



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)

MATERIAL DIFFERENCE BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Unless otherwise defined, capitalised terms herein shall have the same meaning as ascribed to them in the Company's announcement dated 1 March 2019 in relation to its unaudited financial results for the financial year ended 31 December 2018.

The Board of Directors of Leader Environmental Technologies Limited (the "Company" and together with its subsidiaries, the "Group") refers to the unaudited full year financial results announcements for the financial year ended 31 December 2018 ("**FY2018**") released via the SGX-NET on 1 March 2019 (the "**Unaudited Financial Statements**"). Further reference is made to the Audited Financial Statements of the Company for FY2018 (the "**Audited Financial Statements**") which will be provided to shareholders and the SGX-ST in its FY2018 Annual Report on 15 April 2019.

Pursuant to Rule 704(6) of the Listing Manual, the Board wishes to highlight that there are certain adjustments made by the Company to the Company's Statement of Financial Position and Consolidated Statement of Cash Flows in the Audited Financial Statements compared to what was disclosed in the Unaudited Financial Statements.

Below is a comparison between the earlier announced unaudited financial statements and the audited financial statements.

Statement of financial position as at 31 December 2018 - Company

	Audited Financial Statements RMB'000	Unaudited Financial Statements RMB'000	Variance RMB'000
ASSETS			
Non-current assets			
Investment in subsidiaries (a)	8,000	12,000	(4,000)
	8,000	12,000	
Current assets			
Prepayments	15	15	
Cash and cash equivalents	56	56	
	71	71	
Total assets	8,071	12,071	
Equity and liabilities			
Capital and reserves			
Share capital	224,747	224,747	
Reserves (a)	(223,925)	(219,925)	4,000
Total Equity	822	4,822	
Current liabilities			
Trade and other payables	4,244	4,244	
Other liabilities	3,005	3,005	
	7,249	7,249	
Total equity and liabilities	8,071	12,071	

(a) There was additional impairment in investment in subsidiaries, after taking into account further reduction in the recoverable amount of the investment at Company level.

Consolidated Statement of Cash Flows for the financial year ended 31 December 2018

	Audited Financial Statements RMB'000	Unaudited Financial Statements RMB'000	Variance RMB'000
Cash Flows from Operating Activities			
Loss before taxation	(10,420)	(10,420)	
<u>Adjustments for:</u>			
Property, plant and equipment written off	1	1	
Depreciation of property, plant and equipment	878	878	
Loss on disposals of property, plant and equipment	8	8	
Amortisation of intangible assets	1,282	1,282	
Impairment of trade receivables (a)	-	291	(291)
Allowance for impairment of trade receivables written back	(297)	(297)	
Impairment of retention monies	1,300	1,300	
Finance costs	4,435	4,435	
Interest income	(31)	(31)	
Total adjustments	7,576	7,867	
Operating loss before working capital changes	(2,844)	(2,553)	
<u>Changes in working capital</u>			
Decrease in contract assets	17,323	17,323	
Decrease in inventories	-	-	
Increase in trade and other receivables (a)	(3,121)	(3,410)	289
Increase in prepayments	(1,660)	(1,661)	1
Decrease in contract liabilities	(5,014)	(5,014)	
Increase in trade and other payables	1,740	1,739	1
Decrease in other liabilities	(13,891)	(13,891)	
Total changes in working capital	(4,623)	(4,914)	
Cash used in operations	(7,467)	(7,467)	
Interest paid	(4,435)	(4,435)	
Interest income received	31	31	
Income tax paid	(28)	(28)	
Net cash used in operating activities	(11,899)	(11,899)	
Cash flows from investing activities			
Purchase of property, plant and equipment	(937)	(937)	
Proceeds from disposals of property, plant and equipment	15	15	
Net cash flows used in investing activities	(922)	(922)	
Cash flows from financing activities			
Proceeds from bills payable - net	370	370	
Proceeds from third party loans	26,619	26,619	
Repayments of third party loans	(16,370)	(16,370)	
Proceeds from bank borrowings	75,860	75,860	
Repayments of bank borrowings	(81,000)	(81,000)	
Decrease in bank deposits pledged	460	460	
Net cash flows generated from financing activities	5,939	5,939	
Net decrease in cash and cash equivalents	(6,882)	(6,882)	
Cash and cash equivalents at the beginning of the year	17,398	17,398	
Cash and cash equivalents at the end of the year	10,516	10,516	

- (a) The impairment of trade receivables were adjusted directly against trade debtors balances instead of showing it as a non-fund item to arrive at the net cash amount used in operating activities.

By Order of the Board

Lin Bai Yin
Executive Chairman and Chief Executive Officer
10 April 2019