



**Leader Environmental Technologies Limited**

利德环保技术有限公司

(Incorporated in the Republic of Singapore on 15 August 2006)

(Company Registration Number: 200611799H)

**Unaudited Results for the First Quarter and the three Months Ended 31 March 2019**

**Unaudited Financial Statement and Dividend Announcement for the First Quarter (3 months) Ended 31 March 2019 of Leader Environmental Technologies Limited (“Company”) and Its Subsidiaries (Collectively, “Group”)**

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

**1(a)(i) Income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of immediately preceding year.**

The Group’s operations are principally conducted in the People’s Republic of China (“PRC”). Accordingly, the consolidated financial statements have been prepared in Chinese Renminbi (“RMB”), being the functional currency of the Group.

	<b>Group</b>		<b>Change</b>
	<b>3 Months Ended</b>		
	<b>31.3.19</b>	<b>31.3.18</b>	
	<b>("1Q2019")</b>	<b>("1Q2018")</b>	<b>%</b>
	<b>RMB'000</b>	<b>RMB'000</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
Revenue	2,711	12,106	(77.6)
Cost of sales	(2,163)	(8,696)	(75.1)
<b>Gross profit</b>	<b>548</b>	<b>3,410</b>	(83.9)
Financial income	1	19	(94.7)
Other income	105	35	200.0
Selling and distribution expenses	(602)	(408)	47.5
Administrative expenses	(2,510)	(4,062)	(38.2)
Finance costs	(1,198)	(1,250)	(4.2)
Other expenses	(75)	(19)	294.7
<b>Loss before taxation</b>	<b>(3,731)</b>	<b>(2,275)</b>	64.0
Taxation	-	-	-
Loss after taxation	(3,731)	(2,275)	64.0
Other comprehensive loss after tax	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(3,731)</b>	<b>(2,275)</b>	64.0
<b>Loss attributable to:</b>			
Owners of the Company	(3,730)	(2,275)	64.0
Non-controlling interest	(1)	-	100.0
	<b>(3,731)</b>	<b>(2,275)</b>	
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company	(3,730)	(2,275)	64.0
Non-controlling interest	(1)	-	100.0
	<b>(3,731)</b>	<b>(2,275)</b>	

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of immediately preceding year.

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

	Group 3 Months Ended		Change %
	31.3.19 RMB'000	31.3.18 RMB'000	
Depreciation of property, plant and equipment	219	215	1.9
Amortisation of intangible assets	65	344	(81.1)
Operating lease expenses	174	170	2.4
Impairment of allowance for trade receivables	47	-	100.0
Write-back of allowance for impairment of trade receivables	(105)	-	100.0
Interest expense	1,198	1,250	(4.2)
Interest income	(1)	(19)	(94.7)
Inventories recognised as an expense in cost of goods sold	468	6,389	(92.7)
Employees' compensations	1,967	2,345	(16.1)
Exchange loss	6	19	(68.4)

1(b)(i) Statement of financial position (for the issuer and group) together with a comparative statement as at the end of the immediately preceding year.

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31.3.19	31.12.18	31.3.19	31.12.18
	RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	9,181	9,400	-	-
Intangible assets	1,478	1,543	-	-
Investment in subsidiaries	-	-	8,000	8,000
	<b>10,659</b>	<b>10,943</b>	<b>8,000</b>	<b>8,000</b>
<b>Current assets</b>				
Contract assets	90,534	41,842	-	-
Inventories	1,281	1,281	-	-
Trade and other receivables	50,745	48,901	13	-
Prepayments	75,019	96,795	74	15
Bank deposits pledged	1,190	1,190	-	-
Cash and cash equivalents	20,298	10,516	55	56
	<b>239,067</b>	<b>200,525</b>	<b>142</b>	<b>71</b>
<b>Total assets</b>	<b>249,726</b>	<b>211,468</b>	<b>8,142</b>	<b>8,071</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	224,747	224,747	224,747	224,747
Reserves	(163,908)	(160,178)	(224,803)	(223,925)
	<b>60,839</b>	<b>64,569</b>	<b>(56)</b>	<b>822</b>
<b>Non-controlling interests</b>	3	4	-	-
<b>Total equity</b>	<b>60,842</b>	<b>64,573</b>	<b>(56)</b>	<b>822</b>
<b>Current liabilities</b>				
Contract liabilities	67,045	6,073	-	-
Trade and other payables	58,393	56,250	5,394	4,244
Loans and borrowings	54,860	65,109	-	-
Other liabilities	8,586	19,463	2,804	3,005
	<b>188,884</b>	<b>146,895</b>	<b>8,198</b>	<b>7,249</b>
<b>Total equity and liabilities</b>	<b>249,726</b>	<b>211,468</b>	<b>8,142</b>	<b>8,071</b>

**1(b)(ii) Borrowings and debt securities (for the group) together with a comparative statement as at the end of the immediately preceding year.**

	Group	
	As at 31.3.19 RMB'000	As at 31.12.18 RMB'000
<b>Amount repayable in one year or less, or on demand</b>		
- secured	54,860	54,860
- unsecured	-	10,249
	54,860	65,109
<b>Amount repayable after one year</b>		
- secured	-	-
- unsecured	-	-
	-	-
	-	-

**Details of any collateral**

As at 31 March 2019, short term loans and borrowings drawn down amounted to RMB54.9 million (31 December 2018: RMB54.9 million). The short term loans and borrowings are secured on the followings:

1. a corporate guarantee from the Company;
2. personal guarantees by the Executive Chairman cum Chief Executive Officer of the Company and his spouse; and
3. pledge of 4 units of commercial properties with a net book value of RMB6.0 million as at 31 March 2019.

1(c) **Statement of cash flows (for the group) together with a comparative statement for the corresponding period of immediately preceding year.**

**Consolidated statement of cash flows**

	Group	
	Unaudited 3 months ended	
	31.3.19	31.3.18
	RMB'000	RMB'000
<b>Cash Flows from Operating activities</b>		
Loss before taxation	(3,731)	(2,275)
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	219	215
Amortisation of intangible assets	65	344
Allowance for impairment of trade receivables	47	-
Write-back of allowance of impairment of trade receivables	(105)	-
Interest income	(1)	(19)
Interest expense	1,198	1,250
Total adjustments	1,423	1,790
<b>Operating loss before changes in working capital</b>	<b>(2,308)</b>	<b>(485)</b>
Increase in contract assets	(48,692)	(36,820)
Increase in inventories	-	(13)
Increase in trade and other receivables	(1,786)	(8,660)
Decrease in prepayments	21,776	2,921
Increase in contract liabilities	60,972	44,609
Increase/(decrease) in trade and other payables	2,143	(6,670)
Decrease in other liabilities	(10,877)	(8,927)
Total changes in working capital	23,536	(13,560)
<b>Cash generated from/(used in) operations</b>	<b>21,228</b>	<b>(14,045)</b>
Interest income received	1	19
Interest paid	(1,198)	(1,250)
<b>Net cash generated from/(used in) operating activities</b>	<b>20,031</b>	<b>(15,276)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-	(822)
<b>Net cash flows used in investing activities</b>	<b>-</b>	<b>(822)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from loans and borrowings	5,000	12,000
Repayments of loans and borrowings	(5,000)	(7,000)
Repayment of third party loans	(10,249)	-
Repayments of bills payable - net	-	(820)
Decrease in bank deposits pledged	-	1,650
<b>Net cash (used in)/generated from financing activities</b>	<b>(10,249)</b>	<b>5,830</b>
Net increase/(decrease) in cash and cash equivalents	9,782	(10,268)
Cash and cash equivalents at 1 January	10,516	17,398
<b>Cash and cash equivalents at 31 March (Note A)</b>	<b>20,298</b>	<b>7,130</b>

1(c) **Statement of cash flows (for the group) together with a comparative statement for the corresponding period of immediately preceding year. (cont'd)**

**Consolidated statement of cash flows (cont'd)**

	<b>Group</b>	
	<b>As at</b>	
	<b>31.3.19</b>	<b>31.3.18</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Note A: Cash and cash equivalents</b>		
Cash and bank balances	21,488	7,130
Less: bank deposits pledged	(1,190)	-
Cash and cash equivalents	<u>20,298</u>	<u>7,130</u>

As at 31 March 2019, the Group's bank deposits pledged comprised solely bills payable of RMB1.2 million (31 March 2018: Nil). The bills payable have a maturity period of 180 days and are non-interest bearing.

1(d) Changes in equity (for the issuer and group) together with a comparative statement for the corresponding period of immediately preceding year (cont'd)

Group

← Attributable to the equity holders of the Company →

	Share capital RMB'000	PRC statutory common reserve RMB'000	Merger reserve RMB'000	Accumulated losses RMB'000	Premium paid on acquisition of non-controlling interest RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance at 1 January 2019</b>	224,747	31,748	(454)	(191,302)	(170)	64,569	4	64,573
Loss for the period, representing total comprehensive loss for the period	-	-	-	(3,730)	-	(3,730)	(1)	(3,731)
<b>Balance at 31 March 2019</b>	224,747	31,748	(454)	(195,032)	(170)	60,839	3	60,842

	Share capital RMB'000	PRC statutory common reserve RMB'000	Merger reserve RMB'000	Accumulated losses RMB'000	Premium paid on acquisition of non-controlling interest RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance at 1 January 2018</b>	224,747	31,748	(454)	(179,686)	(170)	76,185	-	76,185
Loss for the period, representing total comprehensive loss for the period	-	-	-	(2,275)	-	(2,275)	-	(2,275)
<b>Balance at 31 March 2018</b>	224,747	31,748	(454)	(181,961)	(170)	73,910	-	73,910

1(d) **Changes in equity (for the issuer and group) together with a comparative statement for the corresponding period of immediately preceding year (cont'd)**

**The Company**

	<b>Share capital RMB'000</b>	<b>Accumulated losses RMB'000</b>	<b>Total RMB'000</b>
<b>At 1 January 2019</b>	224,747	(223,925)	822
Loss for the period, representing total comprehensive loss for the period	-	(878)	(878)
<b>At 31 March 2019</b>	<u>224,747</u>	<u>(224,803)</u>	<u>(56)</u>

	<b>Share capital RMB'000</b>	<b>Accumulated losses RMB'000</b>	<b>Total RMB'000</b>
<b>At 1 January 2018</b>	224,747	(165,296)	59,451
Loss for the period, representing total comprehensive loss for the period	-	(889)	(889)
<b>At 31 March 2018</b>	<u>224,747</u>	<u>(166,185)</u>	<u>58,562</u>



1(e) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares and subsidiary holdings, if any, against the total number of issued shares excluding treasury shares of the issuers, as at the end of the current financial period on and as at the end of the corresponding period of the immediately preceding financial year.**

Not applicable.

The subsidiary did not hold any treasury shares or convertibles as at 31 December 2018 and 31 March 2019.

1(f) **Number of shares that may be issued on conversion of all outstanding convertibles together with a statement for the corresponding period of immediately preceding year**

Not applicable. The Company does not have any convertibles as at 31 March 2019 and 31 December 2018.

1(g)(i) **Number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer together with a statement for the corresponding period of immediately preceding year**

	Company	
	31 Mar 2019	31 Dec 2018
Total number of shares issued at end of period/year	<u>617,209,000</u>	<u>617,209,000</u>

1(g)(ii) **A statement showing all sales, transfers, cancellation and/or use of treasury shares at the end of the current financial period reported on**

The Company does not have any treasury shares as at 31 March 2019 and 31 December 2018.

1(g)(iii) **A statement showing all sales, transfers, cancellation, and/or use of subsidiary holdings as at the end of the current financial period reported on**

Not applicable.

2. **Whether the figures have been audited or reviewed, and if so which auditing standard or practice has been followed.**

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

3. **Where the figures have been audited or reviewed, please provide a statement on whether there are any qualifications or emphasis of matter.**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2018.

5. **If there have been any changes to the above, please make adequate disclosure and state the reasons for and effect of the change.**

The Group has adopted new Singapore Financial Reporting Standards (International) (SFRS(I)) for the financial period beginning 1 January 2019 as follow:

- **SFRS(I) 16 Leases**

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

As part of the cost cutting initiatives, the Group has terminated one of the leases of its sales offices, and the remaining lease was shortened to one year during the financial period. Hence, in applying the exemption for short-term leases, the adoption of SFRS(I) 16 has no financial impact on the Group.

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding year, after deducting any provision for preference dividends.**

The calculation of basic loss per share is based on the Group's net loss attributable to owners of the Company for the respective periods divided by the weighted average of 617,209,000 ordinary shares for the three-month ended 31 March 2019 (1Q2018: 617,209,000 ordinary shares).

	<b>Group</b>	
	<b>3 months</b>	
	<b>Jan to Mar 2019</b>	<b>Jan to Mar 2018</b>
Loss after tax attributable to owners of the Company (RMB'000)	<u>(3,730)</u>	<u>(2,275)</u>
Basic loss per share (RMB cents per share)	<u>(0.60)</u>	<u>(0.37)</u>

\* There were no potential dilutive options or instruments for both financial periods.

7. **Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the:-**

(a) **current financial period reported on; and**

(b) **immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2019</b>	<b>31 Dec 2018</b>	<b>31 Mar 2019</b>	<b>31 Dec 2018</b>
Net asset value (RMB'000)	60,839	64,569	(56)	(822)
Net asset value per share (RMB cents per share)	<u>9.86</u>	<u>10.46</u>	<u>(0.01)</u>	<u>(0.13)</u>

Net asset value for the Group and Company as at 31 March 2019 and 31 December 2018 was computed based on 617,209,000 shares in issue at the end of the financial period/year respectively.

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets and liabilities of the Group during the current financial period reported on.**

**Review of Group Performance**

**Consolidated Statement of Comprehensive Income**

**Revenue**

	1Q2019		1Q2018	
	RMB'000	%	RMB'000	%
<b>Industrial wastegas treatment</b>				
- Dust elimination	2,711	100.0	11,891	98.2
- Desulphurization	-	-	-	-
Sub-total	2,711	100.0	11,891	98.2
<b>Industrial wastewater</b>	-	-	-	-
<b>Design, technical and others</b>	-	-	215	1.8
	<u>2,711</u>	<u>100.0</u>	<u>12,106</u>	<u>100.0</u>

**Revenue**

Total revenue decreased by RMB9.2 million or 77.6%, from RMB11.9 million in 1Q2018 to RMB2.7 million in 1Q2019 because unlike 1Q2018, there was smaller amount of work activities spillover from previous year's uncompleted contracts. The Group is still in the midst of making preparation work on the new contracts as they are scheduled to commence work from May 2019 onwards after the winter season.

**Gross profit and gross profit margin**

In line with the decrease in revenue, gross profit also decreased by RMB2.9 million or 83.9%, from RMB3.4 million in 1Q2018 to RMB0.5 million in 1Q2019. Overall gross profit margin decreased by 8.0%, from 28.2% in 1Q2018 to 20.2% in 1Q2019 because the gross profit margin was dragged down by two smaller contracts undertaken for equipment supply and retrofitting works. The Group took on the smaller jobs in anticipation of future collaboration with these customers on potential larger scale contracts.

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:- (cont'd)**

**Financial income**

The decrease in financial income of RMB18,000 or 94.7%, from RMB19,000 in 1Q2018 to only RMB1,000 in 1Q2019 due to lower cash and cash equivalents in 1Q2019. The receipts of RMB20.0 million from certain supplier were only received two days before the first quarter ended.

**Other income**

Other income increased by RMB70,000, from RMB35,000 in 1Q2018 to RMB105,000 in 1Q2019 due to write-back of allowance for impairment of trade receivables of RMB0.1 million, partly offset by the absence of an one-off unclaimed cash distribution received from CDP of RMB35,000 in 1Q2019.

**Other items of expense**

Selling and distribution expenses increased by RMB0.2 million or 47.5%, from RMB0.4 million in 1Q2018 to RMB0.6 million in 1Q2019 due mainly to higher payroll and related costs due to headcount addition and miscellaneous expenses of RMB0.1 million each.

Administrative expenses decreased by 38.2% or RMB1.6 million, from RMB4.1 million in 1Q2018 to RMB2.5 million in 1Q2019 which was in line with the decrease in business activities.

Lower finance costs were incurred of RMB0.1 million due to lower loan quantum obtained of RMB54.9 million (1Q2018:2018: RMB65.0 million), partly offset by the higher weighted interest rate charged of 9.0% in 1Q2019 (1Q2018: 5.87%).

**Income tax expense**

There was no income tax expense in 1Q2018 and 1Q2019 as the holding company and its subsidiaries were in loss making positions.

**Loss after taxation**

In view of the above, loss after taxation increased by RMB1.4 million or 64.0%, from RMB2.3 million in 1Q2018 to RMB3.7 million in 1Q2019.

**8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:- (cont'd)**

**Balance sheet review**

Non-current assets amounted to RMB10.7 million and comprised property, plant and equipment ("PPE") of RMB9.2 million and intangible assets of RMB1.5 million as at 31 March 2019. The decrease in PPE of RMB0.2 million was attributed mainly to by depreciation of RMB0.2 million during the financial period.

Intangible assets was flat at RMB1.5 million as at 31 March 2019 after amortization of RMB65,000 during the financial period. It comprised solely the patent in relation to an internally developed new dust elimination technology with pulsating rotary positioning mechanism, and has a remaining tenure of 68 months (31 December 2018: 71 months) as at 31 March 2019.

Current assets comprised contract assets, inventories, trade and other receivables, prepayments, bank deposits pledged and cash and cash equivalents. Current assets amounted to RMB239.0 million and RMB200.5 million as at end of 31 March 2019 and 31 December 2018 respectively. Current assets accounted for 95.7% and 94.8% of our total assets as at 31 March 2019 and 31 December 2018 respectively.

Contract assets amounted to RMB90.5 million and RMB41.8 million as at 31 March 2019 and 31 December 2018 respectively and accounted for 37.3% and 20.9% of our current assets as at 31 March 2019 and 31 December 2018 respectively. The increase of RMB48.7 million was mainly due to work performed in 1Q2019 which have not reached billing milestones.

Inventories were relatively unchanged at RMB1.3 million as at 31 March 2019 and 31 December 2018. The Group normally does not maintain substantial inventories due to relatively short purchasing lead time required.

Trade and other receivables comprised trade receivables, bills receivable, retention monies and other receivables amounted to RMB50.7 million and RMB48.9 million as at 31 March 2019 and 31 December 2018 respectively, and accounted for approximately 21.2% and 24.4% of our current assets as at the respective balance sheet dates. Trade receivables and retention monies amounted to RMB6.8 million as at 31 March 2019, representing a decrease of RMB3.7 million as a result of trade settlement from a customer.

Other receivables comprised advances to employees for business purposes, bidding deposits and tax recoverable. Other receivables amounted to RMB43.9 million and RMB38.4 million as at 31 March 2019 and 31 December 2018 respectively. The increase of RMB5.5 million was mainly attributed to the placement of bidding deposits placed directly with the customers for the tender of industrial wastegas and wastewater contracts in 2019 and procurement of raw materials for various project sites.

Prepayments comprised prepaid operating expenses, advances to trade and non-trade suppliers amounted to RMB75.0 million and RMB96.8 million as at 31 March 2019 and 31 December 2018 respectively. The decrease of RMB21.8 million was attributed mainly to partial refunds from certain supplier of RMB20.0 million during the financial period.

Bank deposits pledged to secure the bills payable facility, remained flat at RMB1.2 million as at 31 March 2019 and 31 December 2018.

**8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:- (cont'd)**

Cash and cash equivalents amounted to RMB20.3 million and RMB10.5 million as at 31 March 2019 and 31 December 2018 respectively, and accounted for approximately 8.4% and 5.2% of current assets as at the respective balance sheet dates.

Net cash and cash equivalents increased by RMB9.8 million as net cash generated from operating activities was RMB20.0 million. This was due mainly to the partial refund of deposits amounting to RMB20.0 million from certain supplier during the financial period.

Net cash used in financing activities was RMB10.2 million. This was attributed to repayments of third party loans and bank borrowings of RMB10.2 million and RMB5.0 million respectively, partly offset by proceeds from bank borrowings of RMB5.0 million during the financial period.

Current liabilities comprised mainly contract liabilities, trade and other payables, loans and borrowings, other liabilities and income tax payable. Current liabilities amounted to RMB188.9 million and RMB146.9 million as at 31 March 2019 and 31 December 2018 respectively, and accounted for 100.0% each of total liabilities as at the respective balance sheet dates.

Contract liabilities increased by RMB60.9 million, from RMB6.1 million as at 31 December 2018 to RMB67.0 million as at 31 March 2019. These amounts were pending the completion of the contracts before they can offset against the contract assets.

Trade and other payables comprised trade payables, other payables and bills payable.

Trade payables amounted to RMB50.7 million as at 31 March 2019, representing marginal increase of RMB0.5 million over 31 December 2018 due to raw materials purchased for the new contracts.

Other payables comprised primarily VAT, other operating tax payables and other operating expenses. Other payables amounted to RMB6.5 million and RMB4.8 million as at 31 March 2019 and 31 December 2018 respectively. The increase of RMB1.7 million was due mainly to additional loans from Directors to finance the Group's business operations, expenses claims by employees and higher unpaid operating expenses of holding company amounting to RMB1.7 million in aggregate.

The bills payable of RMB1.2 million remained relatively unchanged as at 31 December 2018 and 31 March 2019.

Loans and borrowings decreased from RMB65.1 million as at 31 December 2018 to RMB54.9 million as at 31 March 2019 due to repayments of third parties' borrowings.

Other liabilities comprised accrued purchases, VAT, salaries and travelling expenses, other operating expenses, advances from customers and welfare expenses. Other liabilities amounted to RMB8.6 million and RMB19.5 million as at 31 March 2019 and 31 December 2018 respectively.

Accrued purchases, payroll and related expenses, operating expenses and welfare expenses amounted to RMB8.6 million and RMB13.2 million as at 31 March 2019 and 31 December 2018 respectively. The decrease of RMB4.6 million was mainly in line with the decrease in business activities.

Advances from customers were nil and RMB6.3 million as at 31 March 2019 and 31 December 2018 respectively. There was no new contract signed during the financial period which explained for the nil advances from customer. In addition, the deposit received of RMB6.3 million as at 31 December 2018 was transferred to contract liabilities because project work had commenced during the financial period.

### **Shareholder's equity**

The Group's total shareholder's equity comprised share capital, PRC statutory common reserve, merger reserve, accumulated losses and premium paid on acquisition of non-controlling interests. Total equity as at 1 January 2019 amounted to RMB64.6 million. Loss attributable to owners of the Company and non-controlling interests amounted to RMB3.7 million and RMB1,000 in the current period respectively. Consequently, total equity decreased to RMB60.8 million as at 31 March 2019, of which the amount was mainly attributable to owners of the Company.

The non-controlling interests of RMB3,000 relate to the minority shareholder's 0.1% stake in our subsidiary, Jilin Anjie New Energy Group Co., Ltd.

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

Not applicable.

10. **A commentary of the competitive conditions of the industry in which the group operates and any known factors that might affect the group in the next reporting period and the next 12 months has been provided.**

The Group has started work on most of the new contracts after the winter season, except for one key government related industrial wastewater contract. It is still pending the completion of procedural work on the project site before scavenging work can commence. Management is following up closely with the customer to avoid delays to the contract and impact to its financials.

Management is mindful that the Group has working capital constraints, so it needs to tread carefully in managing the expenditure and business risk. Furthermore, management is also cautiously monitoring the market conditions before it embarks on any project tenders. The Group's immediate priorities remain in completing the previous year's order book and expedite collections from trade receivables.

11. **Dividend**

- (a) **Current Financial Period Reported On?**

Any dividend recommended for the current financial period reported on?

No.

- (b) **Corresponding Period of the Immediately Preceding Financial Year?**

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

No.

- (c) **Date Payable**

Not applicable.

- (d) **Book Closure Date.**

Not applicable.

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

No dividend for the three months ended 31 March 2019 is declared or recommended. The Group needs to preserve its cash for working capital requirements. Furthermore, pursuant to the Companies Act (Chapter 50), the Company is unable to pay dividends due to its huge accumulated loss position.

13. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from its shareholders for IPTs.

**BY ORDER OF THE BOARD**  
**Leader Environmental Technologies Limited**

Lin Baiyin  
Executive Chairman and Chief Executive Officer

14 May 2019



**Confirmation that the issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in appendix 7.7) under Rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

On behalf of the Board of Directors of the Company, we confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results for the first quarter ended 31 March 2019 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**  
**Leader Environmental Technologies Limited**

Lin Baiyin  
Executive Chairman and Chief Executive Officer

14 May 2019

Goh Kay Seng Edwin  
Independent Non-Executive Director

14 May 2019