008, the Group was also recognised by the JAEPI as the first enterprise in Jilin Province to utilise its in-house developed semi-dry circulated fluidized bed ("**CFB**") flue gas desulphurization ("**FGD**") technology, namely the Dual Source Semi-Dry Material CFB FGD technology, on thermal power plants in Jilin Province. This recognition also made reference to the Group's desulphurisation projects with the Thermal Power Plant of China National Petroleum Corporation ("**CNPC**") Jilin Petroleum (which commenced in February 2006 and completed in August 2008), stating that the six desulphurisation units the Group installed for the Thermal Power Plant of CNPC Jilin Petroleum had adhered to the PRC emission standards.

In December 2008, Anjie Environmental obtained the Environmental Protection Product Assurance Certification from JAEPI which recognised its LFDM Low-Tension Pulse Fabric Filter dust elimination equipment as a quality environmental protection product.

In December 2008, through research and development activities, the Group developed the Irreversible Overheating Temperature Recorder and the Separate Room Sampling Dust Leakage Detector – which are utilised in its dust elimination system (namely the LFDM series dust elimination system); and the Combined Silicon Carbide Nozzle Cap – which is utilised in its desulphurisation system (namely the Dual Source Semi-dry Material CFB FGD), mainly to improve their functions, prolong their processes and/or lifespans, and reduce costs for the users. The Group submitted the patent applications for the aforesaid developed products and the patent for the Irreversible Overheating Temperature Recorder and the Combined Silicon Carbide Nozzle Cap were registered in November 2009 and December 2009 respectively.

In December 2008, through research and development activities, the Group also developed the Magnesium Oxide Desulphurisation and the Double Alkali Desulphurisation. These desulphurisation technological processes are mainly used for large-scale heat-supply companies in the northern region of the PRC that utilise industrial boilers (which from 35 to 220 tonnes of steam per hour) in their heat-supply systems.

FY2009

In January 2009, Anjie Environmental became a member of the Shenyang Environmental Protection Industry Association ("**SEPIA**"). This marked the Group's successful business expansion to Liaoning Province.

In March 2009, Anjie Environmental was conferred the AAA-Grade Business Reputation Enterprise in Jilin Province for the year 2007 and 2008 award jointly awarded by the Administration for Industry and Commerce of Jilin Province and the Jilin Province Enterprise Credit Association which recognised the Group as a reliable and trustworthy enterprise in Jilin Province.

In May 2009, the Group secured its first contract that utilised its Double Alkali Desulphurisation for two 160-tonne heat-supply boilers of Shenyang Huanggu Thermoelectric Co., Ltd. The customer believed that by 2009, the 160-tonne boiler was the largest heatsupply boiler in Shenyang City, the largest city in the northeast region of the PRC. Based on feedbacks from the SEPIA and the Group's customers, and to the best of the Group's knowledge, the Group believes that it is one of the few environmental protection companies in the northern region of the PRC that can offer such desulphurisation solutions which meet the standards set by the Ministry of Environmental Protection of the PRC to large-scale heat-supply companies based in the northern region of the PRC that utilise industrial boilers (which emits from 35 to 220 tonnes of steam per hour) in their heat-supply systems.

In June 2009, through research and development activities, the Group developed the Filter Bag Bottom Fixture which is utilised in its dust elimination system (namely the LFDM series dust elimination system) mainly to prolong the lifespan of the fabric filter bags and reduce costs for the users. The Group submitted the patent application for the Filter Bag Bottom Fixture on 10 June 2009 and the patent was registered on 24 February 2010.

In August 2009, Anjie Environmental obtained the Environmental Pollution Treatment Facilities Certification – "B" Grade from the Ministry of Environmental Protection of the PRC which allows the Group to operate both the wastewater and wastegas treatment systems on behalf of its customers by charging them a fee according to the terms stated in the contract.

In September 2009, the Group secured its first contract that utilised its Magnesium Oxide Desulphurisation from Anshan Qianfeng Heat-Supply Co., Ltd. In the same month, with success in securing various environmental protection projects in Liaoning Province, the Group established a representative office in Shenyang City to expand its sales and marketing network to Liaoning Province.

In December 2009, the Group established a representative office in Xi'an City to expand its sales and marketing network to Shaanxi Province.

FY2010

In February 2010 and March 2010, through research and development activities, the Group developed the Canal Front Additive Adding High Alkali Desulphurisation Simplified Control Method and the Wet Calcium Desulphurisation Automatic Pipe Cleaning System respectively, which are utilised in its desulphurisation systems. The Group submitted the patent applications for the Canal Front Additive Adding High Alkali Desulphurisation Simplified Control Method and the Wet Calcium Desulphurisation Automatic Pipe Cleaning System on 7 May 2010 and 12 May 2010 respectively.

On 23 June 2010, the Company was converted into a public limited company and changed its name to "Leader Environmental Technologies Limited".

On 16 July 2010, the Company was admitted to the Official List of the SGX-ST.

From 1 January 2011 to the Latest Practicable Date

In April 2011, the Company's Subsidiary, Anjie Environmental, entered into a non-binding letter of intent with Liaoning Province Lingnan Environmental Protection Hi-tech Industrial Park Development Co., Ltd (辽宁省岭南环保高新技术产业园发展有限公司) to undertake O&M services on the desulphurization system of a 360m^2 sintering system. Pursuant to the letter of intent, the parties will negotiate for a definitive agreement setting out the detailed terms and conditions of the O&M services to be undertaken. The duration of the provision of the O&M services, which is scheduled to commence in July 2011, will be for a period of 10 years and the total contract value is approximately RMB245.0 million. Barring any unforeseen circumstances, the Company currently anticipates a positive contribution to its earnings from the provision of the O&M services.

9d. the equity capital and the loan capital of the relevant entity as at the latest practicable date, showing:

(i) in the case of the equity capital, the issued capital; or

(ii) in the case of the loan capital, the total amount of the debentures issued and outstanding, together with the rate of interest payable thereon;

As at the Latest Practicable Date, the issued capital and loan capital of the Company are as follows:-

Issued and paid-up share capital : S$25,928,000* comprising 441,612,000 Shares

Loan capital : Nil

As at the Latest Practicable Date, the Company does not have any treasury shares.

**The issued and paid-up share capital as disclosed is net of share issue expenses payable by the Company, such treatment being in accordance with the applicable accounting standards.*

9e. where:

(i) the relevant entity is a corporation, the number of shares of the relevant entity owned by each substantial shareholder as at the latest practicable date; or

(ii) the relevant entity is not a corporation, the amount of equity interests in the relevant entity owned by each substantial interest-holder as at the latest practicable date;

The interests of the Substantial Shareholders of the Company based on information in the Register of Substantial Shareholders of the Company maintained pursuant to Section 88 of the Companies Act, as at the Latest Practicable Date, were as follows:

	Shareholdings registered in the name of Substantial Shareholder		**Shareholdings in which Substantial Shareholder is deemed to have an interest**	
	Number of Shares	**(%)**	**Number of Shares**	**(%)**
Jingold Resources (1)	207,304,000	46.9	-	-
Lin Baiyin (1)	-	-	207,304,000	46.9
Zhan Bijin (1)	-	-	207,304,000	46.9

Note:

(1) Jingold Resources is an investment holding company incorporated in the British Virgin Islands and is owned by Lin Baiyin, Zhan Bijin and Zhan Changkun in the proportion of 63.0%, 32.0% and 5.0% respectively. Zhan Bijin and Zhan Changkun are the cousin and nephew of Lin Baiyin respectively. By virtue of Section 4 of the Securities and Futures Act, Lin Baiyin and Zhan Bijin are deemed interested in the Shares held by Jingold Resources.

9f. any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgement of the offer information statement, a material effect on the financial position or profitability of the relevant entity or, where the relevant entity is a holding company or holding entity of a group, of the group;

In June 2009, the Company's wholly-owned subsidiary, Anjie Environmental filed a legal suit against its customer, Ji An New Energy Group Co., Ltd. (吉林吉安新能源集团有限公司) and its subsidiary, Ji An Biochemistry Butanol Co., Ltd. (吉安生化丁醇有限公司) (collectively the "**Ji An Group**") for breaching the payment terms on a dust elimination contract entered into between Anjie Environmental and Ji An New Energy Group Co., Ltd. on 23 February 2008.

The contract was for the construction and installation of 3 dust elimination systems which were fully completed and officially handed over to the Ji An Group in February 2009, March 2009 and June 2009 respectively. The total contract value amounted to approximately RMB8.4 million, of which, approximately RMB7.5 million was payable immediately upon completion, with a balance of 10% of the total contract value amounting to approximately RMB0.9 million to be retained by Ji An Group as retention monies due (after one year). Prior to Anjie Environmental filing a legal suit against the Ji An Group in the Changchun Economic and Technological Development Zone People's Court (长春经济技术开发区人民法院) (the "**People's Court**"), approximately RMB2.7 million of the total contract value had been paid to Anjie Environmental by the Ji An Group. On 27 August 2009, the People's Court issued the judgement {(2009) 长经开民初字 No 847} in favour of Anjie Environmental (the "**2009 Judgement**") and awarded an amount equivalent to the amount remaining unpaid on the total contract value plus interests to Anjie Environmental. Further, should the Ji An Group fail to pay by the date stipulated under the judgement, interests on the amount remaining unpaid on the total contract value will be doubled from such stipulated date to the date of actual repayment. Ji An New Energy Group Co., Ltd and Ji An Biochemistry Butanol Co., Ltd. were jointly responsible for the amount owing plus interests. Following the judgement, the Ji An Group paid Anjie Environmental the amount owing to Anjie Environmental, which amounted to RMB0.2 million.

To safeguard its interests, Anjie Environmental applied to the People's Court to freeze some of the bank balances and certain assets owned by the Ji An Group and approval was granted on 22 December 2009. In addition, to prevent them from using the dust elimination systems, Anjie Environmental also locked up the dust elimination systems and made them inoperative without assistance from Anjie Environmental.

In January 2010, a settlement was reached between Anjie Environmental and the Ji An Group. The Ji An Group agreed to pay the amount owing to Anjie Environmental in 5 instalments by 30 July 2010, of which 3 instalments amounting in aggregate to RMB1.6 million had been paid to Anjie Environmental. On 7 June 2010, upon Anjie Environmental's application to the People's Court to enforce the 2009 Judgement, the People's Court allowed the application for final payment of the outstanding amount owing to Anjie Environmental (including legal fees incurred by Anjie Environmental) of approximately RMB3.1 million (the "**Final Payment**") from the Ji An Group's frozen bank balances. As at 30 June 2010, Anjie Environmental had received all of the Final Payment.

As at the date of this Offer Information Statement, all of the total contract value (excluding the retention monies which were not due as at the date of this Offer Information Statement) had been paid to Anjie Environmental. As the systems have not been in operation for a long time since the legal suit commenced, Anjie Environmental extended the period of the retention monies till May 2011, to allow the Ji An Group additional time to ensure that all the systems are fully operational without any major problem before releasing the retention monies to Anjie Environmental.

Save as disclosed above, as at the date of lodgement of this Offer Information Statement, to the best of their knowledge, the Directors are not aware of any litigation or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgement of this Offer Information Statement, a material effect on the financial position or profitability of the Company or the Group taken as a whole.

9g. where any securities or equity interests of the relevant entity have been issued within the 12 months immediately preceding the latest practicable date —

(i) if the securities or equity interests have been issued for cash, state the prices at which the securities have been issued and the number of securities or equity interests issued at each price; or

(ii) if the securities or equity interests have been issued for services, state the nature and value of the services and give the name and address of the person who received the securities or equity interests; and

Save as disclosed below, the Company has not issued any securities or equity interests within the 12 months immediately preceding the Latest Practicable Date.

Date of issue	Number of shares issued	Purpose	Issue price per Share
6 July 2010	-	Sub-division of 2,369 shares into 350,612,000 shares prior to the IPO	-
15 July 2010	91,000,000 new shares	IPO comprising 91,000,000 new shares issued by the Company and 25,500,000 vendor shares offered for sale	S$0.21

9h. a summary of each material contract, other than a contract entered into in the ordinary course of business, to which the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any member of the group is a party, for the period of 2 years immediately preceding the date of lodgement of the offer information statement, including the parties to the contract, the date and general nature of the contract, and the amount of any consideration passing to or from the relevant entity or any other member of the group, as the case may be.

Save as disclosed below, neither the Company nor its subsidiary have entered into any material contract (not being contracts entered into in the ordinary course of business) during the two years immediately preceding the date of lodgement of this Offer Information Statement:

(a) a second supplemental agreement dated 20 November 2009 entered into between the Company and Jingold Resources, shareholders of Jingold Resources, Venstar Investments Limited, Goh Bee Lan, Phillip Ventures Enterprise Fund 2 Ltd, Aventures 1 Pte Ltd, Providence SOGF Limited, Victorium Capital Limited, Magic Carpet Fund III, Blooming Global Holdings Limited and Phoon Siew Heng in relation to the Company's pre-IPO restructuring of its capital structure;

(b) a management and underwriting agreement dated 8 July 2010 entered into between the Company and Stirling Coleman Capital Limited ("**Stirling Coleman**"), pursuant to which Stirling Coleman was appointed as the issue manager and underwriter for the Company's IPO; and

(c) a placement agreement dated 8 July 2010 entered into the Company and Stirling Coleman, pursuant to which Stirling Coleman was appointed as the placement agent for the Company's IPO.

PART V - OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Operating Results

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1. Provide selected data from —

(a) the audited income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, the audited consolidated income statement of the relevant entity or the audited combined income statement of the group, for each financial year (being one of the 3 most recent completed financial years) for which that statement has been published; and

(b) any interim income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any interim consolidated income statement of the relevant entity or interim combined income statement of the group, for any subsequent period for which that statement has been published.

2. The data referred to in paragraph 1 of this Part shall include the line items in the audited income statement, audited consolidated income statement, audited combined income statement, interim income statement, interim consolidated income statement or interim combined income statement, as the case may be, and shall in addition include the following items:

(a) dividends declared per share in both the currency of the financial statements and the Singapore currency, including the formula used for any adjustment to dividends declared;

(b) earnings or loss per share; and

(c) earnings or loss per share, after any adjustment to reflect the sale of new securities.

The Group and the Company changed their financial year-end from 30 June to 31 December in the financial year 2009. The audited consolidated profit and loss statements of the Group for FY2008, the 18-month period from 1 July 2008 to 31 December 2009, FY2009 and FY2010 are set out in the table below.

	FY2008	From 1 July 2008 to 31 December 2009	FY2009	FY2010
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Revenue	**146,258**	**220,912**	**181,652**	**274,877**
Cost of sales	(88,730)	(135,109)	(100,756)	(158,087)
Gross profit	**57,528**	**85,803**	**80,896**	**116,790**
Other items of income				
Other income	89	762	675	1,293
Financial income	306	923	618	877
Other items of expense				
Other expenses	(112)	(275)	(163)	(190)
Financial costs	(1,175)	(3,728)	(2,553)	(1,598)
Selling and distribution expenses	(1,224)	(2,589)	(1,769)	(2,677)
Administrative expenses	(12,789)	(15,436)	(5,621)	(18,474)
Profit before tax	**42,623**	**65,460**	**72,083**	**96,021**
Income tax expense	(634)	(8,444)	(7,810)	(13,423)
Net profit for the year	**41,989**	**57,016**	**64,273**	**82,598**
Dividend per Share (RMB cents)	-	-	-	1.88
EPS (RMB cents) [(1)] - basic and diluted	11.98	16.55	21.07	21.05
EPS as adjusted for the issue of Placement Shares (cents) [(2)]	10.48	14.45	18.10	18.67

Notes:

(1) The EPS for FY2008, the 18-month period from 1 July 2008 to 31 December 2009, FY2009 and FY2010 was computed based on 350,612,000 Shares (being the pre-IPO share capital), 344,568,667 Shares, 305,102,000, Shares and 392,320,333 Shares, respectively.

(2) The EPS as adjusted for the Placement was computed based on the weighted average number of Shares in issue during FY2008, the 18-month period from 1 July 2008 to 31 December 2009, FY2009 and FY2010, and (i) assuming that all the 50,000,000 Placement Shares had been subscribed for; (ii) assuming that the Placement was completed and the Placement Shares were issued at the beginning of each of the respective financial years/period; (iii) assuming there is no earnings contribution from the proceeds from the Placement; and (iv) on the basis that no adjustment has been made for any change in the weighted average number of Shares in issue during FY2008, the 18-month period from 1 July 2008 to 31 December 2009, FY2009 and FY2010.

3. In respect of:

(i) each financial year (being one of the 3 most recent completed financial years) for which financial statements have been published; and

(b) any subsequent period for which interim financial statements have been published,

provide information regarding any significant factor, including any unusual or infrequent event or new development, which materially affected profit or loss before tax of the relevant entity or, if it is the holding company or holding entity of a group, of the group, and indicate the extent to which such profit or loss before tax of the relevant entity or the group, as the case may be, was so affected. Describe any other significant component of revenue or expenditure necessary to understand the profit or loss before tax for each of these financial periods.

FY2009 compared to FY2008

Revenue

Revenue increased by approximately RMB35.4 million or 24.2%, from approximately RMB146.3 million in FY2008 to approximately RMB181.7 million in FY2009. The increase in revenue was attributable mainly to higher revenue contribution from business segments including desulphurisation business and design, technical services and others, partially offset by lower revenue contribution from the dust elimination and industrial wastewater treatment businesses.

Revenue contribution from the dust elimination business decreased by approximately RMB9.6 million or 14.4%, from approximately RMB66.8 million in FY2008 to approximately RMB57.2 million in FY2009. The decrease was attributed mainly to lower revenue contribution from existing contracts and smaller contracts secured in FY2009.

(i) Revenue contribution from 5 ongoing contracts with Shanxi Pingshuo Coal Gangue Power Plant Co., Ltd., COFCO Bio-Chemical Energy (Hengshui) Co., Ltd., Jilin Ji An New Energy Group Co., Ltd., Taiyuan Chemical Industry Co., Ltd. and Cathay's Industrial Bio-Technology Ltd decreased by approximately RMB15.2 million in FY2009 as the contracts continued into FY2009 but large parts of the works were scheduled and performed in FY2008.

(ii) The Group undertook 15 new contracts of approximately RMB30.2 million in FY2009 as compared to 13 contracts (excluding 3 new contracts secured in FY2008 which were not completed in FY2008 and continued into FY2009) of approximately RMB30.5 million in FY2008. The 15 new contracts comprised 9 major dust elimination contracts with Urumqi Railway Project Management Bureau, Urumqi Economic Technological Development Zone Construction Investment Co., Ltd., Changchun City Heat Supply Management Co., Ltd., Liaoning Qingyang Chemical Industry Corporation and Huaneng Changchun Biomass Thermal Power Plant amounting in aggregate to approximately RMB23.8 million, representing 13.1% of the Group's revenue in FY2009. The remaining revenue contribution from the dust elimination business of approximately RMB6.4 million was derived from 6 contracts with various customers. These 15 new contracts were awarded to the Group as a result of the Group's track record and ability to provide a comprehensive solution for industrial wastegas treatment.

(iii) The above decreases were partially offset by an increase in revenue contribution of approximately RMB5.9 million from 4 ongoing contracts with Meihekou Fukang Thermoelectric Co., Ltd., Inner Mongolia Jinhai Coal Gangue Power Plant Co., Ltd, Urumqi Economic Technological Development Zone Construction Investment Co., Ltd. and Changchun Economic Technological Development Zone Thermal Power Co., Ltd. as the contracts continued into FY2009 and large parts of the works were scheduled and performed in FY2009.

Revenue from the desulphurisation business increased by approximately RMB51.0 million or 114.6%, from approximately RMB44.5 million in FY2008 to approximately RMB95.5 million in FY2009 attributed mainly to 10 new contracts undertaken of approximately RMB86.8 million in FY2009 as compared to 3 contracts of approximately RMB24.2 million in FY2008 (excluding 1 new contract secured in FY2008 which was not completed in FY2008 and continued into FY2009).

(i) The 10 new contracts comprised 9 major contracts with Shenyang Huanggu Thermoelectric Co., Ltd. and Panjin Shuangtaizi Thermal Power Co., Ltd., Changchun City Light Rail Heat Supply Co., Ltd. and Tongling City, Fu Xin Iron & Steel Co., Ltd amounting in aggregate to approximately RMB85.5 million. Shenyang Huanggu Thermoelectric Co., Ltd. and Panjin Shuangtaizi Thermal Power Co., Ltd. are large scale heat supply companies in Liaoning province for which the Group had installed its latest in-house developed desulphurisation systems, namely the Double Alkali Gas Desulphurisation and Magnesium Oxide Desulphurisation. These 9 major contracts accounted for 47.1% of the Group's revenue in FY2009. The remaining revenue contribution from the desulphurisation business of approximately RMB1.3 million was derived from one contract with Anshan City Qianfeng Heat Supply Co., Ltd. The Group was awarded the 10 new contracts as the Group was one of the few environmental protection companies which offered desulphurisation systems (namely the Double Alkali Gas Desulphurisation and the Magnesium Oxide Desulphurisation technological processes) that meet the emission requirements stipulated by the Ministry of Environmental Protection of the PRC.

(ii) There was also an increase in revenue of approximately RMB2.0 million attributable mainly to 2 ongoing contracts with Changchun Gaoxin Thermal Power Co., Ltd. and Longxing Thermal Power Co., Ltd as the contracts continued into FY2009 and large parts of the works were performed and completed in FY2009.

(iii) The above increases were partially offset by a decrease in revenue contribution of approximately RMB13.6 million from 1 ongoing contract with Changchun Chengtai Thermal Power Co., Ltd as there were 2 desulphurisation systems completed in FY2008 as compared to 1 desulphurization system completed in FY2009.

Revenue from the industrial wastewater business decreased by approximately RMB9.7 million or 43.8%, from approximately RMB22.2 million in FY2008 to approximately RMB12.5 million in FY2009. This was attributed mainly to a decrease in revenue contribution of approximately RMB13.2 million from 2 ongoing contracts with Changchun Ethnic Food Co., Ltd. and GELITA Liaoyuan Gelatine Co., Ltd. as these projects were in the final stages of completion. The decrease was partially offset by an increase in revenue contribution of approximately RMB3.5 million from 2 new contracts with Central County District sewage treatment works and Beijing Construction Engineering Development Co., Ltd. Jinyuan Environmental Protection amounting in aggregate to approximately RMB10.8 million in FY2009 as compared to 1 contract with Jilin Changshan Chemical Fertiliser Group Changda Co., Ltd. of approximately RMB7.3 million in FY2008. These 2 new contracts were awarded to the Group as a result of the Company's ability to offer customised and comprehensive industrial wastewater treatment solutions at reasonable costs.

Revenue from design, technical services and others increased by approximately RMB3.7 million or 29.2%, from approximately RMB12.7 million in FY2008 to approximately RMB16.4 million in FY2009. The increase was attributed mainly to 1 new design and technical services contract (for desulphurisation) with Liaoning Province Lingnan Environmental Protection Hi-

Tech Industrial Park Development Co., Ltd and a maiden servicing and retrofitting contract secured with Changchun Regional Greenhouse Co., Ltd. in FY2009 which amounted in aggregate to approximately RMB16.4 million as compared to 4 design and technical services and miscellaneous contracts with Xinjiang Herong Thermal Power Co., Ltd., Jilin Province Xulong Environmental Technology Co., Ltd., Jilin Petrochemical Design and Research Institute and Hezuo City Wanjia Environmental Cleanliness Service Centre amounting in aggregate to approximately RMB12.7 million in FY2008. These 2 new contracts were awarded to the Group in view of the Group's established track record for large-scale projects and the ability to provide extensive technical advice to these customers.

Gross profit and gross profit margin

Gross profit increased by approximately RMB23.4 million or 40.6%, from approximately RMB57.5 million in FY2008 to approximately RMB80.9 million in FY2009. This was in line with the increase in revenue. Overall gross profit margin increased by 5.2 percentage points, from 39.3% for FY2008 to 44.5% for FY2009, due mainly to the higher gross profit margin for the dust elimination and design, technical services and others businesses, partially offset by lower gross profit margins from the desulphurisation and industrial wastewater treatment businesses.

Gross profit margin of the dust elimination business increased by 15.7 percentage points, from 17.4% for FY2008 to 33.1% for FY2009. The increase was attributed mainly to the contract with Shanxi Pingshuo Coal Gangue Power Plant Co., Ltd., which entailed design and technical services with higher margins which contributed to the higher gross profit margin.

Gross profit margin for design, technical services and others increased by 8.2 percentage points ,from 75.3% for FY2008 to 83.5% for FY2009, attributed mainly to the higher margins from provision of design and technical services for Liaoning Province Lingnan Environmental Protection Hi-Tech Industrial Park Development Co., Ltd which was technically more complex, partially offset by a lower gross margin from the provision of servicing and retrofitting works.

Gross profit margin of the desulphurisation business decreased by 17.2 percentage points, from 65.9% for FY2008 to 48.7% in FY2009, attributed mainly to 2 large scale projects for Shenyang Huanggu Thermoelectric Co., Ltd. and Panjin Shuangtaizi Thermal Power Co., Ltd. for which more competitive prices were charged to these customers so that the Group could establish the track record for its new technologies and systems.

Gross profit margin of the industrial wastewater treatment business decreased by 18.3 percentage points, from 31.6% for FY2008 to 13.3% for FY2009, attributed mainly to lower gross profit margins from 2 new contracts which involved less complex engineering, fabrication and installation works.

Other income

Other income increased by approximately RM0.6 million or 634.9%, from approximately RMB0.1 million in FY2008 to approximately RMB0.7 million in FY2009. Other income in FY2009 comprised mainly monetary incentive received from the Changchun Finance Bureau in relation to the IPO, monetary reward from the PRC government for winning the Economic Development Enterprise Technological Innovation award, grant income from jobs credit scheme amounting in aggregate to approximately RMB0.2 million and write-back of allowance for doubtful debts of approximately RMB0.4 million.

Financial income

Financial income increased by approximately RMB0.3 million or 102.0%, from approximately RMB0.3 million in FY2008 to approximately RMB0.6 million in FY2009 as a result of an increase in amount of cash placed in fixed deposit.

Other expenses

Other expenses increased by approximately RMB0.1 million or 45.5%, from approximately RMB0.1 million in FY2008 to approximately RMB0.2 million in FY2009 attributed mainly to the increase in the compulsory contribution to a “flood prevention” fund.

Financial costs

Financial costs increased by approximately RMB1.4 million or 117.3%, from approximately RMB1.2 million in FY2008 to approximately RMB2.6 million in FY2009. The increase was due mainly to the accrual of interest on financial liabilities.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB0.5 million or 44.5%, from approximately RMB1.2 million in FY2008 to approximately RMB1.7 million in FY2009. The increase was due mainly to the increase in salaries and staff-related expenses of approximately RMB0.3 million as a result of salary increments to reward the Group’s sales and marketing staff and the recruitment of 9 sales and marketing staff to support the increase in business activities and the Group’s new representative office in Xi’an, an increase in travelling expenses of approximately RMB0.2 million, an increase in rental expenses of approximately RMB0.1 million for the Group’s new representative office in Xi’an and larger office space for the Group’s representative office in Shenyang. The increase was partially offset by lower office expenses and others of approximately RMB0.1 million.

Administrative expenses

Administrative expenses decreased by approximately RMB7.2 million or 56.0%, from approximately RMB12.8 million in FY2008 to approximately RMB5.6 million in FY2009. The decrease was attributed mainly to a decrease in professional fees of approximately RMB4.1 million as most of the professional fees relating to the IPO has been expensed off in FY2008, lower miscellaneous expenses of approximately RMB0.4 million, a decrease in allowance for doubtful debts of approximately RMB0.6 million due to collection of trade receivables, a decrease in travelling and entertainment expenses of approximately RMB0.5 million as a result of cost cutting measures and a net foreign exchange gain of approximately RMB2.3 million arising from revaluation of financial liabilities, partially offset by higher salaries and staff-related expenses of approximately RMB0.7 million as a result of salary increments for the Group’s administrative staff.

Profit before tax

Profit before tax increased from approximately RMB42.6 million in FY2008 to approximately RMB72.1 million in FY2009. This was attributable to gross profit growth of approximately RMB23.4 million, an increase in other income of approximately RMB0.6 million, an increase in financial income of approximately RMB0.3 million and a decrease in administrative expenses of approximately RMB7.2 million, partially offset by an increase in other expenses of approximately RMB0.1 million, an increase in financial expense of approximately RMB1.4 million and an increase in selling and distribution expenses of approximately RMB0.5 million.

Taxation

Taxation increased by approximately RMB7.2 million or 1,131.9%, from approximately RMB0.6 million in FY2008 to approximately RMB7.8 million in FY2009. The Company’s full exemption from income tax for the first two profit-making years has expired on 31 December 2008. The Company’s corporate taxation for FY2009 was based on the tax rate of 20% on 50% of the net profits generated and amounted to approximately RMB7.0 million. In addition, the Group also provided for deferred taxation of approximately RMB0.8 million on the

Company's Subsidiary's distributable profit after tax which is expected to be distributed as dividend to the Company.

FY2010 compared to FY2009

Revenue

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 contribution from desulphurization contracts of RMB136.1 million as this business segment continued to be a key driver of the Group's revenue growth, having regard to the Group's established track record and the continued emphasis by the PRC government to reduce sulphur dioxide emission. The increase was mainly derived from 11 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 contribution from on-going contracts of approximately RMB79.8 million as the bulk of the works were already completed and recognised in FY2009. In addition, the Group also registered higher revenue from industrial wastewater and design, technical and others of RMB0.2 million and RMB2.4 million due mainly to 3 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 the Group placed more resources to secure and undertake large scale desulphurization projects.

Gross profit and gross profit margin

Gross profit for FY2010 increased by approximately RMB35.9 million or 44.4% from approximately RMB80.9 million to approximately RMB116.8 million due mainly to the increase in gross profit from desulphurization and industrial wastewater business of RMB48.7 million in aggregate because the Group undertook fabrication and installation works for 11 new desulphurization contracts as well as 1 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 2 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.

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 generates lower margin.

Other income

Other income for FY2010 increased by approximately RMB0.6 million or 91.6%, from approximately RMB0.7 million in FY2009 to RMB1.3 million in FY2010 due to the one-time exchange gain arising mainly from the revaluation of IPO proceeds and financial liabilities of RMB1.2 million in FY2010, partially offset by the absence of write-back of allowance for doubtful debts and grant income received from the PRC government which amounted to approximately RMB0.6 million in aggregate.

Financial income

Financial income for FY2009 and FY2010 were related to interest earned on bank balances. The increase in interest income by RMB0.3 million was due to more short-term deposits placed.

Other expenses

Other expenses were related mainly to flood prevention fund, which were relatively flat at RMB0.2 million in FY2009 and FY2010.

Financial costs

Financial expenses decreased by approximately RMB1.0 million or 37.4%, from RMB2.6 million for the FY2009 to RMB1.6 million in FY2010, mainly attributed to lower interest accrued on the liability component of subscription shares issued with a put option as they expired on 30 June 2010.

Selling and distribution expenses

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.

Administrative expenses

Administrative expenses increased by approximately RMB12.9 million or 228.7%, from RMB5.6 million in FY2009 to RMB18.5 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 the 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.

Profit before tax

Profit before tax increased by approximately RMB23.9 million or 33.1% from approximately RMB72.1 million in FY2009 to approximately RMB96.0 million in FY2010. This was attributable to gross profit growth of approximately RMB35.9 million, an increase in other income of approximately RMB0.6 million, an increase in financial income of approximately RMB0.3 million, and a decrease in financial expenses of approximately RMB0.9 million, partially offset by an increase in administrative expenses by approximately RMB12.9 million and increase in selling and distribution expenses by approximately RMB0.9 million.

Taxation

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 which was mainly in line with the increase in profit of the Group's PRC subsidiary.

4. **Provide selected data from the balance sheet of the relevant entity or, if it is the holding company or holding entity of a group, the group as at the end of:**

(a) **the most recent completed financial year for which audited financial statements have been published; or**

(iv) **if interim financial statements have been published for any subsequent period, that period.**

a. **The data referred to in paragraph 4 of this Part shall include the line items in the audited or interim balance sheet of the relevant entity or the group, as the case may be, and shall in addition include the following items:**

(a) **number of shares after any adjustment to reflect the sale of new securities;**

(b) **net assets or liabilities per share; and**

(c) **net assets or liabilities per share after any adjustment to reflect the sale of new securities.**

The audited consolidated balance sheet of the Group as at 31 December 2010 is set out below.

	As at 31 December 2010 RMB'000
ASSETS	
NON-CURRENT ASSETS	
Property, plant and equipment	4,488
Patent	203
	4,691
CURRENT ASSETS	
Gross amount due from customers for contract work-in-progress	335,153
Inventories	3,918
Trade and other receivables	30,536
Prepayments	43,290
Bank deposits pledged	2,421
Cash and cash equivalents	144,001
	559,319
TOTAL ASSETS	**564,010**

CURRENT LIABILITIES	
Gross amount due to customers for contract work-in-progress	-
Trade and other payables	63,731
Other liabilities	132,346
Provision for income tax	8,333
	204,410
NET CURRENT ASSETS	**354,909**
NON-CURRENT LIABILITIES	
Deferred tax liabilities	2,143
TOTAL LIABILITIES	206,553
NET ASSETS	**357,457**
Equity attributable to equity holders	
Share capital	130,884
PRC Statutory reserve fund	25,850
Merger reserve	(454)
Accumulated profits	201,177
TOTAL EQUITY	357,457
TOTAL EQUITY AND LIABILITIES	**564,010**
Net asset value per Share (RMB cents) (1)	80.94
Number of Shares in issue	441,612,000
Net asset value per Share as adjusted for the issue of Placement Shares (RMB cents) (2)	85.22
Number of Shares after the issue of Placement Shares	491,612,000

Notes:

(1) Net asset value per Share was computed based on the net asset value (excluding minority interests) divided by the number of Shares in issue as at 31 December 2010.

(2) The net asset value per Share as adjusted for the Placement was computed based on the number of Shares in issue as at 31 December 2010 and assuming that (i) all the 50,000,000 Placement Shares had been subscribed for; and (ii) the Placement was completed and the Placement Shares were issued on 31 December 2010.

Liquidity and Capital Resources

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6. **Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of:**

   (a) **the most recent completed financial year for which financial statements have been published; and**

   (b) **if interim financial statements have been published for any subsequent period, that period.**

A summary of the audited consolidated cash flow statement of the Group for FY2010 is set out below:

	FY2010 **RMB' 000**
Net cash generated from operating activities	20,942
Net cash used in investing activities	(2,141)
Net cash generated from financing activities	74,549
Net increase in cash and cash equivalents	93,350
Cash and cash equivalents at beginning of the year	50,651
Cash and cash equivalents at end of the year	144,001

The Group had net cash generated from operating activities of approximately RMB20.9 million in FY2010. This was due mainly to operating cashflow before working capital changes of approximately RMB102.1 million, outflow of approximately RMB72.8 million from working capital changes and outflow of approximately RMB8.4 million mainly in income taxes paid.

The outflow from working capital changes was the net result of outflows arising from an increase in gross amount due from customers of approximately RMB183.4 million as a result of more contracts performed whereby billing milestones have not been reached, an increase in prepayments of RMB13.1 million made to suppliers of raw materials and translation difference of approximately RMB1.1 million, which were offset by inflows arising from an increase in other liabilities of RMB65.3 million, a decrease in trade and other receivables of RMB35.7 million due to collections from customers, an increase in trade and other payables of RMB21.3 million and a decrease in inventories of RMB2.5 million as inventories were drawn down for projects.

The Group had net cash used in investing activities of approximately RMB2.1 million in FY2010 due to the purchase of office equipment, computers and notebooks.

The Group had net cash from financing activities of approximately RMB74.5 million in FY2010. This was the net result of inflows arising from net proceeds raised from the IPO of RMB83.9 million and proceeds from bills payable of RMB3.0 million, which were offset by outflows arising from repayment of shareholder's loan of RMB8.0 million, repayment of bills payable of RMB2.5 million and increase in bank deposits pledged of RMB1.9 million.

7. Provide a statement by the directors or equivalent persons of the relevant entity as to whether, in their reasonable opinion, the working capital available to the relevant entity or, if it is the holding company or holding entity of a group, to the group, as at the date of lodgement of the offer information statement, is sufficient for present requirements and, if insufficient, how the additional working capital considered by the directors or equivalent persons to be necessary is proposed to be provided.

The Directors are of the reasonable opinion that, barring unforeseen circumstances and after taking into consideration the Group's internal resources, present banking and other facilities available, the Group has sufficient working capital to meet its requirements as at the date of lodgement of this Offer Information Statement.

8. If the relevant entity or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the relevant entity's financial position and results or business operations, or the investments by holders of securities in the relevant entity, provide:

(a) a statement of that fact;

(b) details of the credit arrangement or bank loan; and

(c) any action taken or to be taken by the relevant entity or other entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).

As at the Latest Practicable Date, to the best knowledge of the Directors, the Company and its subsidiary are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Group's financial position and results or business operations, or the investments by holders of securities in the Company.

Trend Information and Profit Forecast or Profit Estimate

9. Discuss, for at least the current financial year, the business and financial prospects of the relevant entity or, if it is the holding company or holding entity of a group, the group, as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.

Prospects of the Group's Business

As at 31 March 2011, the Group has an order book of approximately RMB100 million from uncompleted contracts in FY2010 which are expected to be fully recognised as revenue in FY2011.

While acknowledging that the Group's business is affected by seasonality, the Group is on the look-out for new business opportunities to smoothen out its income stream, particularly in the O&M and O&O business segments. In the wake of the severity of the country's air pollution problems, the Chinese government has encouraged environmental companies to undertake the O&M and O&O of the dust and desulphurisation systems by granting tax incentives to the providers of such services. In order to undertake such O&M and O&O contracts, an environmental protection treatment facility certificate needs to be obtained and the Group is one of the recipients of such certificate. The Group is in negotiations with potential customers who are keen to outsource these aspects of the services or to sell the industrial wastegas treatment systems to environmental companies which will then be responsible for the entire operation and maintenance of these systems. These potential contracts or acquisitions will provide stable and recurring income stream, albeit representing only a small amount of contributions to the Group in FY2011. The Board believes that the O&M and O&O business segments have good growth potential for the Group and the Board is optimistic of the prospects of expanding into the O&M and O&O segments given the Group's proven track record and experience.

The Group's strategy to focus resources on desulphurization projects in FY2010 has paid off handsomely as it has posted record revenue in this business segment - a 142.4% surge in revenue compared against the 12-month period ended 31 December 2009. The Group's strong and established track record in desulphurization will place it in good stead to secure more of such contracts.

Apart from the contribution from the usual business segments, the Group hopes to achieve a breakthrough in the development of the denitrification technology in FY2011, an additional segment to contribute to its bottom-line. So far, the Group's success lies in its in-house developed technologies for the treatment of wastegas as these enjoy a cutting edge over its competitors. The Group has made good progress as can be seen from the number of new patents secured for its products. The Group is stepping up its research and development efforts and investing more resources to innovate and make further enhancements to its products.

The Board believes that the business outlook for the Group is bright. China's 12th five-year economic plan has introduced more stringent measures on environmental controls and these will provide further impetus to grow the Group's business. Barring any unforeseen circumstances, the Board is confident that FY2011 will be another exciting and promising year for the Group.

In accordance with Rule 705 of the Listing Manual, the Company will announce its unaudited consolidated financial statements for the three (3) months ended 31 March 2011 by mid-May 2011.

Risk Factors

To the best of the Directors' knowledge and belief, all the risk factors that are material to prospective investors in making an informed judgement on the Company (save for those which have already been disclosed to the general public) are set out below.

Prospective investors should carefully consider and evaluate each of the following considerations and all other information contained in this Offer Information Statement before deciding to invest in the Shares. The risks described below are not intended to be exhaustive. There may be additional risks not presently known to the Company, or that the Company may currently deem immaterial, which could affect operations of the Group. If any of the following considerations and uncertainties develops into actual events, the business, results of operations and financial condition of the Company and the Group could be materially and adversely affected. In that event, the trading price of the Shares could decline due to any of these considerations and uncertainties, and investors may lose all or part of their investment in the Shares.

Risks relating to the Group's industry and business

The Group's business may be difficult to evaluate due to its relatively limited operating history

The Group only began business operations in November 2005. Its relatively limited operating history and financial track record may not be an appropriate basis to evaluate its future prospects and business performance. The success of its business will depend on, amongst other things, how successful it is in building its brand name and market reputation, expanding its sales and marketing network, and the level of demand for its services and solutions. To continue to achieve profitability and growth, the Group would need to execute its future plans successfully. Accordingly, there is no assurance that it can sustain profitability or avoid losses in the future and its past results of operations may not be indicative of its future performance.

The Group may not be able to secure new and profitable projects at favourable terms

The Group's projects are non-recurring in nature and its revenue is generated on a project basis. Its projects are generally secured through a tender process whereby a contract is awarded to the most competitive bidder. Hence, its financial performance is dependent on its ability to secure new projects. In particular, some of its contracts secured were from repeat customers and referrals from existing major customers. Further, some of its existing major customers allow its new customers to visit and view their project sites and have direct communications with existing major customers in order to learn more about the Group and its systems and technologies. Hence, it is critical that the Group maintains good and close business relationship with its existing major customers and should its existing major customers terminate, significantly reduce or modify their business relationship with the Group, its ability to secure future projects would be adversely affected. Due to the nature of its business, the number and value of the projects that it is able to secure fluctuate from year to year. In addition, in order for the Group to secure certain projects, in particular the larger projects or projects with higher profit margins, the Group may offer less favourable and/or longer payment terms. This will require the Group to balance the profit margins and payment terms when securing the projects. In the event that the Group is unable to balance the profit margins and payment terms when securing the projects, its profitability and/or cash flow may be adversely affected. Hence, there is no assurance that the Group will continue to be able to secure new projects that are profitable and/or at terms that are favourable to the Group. If the Group is unable to secure new and profitable projects at favourable terms, the Group's financial performance will be adversely affected.

Further, on 13 April 2011, the Company announced that its wholly-owned subsidiary, Anjie Environmental, has entered into a non-binding letter of intent with Liaoning Province Lingnan Environmental Protection Hi-tech Industrial Park Development Co., Ltd (辽宁省岭南环保高新技术产业园发展有限公司) to undertake O&M of the desulphurization system of a 360m2 sintering system ("**Liaoning Project**"). The duration of the provision of the O&M services, which is scheduled to commence in July 2011, will be for a period of 10 years and the total contract value is approximately RMB245.0 million. Pursuant to the letter of intent, the parties will negotiate for a definitive agreement setting out the detailed terms and conditions of the O&M services to be undertaken. The duration of the provision of the O&M services, which is scheduled to commence in July 2011, will be for a period of 10 years and the total contract value is approximately RMB245.0 million. Barring any unforeseen circumstances, the Company currently anticipates a positive contribution to its earnings from the provision of the O&M services. As at the Latest Practicable Date, the Group has not entered into any definitive agreement in respect of the Liaoning Project. There is no assurance that the parties' negotiation will advance beyond the aforementioned letter of intent and that an agreement will be eventually entered into. In the event that the Group fails to successfully secure the Liaoning Project or the Group is unable to execute the Liaoning Project as it had anticipated for whatever reason, the Group may not be able to achieve any positive contribution from the Liaoning Project.

The Group operates in a competitive environment

The Group operates in a competitive environment and face competition from existing competitors and new market entrants. Some of its existing competitors may have greater resources, longer operating histories or are better entrenched in the markets that the Group operate in. In addition, new market entrants may enter the industry resulting in increased competition. Such existing competitors and new market entrants may compete with the Group on key attributes which include the scale and capacity of facilities, brand name, timely delivery and customer service. Further, the Group may face price-cutting pressures from its existing and new competitors who may tender for projects at lower prices in their bid to maintain or gain their market share in the industry. If the Group is unable to compete effectively or respond with appropriate measures, its market share and profit margins may decline and its profitability and financial performance may be adversely affected.

The technological applications of the Group's systems and solutions are vital to its business and competitiveness

The Group operates in a competitive environment and face competition from existing competitors and new market entrants. In particular, the environmental protection industry is characterised by rapid and significant changes in, and changes in the applications of, technology. Technology plays a critical role in influencing the demand for the Group's solutions and services. Existing systems and technologies are frequently improved and enhanced and new standards are being introduced consistently. The development of new technologies and/or any introduction of new, or changes in, industry standards and government regulations, such as the PRC government's push for the use of environmental-friendly energy as well as the development of environmental-friendly systems and technologies (such as clean coal technologies) in order to reduce pollution, may adversely affect the demand for certain of the Group's existing solutions and services, or render certain of its existing solutions and services obsolete.

Hence, in order for the Group to remain competitive, it is essential that it continues to keep abreast of technological developments in order to anticipate changes in technology and regulatory standards so as to ensure that its technology is current, and continue to develop and introduce new and enhanced solutions on a timely basis. In the event that the Group is unable to keep up with such technological changes or cater to its customers' needs, the Group may not be able to maintain its competitive edge and its profits may be adversely affected.

The Group is subject to intellectual property risks

The Group relies on its patents to protect its proprietary systems, technologies and processes. The Group considers its patents to be vital in maintaining its competitiveness. Though some of its patents are registered in the PRC, there is no assurance that the means of protecting its intellectual property adopted by it will be effective or that its competitors will not replicate products that are similar to the Group's. Although the Group may take legal actions against those who infringe its intellectual property rights, it may need to incur substantial time and resources and there is no assurance that the Group will be able to stop or prevent such infringement completely.

In addition, some of the Group's proprietary know-how and technical knowledge and technical expertise may not be patentable. Although the Group has stringent controls for maintaining confidentiality, there is no assurance that there will be no unauthorised disclosure of its proprietary information, or that its competitors will not copy them. In the event that the Group's proprietary know-how and technical expertise are replicated by its competitors, there can be no assurance that the Group would be able to detect such unauthorised replications. Hence, the Group's business and financial performance may be adversely affected if it is unable to protect the Group's intellectual property rights effectively.

The Group cannot be certain that its systems, technologies and processes do not infringe valid patents or intellectual property rights held by third parties. The Group may unknowingly infringe intellectual property rights of third parties, in which case, the Group may have to incur substantial costs and resources in defending suits that may be brought against it for alleged infringement of intellectual property owned by third parties. In addition, should the Group fail to defend against the suits brought against it, the Group will have to discontinue utilising its systems, technologies and processes in its business and/or may be required to pay substantial monetary damages. This will adversely affect the Group's operations and business.

The Group is reliant on its management team and skilled employees

The Group's success to date has been largely attributable to the efforts of its management team, in particular, its Executive Chairman and Chief Executive Officer, Lin Baiyin, has been instrumental in formulating the Group's business strategies and spearheading the growth of its business operations. He is assisted by the Group's Executive Director and Finance Director, Zang Linying, and Executive Officers, each of whom is experienced in their respective field and has qualified knowledge and expertise in running the Group's day-to-day operations. Hence, the Group's continued success is dependent, to a large extent, on its ability to retain the services of its management team. The loss of the services of the Group's key management staff for any reason, without suitable and timely replacements, and the inability to attract, train and retain management personnel will have an adverse impact on the Group's business operations and prospects.

In addition, owing to the specialised nature of its work, there is a limited supply of adequately skilled personnel in the Group's industry. The Group's continued success depends largely on its ability to attract and retain highly skilled employees. To the extent that it is unable to recruit the required number of suitably skilled personnel, either locally or from overseas, to meet its operational and business needs, the Group's revenue and profitability may be negatively affected. The Group may also have to pay substantial wages to attract and retain the required personnel, and this may have an adverse impact on its operating margins.

The Group is exposed to credit risks of its customers

The Group's financial position and profitability are dependent on the credit worthiness of its customers. Material delay or default in payment by its customers will adversely affect its profitability and cash flThe Group is unable to assure that risks of default by its customers will not increase in future, or the Group will not experience cash flow problems as a result of such defaults.

For the majority of its sales contracts entered into with customers, the payment terms are based on progressive payments, derived from the agreed percentage of completion on the contract value, payable upon completion of each stage or milestone of a project. Depending on negotiations with customers, other contracts also provide for payment terms based on fixed number of installments, and specified amounts and dates for each of the installment payments; or payment terms which are based on fixed agreed amounts for each of the progressive payments payable upon completion of each stage or milestone of a contract. Generally, the Group grants its customers a credit term of up to 20 days from the date of issuance of a notice of payment or progress billing to its customers for small and simple projects.

However, for large-scale projects which require more than a year to complete or projects which are more complex, the Group extends longer credit terms of between 60 to 90 days to its customers as more time is needed to process the payments.

Due to the nature of its business, there is no assurance that the Group will be able to collect all or any of the advance payments due to it and/or its trade receivables within the credit terms granted by the Group which may result in the Group experiencing negative cash flow and deficient working capital if it does not manage its cash flow properly. This will thus severely affect its cash flow and financial performance, especially since defaults from its customers may arise from events or circumstances such as delay in final acceptance tests by its customers, which are difficult to detect, anticipate or prevent. In addition, if any of its customers were to go into liquidation, the Group may not be able to receive full or any payment of uncollected sums due to it, or enforce any judgment debts on such customers. Such events may adversely affect the Group's level of profitability.

The Group may be affected by delay, termination or reduction of the scope of its on-going and secured projects

The Directors believe that the Group's on-going and secured projects will contribute significantly to its revenue and profitability in FY2011. Hence, should any of its significant on-going or secured projects be terminated or disrupted or modified by its customers, the Group's financial performance for FY2011 will be adversely affected.

In addition, the Group may experience unanticipated delays or stoppage in the completion of projects it undertakes due to unforeseen circumstances such as the occurrences of fire, bad weather conditions, earthquake or other natural calamities, stoppage in supply of utilities, power failures, machinery and equipment breakdown, and other events beyond its control. In particular, as its main market is in the colder northern region of the PRC, its operational activities are affected by seasonality effects in the PRC.

During the end and beginning of the year (typically from December to March), the northern parts of the PRC experience harsh winter and frost conditions which are not suitable for on-site fabrication and installation activities. Hence, the Group generally plans and undertakes most of its heavy manufacturing and installation works during the periods between April and November and less extensive manufacturing and fabrication are carried out indoors during the winter. Should any unfavourable events occur, it may cause partial or complete destruction to the Group's projects-in-progress and machinery and equipment and/or lead to unexpected and prolonged delays in the completion of its projects within the specified period as stated in the contracts and the Group would be liable to pay liquidated damages and re-construction costs. Such events may adversely affect the Group's level of profitability. In addition, the Group does not maintain any insurance policy for its projects-in-progress and hence the Group will not be compensated for any damage or delay caused to its projects-in-progress.

The Group is subject to risks associated with regulatory changes

The Group is engaged in an industry where regulatory standards, in particular, environmental laws and regulations, play a critical role in influencing the demand for its services. The Group's customers are required to adhere to particular environmental laws and regulations of the PRC. As such, the Group must ensure that the systems or services that it provides to its customers will not cause any non-adherence to these environmental laws and regulations.

Though these environmental laws and regulations may not regulate the Group directly, there is no assurance that the Group's customers or the relevant authorities will not seek recourse from the Group in the event of non-compliance with such laws and regulations.

In addition, any changes in legislative, regulatory or industrial requirements may render certain of the Group's wastegas and wastewater treatment solutions obsolete. Acceptance of new solutions may also be affected by the adoption of new government regulations requiring stricter standards. Its ability to anticipate changes in regulatory standards and to develop and introduce wastegas and wastewater treatment processes to keep up with such new regulatory standards will be significant factors in the Group's ability to grow and to remain competitive. In the event that the Group cannot respond to regulatory changes in a timely manner, its competitive edge, profits and financial condition may be adversely affected.

The Group's profitability will be adversely affected by cost overruns

As its business is project-based and projects are awarded based on competitive bids, it is important that the Group manages its projects in terms of timing, procurement of materials and allocation of resources. The tendered price is based on cost estimates at the time of submission of tender. Owing to the long duration of its projects, the Group's business is susceptible to cost overruns and fluctuations in raw material costs, cost of supplies, labour costs and fixed overheads, resulting in unanticipated erosion in profit margin or even losses. In particular, its raw materials and other expenses such as subcontracting costs may vary from the tendered price, and hence result in cost overruns over the duration of the project. Cost overruns may also result from poor site management of projects such as failure to implement projects which fully satisfy customers' requirements and expectations, or wastage or damage of raw materials. Unforeseen circumstances beyond control, such as severe bad weather conditions, may also result in cost overruns. In the event of cost overruns, the Group's profit margin of a project will be adversely affected.

The Group's profitability may be affected by the fluctuations of price of raw materials and subcontracting costs

The major raw materials that the Group requires for its projects are mainly:

(i) Industrial wastegas treatment

- Dust elimination – steel materials, fabric filter bags, bag cages , spouting pipes , solenoid pulse valves , control systems and flue gas by-pass

- Desulphurisation – steel materials, pumps , limestone mixers , spray equipment, automatic control systems , recycle flue gas tap , nozzles and coloured steel

(ii) Industrial wastewater treatment

Water pumps, sludge dehydration equipment, additives-adding device and grills

The prices of these raw materials costs may fluctuate due to changes in supply and demand conditions. Any shortage in supply or upsurge in demand may lead to an increase in prices of raw materials. In addition, for its business operations, the Group engages subcontractors to provide various services for its projects including, amongst others, scavenging, excavation, installation and other civil engineering works.

Depending on the demand and supply conditions for subcontracting, the Group may also be subject to fluctuations in subcontracting costs. In the event that the Group is unable to pass on to its customers, the effects of fluctuations in the prices of its raw materials or subcontracting costs to its customers, whether partially or entirely, the Group's profitability and financial performance will be adversely affected.

The Group is dependent on its corporate name and reputation

The Group believes that it has an established corporate name and reputation, and is widely recognised by peers and customers in its industry. The Group considers its corporate name and reputation to be vital in promoting recognition and customer loyalty. Hence, if there are any major defects in its projects or any adverse publicity on the Company due to circumstances beyond its control, the Group's corporate image and reputation will be adversely affected and its customers may lose confidence in its solutions and services. This will adversely affect the number of projects it may secure and its revenue, hence affecting the Group's business and financial performance.

The Group may not have sufficient insurance coverage and may be exposed to product liability claims if its systems and components are found to contain defects or errors

Save for insurance for motor vehicles, working accident and social welfare insurance policies for employees, the Group currently does not maintain any insurance policies against loss of fixed assets, projects-in-progress, business interruptions and product liability claims. The Directors believe that taking up fixed asset, projects-in-progress, business interruption and product liability insurance policies is neither an industry requirement nor practice within the Group's industry and such policies, if taken up, cannot be insured at a justifiable cost by insurance companies in the PRC. Hence, any loss of the Group's assets and/or significant claims brought against the Group in the future will have a material adverse effect on its business, corporate reputation and financial performance.

The Group is exposed to project disputes and claims

Disputes and claims in relation to defects in workmanship and non-compliance to contract specifications are common in the Group's industry. Project owners normally retain an agreed percentage of the contract sum as retention monies, which may be used to cover the cost of rectifying any defect after the completion of the contracts or hand-over of the projects. Typically, the amount of retention monies retained by project owners is 10% of the project value and the period of retention is up to one year after the completion of the project. However, the project owners may withhold the retention monies for longer periods in the event of disputes. There can be no assurance that any future disputes and claims will not result in undue delays in payment by customers or in protracted litigation, which will have a negative impact on the Group's financial performance and corporate reputation. The Group may therefore encounter difficulties in collecting the full contract amount due to alleged defects and claims. In addition, the Group may incur additional costs in rectifying alleged defects. Such additional costs may have an adverse effect on its overall financial performance.

The Group may face risks associated with its plan to diversify into other areas of industrial wastegas treatment and its plan to enter into new business segments such as the O&M and O&O business segments

The Group plans to diversify into other areas of industrial wastegas treatment, namely denitrification, via its own research and development, failing which, it would acquire the relevant denitrification systems and technologies from overseas, and to enter into new business segments such as the O&M and O&O business segments.

There is no assurance that the Group's research and development on denitrification or its strategy to enter into new O&M and O&O business segments will be successful even if the Group has invested significant resources. In particular, with regard to the denitrification systems and technologies, the Group is dependent on its adviser, Lu Changzhu, who possesses the relevant expertise, technical knowledge and know-how in the area of denitrification via his past research and development activities and a patent attained in relation to denitrification. The loss of Lu Changzhu's services for any reason, without a suitable and timely replacement, may cause disruption to its research and development on denitrification and hence have a negative impact on the Group's plan to diversify into denitrification. In addition, while the Group has planned such diversification based on its current outlook of the demand for denitrification systems and technologies in the PRC, there is no assurance that it will yield a sufficient level of revenue or return, as the actual demand for denitrification systems or technologies in the future may not meet the Group's expectations. Further, even if the Group is successful in developing the denitrification systems and technologies, there may be a long time lapse between its investment and the receipt of any related revenue. If the Group fails to achieve its research and development objectives, it may not be able to recover its capital investments and its revenue and profitability will be adversely affected.

There is no assurance that the Group will be successful in its acquisitions (if any) or that it will be able to successfully implement its growth strategies and expansion plans

As stated in the Company's annual report for FY2010, the Group is on the look-out for new business opportunities to smoothen its income stream. In this regard, the Group may explore opportunities particularly in the O&M and O&O business segments. The Group's ability to achieve its business and financial objectives is subject to a variety of factors, many of which are beyond its control. The Group's failure to execute its business strategies or to manage its growth effectively could adversely affect the Group's business, financial condition and results of operations. The Group may also decide to alter or discontinue certain business strategies and it may adopt alternative, or additional, strategies in response to its operating environment or competitive situation, as well as factors or events which are beyond its control. There can be no assurance that the Group will be able to successfully execute its growth strategies and expansion plans to improve its revenues and results of operations. If the Group is unsuccessful in executing its plans and in addressing the challenges and risks of its operations, the Group's financial performance will be materially and adversely affected.

The Group is exposed to prepayment risks to its suppliers and subcontractors

The Group enters into purchase contracts with suppliers and subcontractors on a project basis. In most cases, the Group makes prepayments to its suppliers and subcontractors in order to secure the construction and raw materials. However, should its suppliers and/or subcontractors experience financial difficulties or disruptions to their businesses and fail to deliver to the Group the construction and raw materials despite prepayments already made, or should there be any disruption in or shortage of supply or reduction of allocation of raw materials to the Group from its suppliers for any reason, the Group may be unable to recover the prepayments made to its suppliers and/or subcontractors and may have to undertake contingency measures to source for alternative suppliers and/subcontractors and there is no assurance that such contingency measures will be sufficient to meet its project needs or that the Group will be able to do so at comparable costs. If contingency measures are inadequate or the related costs are higher, the Group's business operations and financial performance will be adversely affected.

The Group may experience industry-related accidents that may expose it to liability claims

Due to the nature of its business operations, the Group is subject to the risks of its employees, subcontractors or third parties being involved with accidents while on or near its premises or installation sites. There is a significant risk that industry-related accidents would occur and may lead to serious human injuries or in more severe cases, loss of human lives. Any significant accident, even for which the Group may not be responsible or found to be at fault, may expose it to claims and liabilities which may result in significant legal costs and damages, drawing on its resources including time and money. In addition, although the Group maintains working accident insurance policy, in the event that claims made against the Group arising from accidents are in excess of insurance coverage, and/or the insurance claims are contested by the insurance companies or the affected persons, the Group will be required to pay for such compensation and its insurance premiums will increase in the future. This will adversely affect the corporate image and financial performance of the Group.

The Group's operations may suffer a material adverse impact if there is a non-renewal of its licences and certificates

The Group has obtained all requisite licences and certificates for its current business operations. However, some of these licences, in particular its business licence, and certificates are subject to periodic review and renewal by the relevant PRC government authorities and the standards of compliance required in relation thereto may from time to time be subject to changes. Non-renewal of or the rejection of new applications for its licences and certificates will have a material adverse effect on its operations and profitability.

The Group is dependent on its major suppliers

Although the Group enters into long-term contracts with its major suppliers so as to enjoy better terms, there is no assurance that they will continue to fulfill the Group's needs and expectations in terms of cost and product quality, nor is there assurance that the Group will be able to continue to place orders with its suppliers. In addition, should the Group's major suppliers fail to deliver its raw materials on time, and if the Group is unable to source these raw materials of similar quality from alternative suppliers on a timely basis, its project timeline will be delayed, thereby affecting delivery to its customers. This in turn will adversely affect its reputation if its customers lose confidence in its services and as a result, the Group's revenue and profitability will be adversely affected.

The Group is subject to subcontracting risks

For its business operations, the Group engages subcontractors to provide various services for its projects including, amongst others, scavenging, excavation, installation and other civil engineering works. Though its subcontractors are stringently selected, the Group cannot assure that the services rendered by its subcontractors will be satisfactory or that they will meet the Group's requirements for quality. Although the contracts the Group enters into with its subcontractors are short-term in nature, should its subcontractors default on their contractual obligations and work specifications, and the Group is unable to find suitable alternative subcontractors in a timely manner and on comparable commercial terms, its ability to deliver the project or service to its customers in accordance with quality and/or timing specifications may, in turn, be compromised. As a result, there may be cost overruns and the Group may incur liquidated damages, and the Group's financial performance may be adversely affected.

The Group does not own the land use rights of the land on which its head office and manufacturing facility are located

The land use rights of the land on which the Group's head office and manufacturing facility are located are not owned by the Group. These assets are leased to the Group for a tenure of five years, expiring on 16 January 2013 (the "**Lease**"). In the event that: (i) the lessor terminates the Lease prematurely for any reason such as selling the land use rights to a third party and the Group is not financially capable of acquiring these assets; (ii) the Group is unable to renew the Lease when it expires; or (iii) if the renewal terms and conditions of the Lease are not favourable to the Group, and the Group is unable to find alternative premises promptly at similar costs, its business operations will be disrupted. Further, if the Group renews the Lease or enter into new leases at alternative premises based on terms and conditions which are not favourable to the Group (such as an increase in the rental rates), its financial performance may also be affected.

The outbreak of communicable diseases, if uncontrolled, could affect the Group's business

An outbreak or resurgence of communicable diseases (such as the avian influenza), if uncontrolled, may potentially affect the Group's business and operations. In addition, if any of the employees in its manufacturing facility or the facilities of suppliers and/or customers is infected with communicable diseases, the Group may experience disruptions to its projects' progress as the Group, its suppliers and customers may be required to temporarily stop activities for quarantine purposes. Accordingly, these disruptions to its business and operations may result in a negative impact on the Group's financial performance.

Risks relating to the PRC

The Group is governed by the legal system of the PRC and introduction of new laws and regulations or changes to the existing laws and regulations may have a negative impact on its business

The Group's business and operations in the PRC are subject to the general laws and regulations promulgated by the PRC government. The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, circulars and directives. The PRC government is still in the process of developing its legal system, so as to meet the needs of investors and to encourage foreign investment. As the PRC economy is developing generally at a faster pace than its legal system, some degree of uncertainty exists in the application of the existing laws and regulations to certain events or circumstances. Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are still at the experimental stage and are therefore subject to policy changes. Furthermore, as these laws and regulations are relatively new, and due to the limited volume of published cases and judicial interpretation and their lack of precedential force, the interpretation and enforcement of these laws and regulations involve uncertainties and different degrees of inconsistencies. Due to the lack of certainty in the PRC laws and regulations, any changes thereof may have an adverse impact on the Group's business operations. Consequent to any breach or non-compliance of the PRC laws and regulations, the relevant authorities may terminate or suspend the Group's business activities, or impose penalties on the Group. Any termination or suspension of its subsidiary's business license would affect the Group's business activities. This would adversely impact the Group's business and profitability. In addition, it is also possible that the PRC government authorities may adopt additional regulations and/or become more stringent in the future, and that may restrict the Group's ability to operate business or require the Group to incur unanticipated liabilities or additional costs on safety compliance matters. Therefore, changes in the relevant laws and regulations affecting the Group's industry may adversely affect its operations and financial performance.

The Group is dependent on the state of the PRC economy and may be subject to uncertainties that may arise from changes in government policies and social, economic and political conditions of the PRC

All of the Group's business and operations are located in the PRC and all of its revenue had been derived from its operations in the PRC. Therefore, its business and future growth is dependent on the state of the PRC economy, including unfavourable changes in the policies of the PRC government (in particular those in relation to environmental protection), and PRC's economic, political and social conditions. Any changes in the policies implemented by the PRC government which result in currency and interest rate fluctuations, capital restrictions, and changes in duties and taxes detrimental to the Group's business may materially affect its operations, financial performance and future growth. The Group's operations in the PRC accounted for all of the Group's revenue. Therefore, its financial performance and future growth is dependent on the social, economic and political conditions of the PRC. Unfavourable changes in the social, economic and political conditions of the PRC or in the PRC government policies in the future may have a negative impact on the operations and business in the PRC which will in turn adversely affect the Group's overall financial performance. Since 1978, the PRC government has been reforming and is expected to continue to reform the rules and regulations governing its economic and political systems. Any change in the political and economic policies of the PRC government may lead to a change in the laws and regulations or the interpretation of the same, as well as changes in the foreign exchange regulations, taxation and import and export restrictions, which may in turn adversely affect the Group's relationships and dealings with its business associates. While the current policy of the PRC government seems to be one of pursuing economic reform policies to encourage investments and greater economic de-centralisation, there is no assurance that such a policy will continue to prevail in the future.

Changes in government policies may result in higher operating costs

From time to time, changes in the rules and regulations or the implementation thereof may require the Group to obtain additional approvals and licences from the PRC authorities for the conduct of its operations in the PRC. In such event, the Group may need to incur additional expenses in order to comply with such requirements. This will in turn affect its financial performance as the Group's business costs will increase. Furthermore, there can be no assurance that such approvals or licences will be granted to the Group promptly or at all. If the Group experiences delay in or are unable to obtain such required approvals or licences, its operations and business in the PRC, and hence its overall financial performance will be adversely affected.

PRC foreign exchange control may limit the Group's ability to utilise its revenue effectively and affect its ability to receive dividends and other payments from its Subsidiary

Anjie Environmental is a foreign investment enterprise ("**FIE**") and is subject to the PRC rules and regulations on currency conversion. In the PRC, the State Administration of Foreign Exchange ("**SAFE**") regulates the conversion of the RMB into foreign currencies. Currently, FIEs, such as Anjie Environmental, are required to apply to SAFE for "Foreign Exchange Registration Certificates for FIEs". With such registration certifications (which need to be renewed annually), FIEs are allowed to open foreign currency accounts including the "basic account" and "capital account". Currently conversion within the scope of the "basic account" (e.g. remittance of foreign currencies for payment of dividends, etc.) can be effected without requiring the approval of SAFE. However, conversion of currency in the "capital account" (e.g. for capital items such as direct investments, loans, securities, etc.) still requires the approval of SAFE.

The Group cannot provide any assurance that the PRC regulatory authorities will not impose further restrictions on the convertibility of the RMB. As Anjie Environmental in the PRC generate a significant proportion of the Group's revenue and these revenues are denominated in mainly RMB, any future restrictions on currency exchanges may limit the Group's ability to repatriate such revenues for the distribution of dividends to Shareholders or for funding the Group's other business activities outside the PRC.

Cessation of income tax benefits for Anjie Environmental will have an adverse impact on the Group's net profit

In accordance with the applicable PRC tax laws and regulations, Anjie Environmental, which is a wholly foreign owned enterprise and is entitled to enjoy a full exemption from income tax payable for the first two years and a 50% reduction on income tax payable for the next three years (commencing from the first profit-making year) after deducting losses carried forward. Anjie Environmental has elected 1 January to 31 December 2007 as the first profit-making year for the purpose of determining the tax holiday period. Upon expiry of such incentives, Anjie Environmental will be subject to the prevailing tax rate applicable on all PRC entities at the rate of 25.0%. Any removal, loss, suspension or reduction of the aforesaid tax benefit or any adverse change in the tax policy of the PRC government will have an adverse impact on the Group's profitability.

The Group's operations in the PRC may be adversely affected by the new Labour Contract Law which took effect on 1 January 2008

The Labour Contract Law was promulgated by the National People's Congress' Standing Committee of the PRC on 29 June 2007 and took effect on 1 January 2008. The law governs labour relations and employment contracts (including the entry into, performance, amendment, termination and determination of employment contracts) between domestic enterprises (including foreign invested companies), individual economic organisations and private non-enterprise units and their employees.

Historically, the Group has entered into labour contracts with all of its employees, honoured compensation and paid social security premium where applicable. However, due to the uncertainty as to how the Labour Contract Law will be interpreted and implemented and the trade union's right to request for a collective agreement, the actual costs of complying with the Labour Contract Law may be higher than expected and/or lead to a diversion of the Group's financial resources and management attention. In the event that the Group is unable to strictly comply with the law, the Group may be involved in labour disputes which will in turn affect its productivity and operations.

10. Where a profit forecast is disclosed, state the extent to which projected sales or revenues are based on secured contracts or orders, and the reasons for expecting to achieve the projected sales or revenues and profit, and discuss the impact of any likely change in business and operating conditions on the forecast.

Not applicable, as no profit forecast is disclosed in this Offer Information Statement.

11. Where a profit forecast or profit estimate is disclosed, state all principal assumptions, if any, upon which the directors or equivalent persons of the relevant entity have based their profit forecast or profit estimate, as the case may be.

Not applicable, as no profit forecast is disclosed in this Offer Information Statement.

12. Where a profit forecast is disclosed, include a statement by an auditor of the relevant entity as to whether the profit forecast is properly prepared on the basis of the assumptions referred to in paragraph 11 of this Part, is consistent with the accounting policies adopted by the relevant entity, and is presented in accordance with the accounting standards adopted by the relevant entity in the preparation of its financial statements.

Not applicable, as no profit forecast is disclosed in this Offer Information Statement.

13. Where the profit forecast disclosed is in respect of a period ending on a date not later than the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part:

(a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, that the profit forecast has been stated by the directors or equivalent persons of the relevant entity after due and careful enquiry and consideration; or

(b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

Not applicable, as no profit forecast is disclosed in this Offer Information Statement.

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14. Where the profit forecast disclosed is in respect of a period ending on a date after the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part:

(a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast; or

(b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

Not applicable, as no profit forecast is disclosed in this Offer Information Statement.

Significant Changes

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15. Disclose any event that has occurred from the end of:

(a) the most recent completed financial year for which financial statements have been published; or

(b) if interim financial statements have been published for any subsequent period, that period, to the latest practicable date which may have a material effect on the financial position and results of the relevant entity or, if it is the holding company or holding entity of a group, the group, or, if there is no such event, provide an appropriate negative statement.

Save as disclosed in this Offer Information Statement and in all public announcements made by the Company, the Directors are not aware of any event which has occurred since 1 January 2011 up to the Latest Practicable Date which may have a material effect on the financial position and results of the Group from that set forth in its audited consolidated financial statements for FY2010.

Meaning of "published"

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16. In this Part, "published" includes publication in a prospectus, in an annual report or on the SGXNET.

Noted.

PART VI - THE OFFER AND LISTING

Offer and Listing Details

1. Indicate the price at which the securities are being offered and the amount of any expense specifically charged to the subscriber or purchaser. If it is not possible to state the offer price at the date of lodgement of the offer information statement, the method by which the offer price is to be determined must be explained.

Placement Price: S$0.25 per Placement Share.

A commission of 3.75% of the Placement Price (and Goods and Services Tax thereon, if applicable) is payable by the Company to the Placement Agent for each Placement Share subscribed for.

Subscribers of the Placement Shares may be required to pay a brokerage fee of up to 1.0% of the Placement Price (and Goods and Services Tax thereon, if applicable) to the Placement Agent.

No expense incurred by the Company in respect of the Placement will be specifically charged to the Placement Agent or the Subscribers to be procured by the Placement Agent.

2. If there is no established market for the securities being offered, provide information regarding the manner of determining the offer price, the exercise price or conversion price, if any, including the person who establishes the price or is responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for determining the price.

Not applicable.

3. If:

(a) any of the relevant entity's shareholders or equity interest-holders have pre-emptive rights to subscribe for or purchase the securities being offered; and

(b) the exercise of the rights by the shareholder or equity interest-holder is restricted, withdrawn or waived,

indicate the reasons for such restriction, withdrawal or waiver, the beneficiary of such restriction, withdrawal or waiver, if any, and the basis for the offer price.

Not applicable.

4. If securities of the same class as those securities being offered are listed for quotation on any securities exchange:

(a) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for at least 12 months immediately preceding the latest

practicable date, disclose the highest and lowest market prices of the first-mentioned securities:

(i) **for each of the 12 calendar months immediately preceding the calendar month in which the latest practicable date falls; and**

(ii) **for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date; or**

(b) **in a case where the first-mentioned securities have been listed for quotation on the securities exchange for less than 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities:**

(i) **for each calendar month immediately preceding the calendar month in which the latest practicable date falls; and**

(ii) **for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date;**

(c) **disclose any significant trading suspension that has occurred on the securities exchange during the 3 years immediately preceding the latest practicable date or, if the securities have been listed for quotation for less than 3 years, during the period from the date on which the securities were first listed to the latest practicable date; and**

(d) **disclose information on any lack of liquidity, if the securities are not regularly traded on the securities exchange.**

(a) Not applicable. The Shares have been listed for quotation on the SGX-ST since 16 July 2010.

(b) The price range and volume of the Shares traded on the SGX-ST for each calendar month immediately preceding the calendar month in which the Latest Practicable Date falls and for the period from the beginning of the calendar month in which the Latest Practicable Date falls to the Latest Practicable Date is as set out below: -

Month	Price range		Volume of Shares traded ('000)
	High (cents)	Low (cents)	
July 2010 [1]	0.275	0.190	305,318
August 2010	0.280	0.190	328,120
September 2010	0.250	0.195	207,734
October 2010	0.245	0.205	83,477
November 2010	0.225	0.195	18,331
December 2010	0.225	0.200	14,525
January 2011	0.325	0.220	531,883
February 2011	0.270	0.200	125,669
March 2011	0.255	0.210	111,736
From 1 April 2011 to the Latest Practicable Date	0.285	0.235	182,977

Source: Bloomberg L. P. [2]

Notes:

(1) The Company was listed on the SGX-ST on 16 July 2010 and only commenced trading thereafter.

(2) Bloomberg L.P. has not consented to the inclusion of the price range and volume of Shares quoted under this section and is thereby not liable for such information under Sections 253 and 254 of the Securities and Futures Act. The Company has included the above price range and volume of Shares in their proper form and context in this Offer Information Statement and has not verified the accuracy of these statements.

(c) There has been no significant trading suspension that has occurred on the SGX-ST during the period commencing from 16 July 2010 (being the date on which the Shares were listed on the SGX-ST) up to the Latest Practicable Date.

(d) Please refer to paragraph 4(b) above for the volume of Shares traded during the relevant period.

5. Where the securities being offered are not identical to the securities already issued by the relevant entity, provide:

(a) a statement of the rights, preferences and restrictions attached to the securities being offered; and

(b) an indication of the resolutions, authorisations and approvals by virtue of which the entity may create or issue further securities, to rank in priority to or *pari passu* with the securities being offered.

Not applicable. The Placement Shares will be sold free from any and all claims, charges, liens, mortgages, securities, pledges, equities, encumbrances or any other interests whatsoever and will rank *pari passu* in all respects with the Shares existing as at the date of issue of the Placement Shares except for any dividends, rights, distributions, allotments or other entitlements the record date of which falls before such date of issue. For the avoidance of doubt, the Placement Shares shall be entitled to the final dividend of RMB1.88 cents per Share declared in respect of FY2010 (subject to Shareholders' approval at the forthcoming annual general meeting in respect of the dividend declared).

Plan of Distribution

6. Indicate the amount, and outline briefly the plan of distribution, of the securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling efforts of any broker or dealer, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify each broker or dealer that will participate in the offer and state the amount to be offered through each broker or dealer.

Pursuant to the Placement Agreement, the Placement Agent has agreed to procure subscriptions and payment for the Placement Shares on a best efforts basis. Under the terms of the Placement Agreement, the Company will pay to the Placement Agent a commission of 3.75% of the Placement Price for each Placement Share subscribed for. Pursuant to the Placement Agreement, the Placement Agent has undertaken, *inter alia*, that it will not offer the Placement Shares for sale to, or procure subscriptions of or make an invitation for the Placement Shares to any person who (to the best of the Placement Agent's knowledge, information and belief and after having made due and careful enquiries) fall within Rule 812(1) of the Listing Manual unless such subscription is otherwise agreed to by the SGX-ST.

7. Provide a summary of the features of the underwriting relationship together with the amount of securities being underwritten by each underwriter.

Not applicable.

PART VII - ADDITIONAL INFORMATION

Statements by Experts

1. Where a statement or report attributed to a person as an expert is included in the offer information statement, provide such person's name, address and qualifications.

No statement or report attributed to an expert is included in this Offer Information Statement.

2. Where the offer information statement contains any statement (including what purports to be a copy of, or extract from, a report, memorandum or valuation) made by an expert:

(a) state the date on which the statement was made;

(b) state whether or not it was prepared by the expert for the purpose of incorporation in the offer information statement; and

(c) include a statement that the expert has given, and has not withdrawn, his written consent to the issue of the offer information statement with the inclusion of the statement in the form and context in which it is included in the offer information statement.

Not applicable.

3. The information referred to in paragraphs 1 and 2 of this Part need not be provided in the offer information statement if the statement attributed to the expert is a statement to which the exemption under regulation 26(2) or (3) applies.

Not applicable.

Consents from Issue Managers and Underwriters

4. Where a person is named in the offer information statement as the issue manager or underwriter (but not a sub-underwriter) to the offer, include a statement that the person has given, and has not withdrawn, his written consent to being named in the offer information statement as the issue manager or underwriter, as the case may be, to the offer.

There is no issue manager or underwriter for the Placement. CIMB Securities (Singapore) Pte Ltd acts as the Placement Agent to the Placement.

Other Matters

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5. Include particulars of any other matters not disclosed under any other paragraph of this Schedule which could materially affect, directly or indirectly:

(a) the relevant entity's business operations or financial position or results; or

(b) investments by holders of securities in the relevant entity.

Save as disclosed in the above sections of this Offer Information Statement, the Directors are not aware of any other matters which could materially affect, directly or indirectly, the Company's business operations or financial position or results or investments by holders of securities in the Company.

PART VIII - ADDITIONAL INFORMATION REQUIRED FOR OFFER OF DEBENTURES OR UNITS OF DEBENTURES

Not applicable.

PART IX - ADDITIONAL INFORMATION REQUIRED FOR CONVERTIBLE DEBENTURES

Not applicable.

PART X - ADDITIONAL INFORMATION REQUIRED FOR OFFER OF SECURITIES BY WAY OF RIGHTS ISSUE

Not applicable.

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Offer Information Statement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Offer Information Statement are fair and accurate in all material respects as at the date of this Offer Information Statement and there are no material facts the omission of which would make any statement in this Offer Information Statement misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offer Information Statement.

Dated this 20 April 2011

FOR AND ON BEHALF OF LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED

BOARD OF DIRECTORS

LIN BAI YIN	ZANG LIN YING
LEE GEE AIK	MAK YEN-CHEN ANDREW

ZHAI GUI HUA