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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 LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED

1. INTRODUCTION

The board of directors of Leader Environmental Technologies Limited (the "**Company**") wishes to announce that the Company has entered into a placement agreement dated 20 April 2011 (the "**Placement Agreement**") with CIMB Securities (Singapore) Pte Ltd (the "**Placement Agent**") pursuant to which the Company has agreed to issue up to 50,000,000 new ordinary shares in the capital of the Company (the "**Placement Shares**") and the Placement Agent has agreed to use its best efforts to procure the subscription for the Placement Shares, at a price of S\$0.25 (the "**Issue Price**") for each Placement Share amounting to an aggregate consideration of up to S\$12.5 million, and on the terms and conditions of the Placement Agreement (the "**Placement**").

The Issue Price represents a discount of approximately 3.8% to the volume-weighted average market price of S\$0.2599 for each ordinary share in the capital of the Company ("**Share**"), based on trades done on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 19 April 2011 (being the preceding market day prior to the signing of the Placement Agreement) and up to the time of the trading halt of the Shares on 20 April 2011.

The Placement Shares, when issued and delivered, shall be free from all claims, charges, liens and other encumbrances and shall 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 the financial year ended 31 December 2010 (“**FY2010**”) (subject to the approval of the Company’s shareholders at the forthcoming annual general meeting in respect of such dividend declared).

The Placement Shares will be issued pursuant to the general mandate authorising the directors of the Company (“**Directors**”) to issue new Shares and convertible securities, which was granted by the then shareholders of the Company by way of a written resolution dated 6 July 2010. The Placement Shares represent approximately 11.3% of the total number of issued Shares of 441,612,000 Shares as at the date of this announcement.

2. USE OF NET PROCEEDS

The Placement will allow the Company to raise estimated net proceeds (the “**Net Proceeds**”) of up to approximately S\$11.9 million (after deducting expenses incurred in connection with the Placement). 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.

3. FINANCIAL EFFECTS

Based on the issued share capital of the Company of approximately S\$25.9 million comprising 441,612,000 Shares as at the date of this announcement and assuming that all the 50,000,000 Placement Shares are issued, on completion of the Placement, the issued share capital of the Company will increase to approximately S\$37.9 million comprising 491,612,000 Shares. The 50,000,000 Placement Shares represent approximately 11.3% of the Company’s present issued share capital of 441,612,000 Shares and approximately 10.2% of the enlarged issued share capital of the Company immediately after the completion of the Placement (assuming all the 50,000,000 Placement Shares are issued).

Based on the audited consolidated financial statements of the Group for FY2010, the Group’s net asset value per Share and earnings per Share was approximately RMB80.94 cents and RMB21.0 cents respectively. Assuming that the Placement had been effected, in respect of net asset value per Share on 31 December 2010 and in respect of earnings per Share on 1 January 2010, and that all the Placement Shares are issued on the respective dates, the Group’s net asset value per Share and earnings per Share, after adjusting for the issue of the Placement Shares, would be approximately RMB85.22 cents and RMB18.7 cents respectively.

It should be noted that such financial effects are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Placement.

4. CONDITIONS PRECEDENT

Pursuant to the Placement Agreement, the Placement Agent has undertaken, among others, 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 of the SGX-ST unless such subscription is otherwise agreed to by the SGX-ST.

The 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 the offer information statement ("**Offer Information Statement**") being lodged with and accepted by the Monetary Authority of Singapore ("**MAS**");
- (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 the 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 MAS 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 in the Placement Agreement being true, accurate and correct in all 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 thereunder 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 of the Placement, any marketable securities of the Company (whether in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities or otherwise), 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, the Placement Agreement will terminate and neither party shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise, save that the Company shall remain liable for the payment of costs and expenses already incurred up to the date of termination.

The Company will be making an application to the SGX-ST for the listing of and quotation for the Placement Shares on the Main Board of the SGX-ST.

5. OFFER INFORMATION STATEMENT

The Company has today, in respect of the Placement, lodged the Offer Information Statement with MAS pursuant to Section 277 of the Securities and Futures Act (Chapter 289). A copy of the Offer Information Statement is attached to this announcement.

6. GENERAL

None of the Directors or substantial shareholders of the Company (other than in their capacity as Directors or shareholders of the Company) has any interest, direct or indirect, in the Placement.

The Company will make the necessary announcement once the approval for the listing and quotation of the Placement Shares has been obtained.

By Order of the Board

Lin Baiyin
Executive Chairman and Chief Executive Officer

20 April 2011

IMPORTANT NOTICE

This announcement is for information purposes only and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, any securities in any jurisdiction.

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The distribution of this announcement and/or any documents relating to the Placement into jurisdictions other than Singapore may be restricted by law. Persons into whose possession this announcement and such other documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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