



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)

DISPOSAL OF INTEREST IN ASSOCIATED COMPANY

1. INTRODUCTION

The Company (together with its subsidiaries, "**Group**") wishes to announce that it has disposed of its 20% equity interest in its associated company, Nano Sun Pte. Ltd. ("**Nano**"), to the other existing shareholder of Nano, Darren Delai Sun ("**Purchaser**") ("**Disposal**"). Pursuant to the Disposal, Nano has ceased to be an associated company of the Group.

2. NANO

The Company had subscribed for 20% equity interest in Nano for a cash consideration of S\$1.0 million (RMB4.8 million) on 19 July 2013. Nano is engaged in developing and marketing technology related to the production and fabrication of TiO₂ membrane and microsphere for purposes of water purification. The Company had equity accounted its investment in Nano, from 7 May 2013 to 30 June 2015, with shared losses amounting to approximately S\$0.3 million (RMB1.4 million).

Nano has been loss making for the financial periods from 7 May 2013 to 31 December 2013, 1 January 2014 to 31 December 2014 and 1 January 2015 to 31 December 2015 respectively, and reported net losses after tax of approximately S\$0.4 million (RMB1.8 million), S\$0.8 million (RMB4.0 million) and S\$0.1 million (RMB0.6 million) for these financial periods respectively. Based on its unaudited financial statements for the financial period ended 31 December 2015, Nano had total net assets of approximately S\$0.8 million (RMB3.6 million).

A critical evaluation of the investment was made in 3Q2015. In view of the above continuing loss making positions, the Company made an impairment loss of approximately S\$0.7 million (RMB3.4 million) in respect of the remaining carrying value of its investment in Nano for the financial year ended 31 December ("**FY**") 2015.

3. CONSIDERATION AND RATIONALE

The Company has received a Disposal consideration in cash of S\$1.0 million from the Purchaser ("**Consideration**"). The Disposal was an opportunity for the Company to realise a non-performing investment, and the Consideration amount was determined based on arm's length negotiations on a willing-buyer-willing-seller basis, after taking into account the financial position and prospects of Nano.

The Company will record a gain of S\$1.0 million (RMB4.8 million) (equivalent to the Consideration amount) arising from the Disposal for FY2016, which proceeds will be applied towards the working capital of the Group.

4. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures for the Disposal computed on the bases set out in Rule 1006 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited are as follows:

<u>Rule 1006</u>	<u>Bases</u>	<u>Relative Figure (%)</u>
(a)	<i>The net asset value of the assets to be disposed of compared with the group's net asset value. This basis is not applicable to an acquisition of assets</i>	Not applicable ⁽¹⁾
(b)	<i>The net profits attributable to the assets acquired or disposed of, compared with the group's net profit</i>	Not applicable ⁽²⁾
(c)	<i>The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares</i>	4.4 ⁽³⁾
(d)	<i>The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue</i>	Not applicable
(e)	<i>The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such asset</i>	Not applicable

Notes:

- (1) Not applicable as based on the audited consolidated financial statements of the Company for FY2015, the carrying value of the investment in Nano was written down to nil.
- (2) Not applicable as both Nano and the Group were loss making. Based on the audited consolidated financial statements of the Group for FY2015, (i) the net loss attributable to the Company's stake in Nano was approximately RMB0.1 million, and (ii) the Group's net loss after tax was approximately RMB272.6 million.
- (3) The market capitalisation of the Company is calculated based on 617,209,000 shares in issue (excluding treasury shares) as at the date of this announcement and the weighted average price of S\$0.037 for each share on 1 June 2016, being the last market day on which shares were traded immediately before the date of this announcement.

The Disposal constitutes a non-discloseable transaction under Chapter 10 of the Listing Manual.

5. FINANCIAL EFFECTS

The pro forma financial effects of the Disposal on the Company presented below are strictly for illustrative purposes only and do not reflect the actual financial effects or the future financial performance and condition of the Company and/or the Group after completion of the Disposal. The pro forma financial effects below were prepared on the basis of the audited consolidated financial statements of the Group for FY2015.

(a) Net Tangible Assets ("NTA")

Assuming that the Disposal had been effected on 31 December 2015, the pro forma NTA of the Company as at the end of FY2015 would have been as follows:

	<u>Before the Disposal</u>	<u>After the Disposal</u>
NTA (RMB)	60,588	65,339
Number of Shares	617,209,000	617,209,000
NTA per Share (RMB cents)	9.82	10.59

(b) Basic loss per share

Assuming that the Disposal had been effected on 1 January 2015, the pro forma consolidated basic loss of the Company for FY2015 would have been as follows:

	<u>Before the Disposal</u>	<u>After the Disposal</u>
Loss after tax attributable to the Shareholders (RMB)	272,563	267,812
Weighted average number of Shares (excluding treasury Shares)	580,151,702	580,151,702
Basic Loss per share (RMB cents)	46.98	46.16

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Other than through their respective shareholdings in the Company, none of the directors and/or substantial shareholders of the Company has any interest (direct or indirect) in the Disposal.

7. NO SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Disposal. Accordingly no service contract is proposed to be entered into between the Company and any such person.

8. DOCUMENTS FOR INSPECTION

A copy of the share transfer instrument in respect of the Disposal is available for inspection by shareholders during normal business hours at the registered address of the Company at 36 Armenian Street #06-12, Singapore 179934, for a period of three months from the date of this announcement.

9. RESPONSIBILITY STATEMENT

The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Disposal, the Company and its subsidiaries, and the directors of the Company are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors of the Company has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD OF DIRECTORS OF
LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED

Lin Bai Yin
Executive Chairman and Chief Executive Officer

1 June 2016