



Leader Environmental Technologies Limited

Condensed consolidated interim financial statements
For the six months ended 30 June 2022

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Legends:

HY2022	– 6 months ended 30 June 2022
HY2021	– 6 months ended 30 June 2021
FY2021	– 12 months ended 31 December 2021
NM	– not meaningful

Condensed consolidated statements of financial position

As at 30 June 2022

	Note	Group		Company	
		30 June 2022 RMB'000	31 December 2021 RMB'000	30 June 2022 RMB'000	31 December 2021 RMB'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	52,299	48,051	933	1,177
Intangible assets	4	2,566	1,616	-	-
Investment in subsidiaries		-	-	94,168	86,062
Contract assets	5	27,305	-	-	-
		82,170	49,667	95,101	87,239
Current Assets					
Contract assets	5	45,088	32,552	-	-
Inventories	6	2,027	468	-	-
Trade and other receivables	7	29,497	30,004	1,208	1,248
Prepayments		200	156	45	37
Bank balances, deposits & cash		77,228	95,103	29,438	42,400
		154,040	158,283	30,691	43,685
Total assets		236,210	207,950	125,792	130,924
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	12	375,049	375,049	375,049	375,049
PRC statutory common reserve		32,753	32,410	-	-
Merger reserve		(454)	(454)	-	-
Share option reserve		268	-	268	-
Currency translation reserve		(62)	(437)	-	-
Accumulated losses		(280,891)	(275,285)	(258,334)	(253,677)
Equity attributable to owners of the Company		126,663	131,283	116,983	121,372
Non-controlling interests		21,277	16,348	-	-
Total equity		147,940	147,631	116,983	121,372
Non-Current Liabilities					
Bank borrowings	8	22,929	23,592	-	-
Lease liabilities		2,514	957	299	464
Provision for restoration costs	9	454	377	-	-
Total non-current liabilities		25,897	24,926	299	464
Current Liabilities					
Bank borrowings	8	2,890	2,472	-	-
Lease liabilities		2,074	912	325	319
Trade and other payables	10	9,179	10,266	7,321	7,590
Other liabilities	11	44,708	19,466	864	1,179
Income tax payable	16	3,522	2,277	-	-
Total current liabilities		62,373	35,393	8,510	9,088
Total liabilities		88,270	60,319	8,809	9,552
Total equity and liabilities		236,210	207,950	125,792	130,924

Condensed consolidated statement of profit or loss and other comprehensive income

For the half year ended 30 June 2022

	Note	Group		Change %
		HY2022 RMB'000	HY2021 RMB'000	
Revenue	14	25,152	28,962	(13.2)
Cost of sales		(15,290)	(19,686)	(22.3)
Gross profit		9,862	9,276	6.3
Finance income		274	174	57.5
Other income		2,839	285	896.1
Selling and distribution expenses		(442)	(535)	(17.4)
Administrative expenses		(14,258)	(9,440)	51.0
Finance costs		(345)	(880)	(60.8)
Impairment loss write-back on financial assets and contract assets (net)		(2,637)	10,602	NM
Other expenses		(3)	(1,076)	(99.8)
(Loss)/profit before taxation	15	(4,710)	8,406	NM
Taxation	16	(1,282)	(1,376)	(6.8)
(Loss)/profit for the period		(5,992)	7,030	NM
Other comprehensive income/(loss) after tax				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Currency translation differences		375	(101)	NM
<u>Items that will not be reclassified subsequently to profit or loss</u>				
Currency translation differences		250	(67)	NM
Other comprehensive income for the period, net of tax		625	(168)	NM
Total comprehensive (loss)/income for the period		(5,367)	6,862	NM
(Loss)/profit for the financial period, net of tax attributable to:				
- Owners of the Company		(5,263)	7,111	NM
- Non-controlling interests		(729)	(81)	800
		(5,992)	7,030	NM
Total comprehensive (loss)/profit attributable to:				
- Owners of the Company		(4,888)	7,010	NM
- Non-controlling interests		(479)	(148)	223.6
		(5,367)	6,862	NM
(Loss)/earnings per share				
Basic (RMB in cents)	18	(0.34)	0.54	
Diluted (RMB in cents)	18	(0.34)	0.54	

Interim Financial Information

Condensed consolidated statements of changes in equity

Half year ended 30 June 2022

	Attributable to owners of the Company						Total attributable to owners of the Company RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	PRC statutory common reserve RMB'000	Merger reserve RMB'000	Share option reserve RMB'000	Currency translation reserve RMB'000	Accumulated losses RMB'000			
The Group									
At 1 January 2022	375,049	32,410	(454)	-	(437)	(275,285)	131,283	16,348	147,631
Loss for the period	-	-	-	-	-	(5,263)	(5,263)	(729)	(5,992)
Other comprehensive profit	-	-	-	-	375	-	375	250	625
Total comprehensive profit/(loss) for the period	-	-	-	-	375	(5,263)	(4,888)	(479)	(5,367)
Transactions with owners, recognised directly in equity									
Recognition of share-based payment	-	-	-	268	-	-	268	-	268
Capital contributions from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	5,408	5,408
Appropriation of profit to reserve	-	343	-	-	-	(343)	-	-	-
Total transactions with owners	-	343	-	268	-	(343)	268	5,408	5,676
At 30 June 2022	375,049	32,753	(454)	268	(62)	(280,891)	126,663	21,277	147,940
At 1 January 2021	276,699	31,748	(454)	-	-	(280,463)	27,530	-	27,530
Profit/(loss) for the period	-	-	-	-	-	7,111	7,111	(81)	7,030
Other comprehensive loss	-	-	-	-	(101)	-	(101)	(67)	(168)
Total comprehensive loss for the period	-	-	-	-	(101)	7,111	7,010	(148)	6,862
Transactions with owners, recognised directly in equity									
Issuance of new shares by subsidiary - called up and unpaid	-	-	-	-	-	-	-	1,948	1,948
Total transactions with owners	-	-	-	-	-	-	-	1,948	1,948
At 30 June 2021	276,699	31,748	(454)	-	(101)	(273,352)	34,540	1,800	36,340

Condensed consolidated statement of changes in equity (Cont'd)

Half year ended 30 June 2022

The Company	Share capital RMB'000	Accumulated losses RMB'000	Share option reserve RMB'000	Total RMB'000
At 1 January 2022	375,049	(253,677)	-	121,372
Loss for the period	-	(4,657)	-	(4,657)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	-	(4,657)	-	(4,657)
Transactions with owners, recognised directly in equity				
Recognition of share based payments	-	-	268	268
Total transactions with owners	-	(4,657)	268	(4,389)
At 30 June 2022	375,049	(258,334)	268	116,983
At 1 January 2021	276,699	(242,146)	-	34,553
Loss for the period	-	(5,024)	-	(5,024)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(5,024)	-	(5,024)
At 30 June 2021	276,699	(247,170)	-	29,529

Condensed consolidated statement of cash flows

For the Half year ended 30 June 2022

	Note	Group	
		HY2022 RMB'000	HY2021 RMB'000
Cash Flows from Operating Activities			
(Loss)/profit before taxation		(4,710)	8,406
Adjustments for:			
Depreciation of property, plant and equipment		2,025	668
Share options expenses		268	-
Loss/(gain) on disposal of property, plant and equipment		-	416
Loss on lease rights on disposal		-	78
Amortisation of intangible assets		89	-
Write-off of goodwill		5	-
Impairment loss on financial assets and contract assets		2,896	4,338
Impairment loss on financial assets and contract assets no longer required		(259)	(14,940)
Gain on re-measurement of lease liabilities		(7)	-
Finance costs		345	880
Finance income		(274)	(174)
Operating profit/(loss) before working capital changes		378	(328)
Increase in contract assets		(39,841)	(14,351)
(Increase)/decrease in inventories		(1,527)	803
(Increase)/decrease in trade and other receivables		(1,875)	31,718
Increase in prepayments		(43)	(4,622)
Decrease in contract liabilities		-	(479)
Decrease in trade and other payables		(1,324)	(12,081)
Increase in other liabilities		25,236	8,641
Cash (used in)/generated from operations		(18,996)	9,301
Income tax paid		(37)	-
Net cash (used in)/from operating activities		(19,033)	9,301
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		(1,465)	(943)
Proceeds from disposal of property, plant and equipment and sale and leaseback transaction		-	5,097
Additions to intangible assets		(1,039)	-
Interest income received		274	174
Acquisition of subsidiary		-	(974)
Net cash (used in)/from investing activities		(2,230)	3,354
Cash Flows from Financing Activities			
Capital contributions from non-controlling shareholders of subsidiaries		5,408	-
Proceeds from bank borrowings		429	-
Repayments of bank borrowings		(1,226)	(23,990)
Repayments of lease liabilities		(877)	(395)
Repayments of bills payable, net		-	(2,000)
Interest paid		(339)	(847)
(Increase)/decrease in bank deposits pledged		(2,064)	1,840
Net cash generated from/(used in) financing activities		1,331	(25,392)
Net decrease in cash and cash equivalents		(19,932)	(12,737)
Cash and cash equivalents at beginning of year		92,137	47,628
Effect of exchange rate changes on the balance of cash held in foreign currencies		(7)	-
Cash and cash equivalents at end of year	A	72,198	34,891

A Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents in the condensed consolidated statement of cash flows comprise the following balance sheet amounts:

	30 June 2022	30 June 2021
Bank balances, deposits & cash	77,228	36,051
Less:		
Deposits pledged to secure bank borrowing	(3,030)	-
Deposit pledged to secure bills payable facility	-	(1,000)
Deposit placed as performance bond	(2,000)	(160)
Cash and cash equivalents	72,198	34,891

Deposits pledged of RMB3.0 million (31 December 2021: RMB3.0 million) represent funds earmarked in a debt service reserve account as mandated by certain bank to secure the bank loan to partly finance the outright lease payments of leasehold land and building for the membrane manufacturing facility.

The deposit placed for the performance bond of RMB2.0 million was for the Group to undertake the sludge treatment project in Bazhou city. The aforesaid project was announced on the SGX-Net dated 6 January 2022.

B Cash flow analysis

Half year ended 30 June 2022

Net cash used in operating activities was RMB19.0 million as compared to cash generated from operating activities of RMB9.3 million in the same period last year mainly due to higher working capital requirements.

Net cash used in investing activities was RMB2.2 million was due to acquisition of property, plant and equipment and intangible assets of RMB1.5 million and RMB1.0 million respectively, partly offset by interest income of RMB0.3 million.

Net cash generated from financing activities was RMB1.3 million due to capital contributions from non-controlling shareholders of RMB5.4 million and proceeds from bank borrowings relating to trust receipts of RMB0.4 million, partly offset by an increase in bank deposits pledged of RMB2.1 million, repayments of bank borrowings of RMB1.2 million, repayments of lease liabilities of RMB0.9 million and interest paid of RMB0.3 million.

Notes to the condensed consolidated interim financial statements

1 Corporate information

Leader Environmental Technologies Limited is incorporated and domiciled in Singapore, and its registered office is located at 38 Beach Road, South Beach Tower, #29-11, Singapore 189767. These condensed consolidated interim financial statements as at 30 June 2022 and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group). The principal activity of the Company is that of an investment holding company.

The principal activities of the Group are:

- (a) Provision of engineering, procurement and construction (“EPC”) services in respect of sludge and water treatment plants;
- (b) Provision of operation and maintenance services in respect of sludge and water treatment plants;
- (c) Production of high performance membrane products; and
- (d) Greentech investments in start-ups in technologies, high-tech products and services relating to environmental protection.

2 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2021.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those of the previous audited financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.3.

2.1 Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

2.2 Functional and presentation currencies

The condensed consolidated interim financial statements are presented in RMB which is also the Company’s functional currency.

2.3 Adoption of new and amended SFRS(I)

There are a number of new and revised accounting standards that are effective for annual financial periods beginning on or after 1 January 2022. The Group and Company did not have to change its accounting policies nor made any retrospective adjustments as a result of adopting these standards.

2.4. Use of judgements and estimates

In preparing the condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in the FY2021 annual report, and there are no deviations for HY2022.

3. Property, plant and equipment ("PPE")

Acquisitions and disposals

In HY2022, the Group:

- (a) acquired new PPE with an aggregate cost amounting to RMB4,132,000 (30 June 2021: RMB2,287,000), of which RMB2,482,000 (30 June 2021: RMB1,298,000) relates mainly to right-of-use assets. A balance of RMB185,000 (30 June 2021: Nil) remained unpaid as at 30 June 2022. Furthermore, there was no addition in PPE resulting from the acquisition of a subsidiary as opposed to RMB46,000 on 30 June 2021;
- (b) recorded a re-measurement adjustment of RMB1,268,000 (30 June 2021: Nil) arising from the renewal of an existing lease with higher lease payments;
- (c) did not enter into any transaction relating to the disposal of PPE. On 30 June 2021, the Group disposed PPE with carrying values of RMB152,000 which resulted in loss on disposals of RMB54,000;
- (d) provided restoration costs amounting to RMB65,000 (30 June 2021: Nil) in accordance with the lease agreement of the Tianjin subsidiary to restore the office back to its original state once the lease expires; and
- (e) recognised a positive exchange realignment movement of RMB1.0 million arising from currency translation differences.

4. Intangible assets

	Goodwill	Patents	Software development costs	Group Total
As at 31 December 2021	RMB'000	RMB'000	RMB'000	RMB'000
Opening carrying amount	-	-	-	-
Additions	-	-	-	-
Acquisition of subsidiary	-	1,796	-	1,796
Less: amortisation charge	-	(180)	-	(180)
Closing carrying amount	-	1,616	-	1,616
As at 30 June 2022				
Opening carrying amount	-	1,616	-	1,616
Additions	-	-	1,039	1,039
Acquisition of subsidiary	5	-	-	5
Write-off	(5)	-	-	(5)
Less: amortisation charge	-	(89)	-	(89)
Closing carrying amount	-	1,527	1,039	2,566

Goodwill of RMB5,000 (31 December 2021: Nil) was recognised upon the acquisition of a newly start-up company, Guangdong Zhihe Energy-saving and Environmental Protection Technology Co., Ltd, in May 2022 to develop the Group's environmental related businesses in the marine, oil and gas industries. In view of the new establishment which comprised solely of other payables in relation to the set-up costs, the goodwill was written off immediately to the profit and loss.

In January 2021, the premium paid of RMB1,796,000 was ascribed to two patented sludge treatment technologies which enhance the Group's ability to tender and undertake sludge treatment projects. The patents were amortised over a 10-year period. As at 30 June 2022, the patents have a remaining tenure of 102 months (31 December 2021: 108 months).

The capitalised software development costs of RMB1,039,000 (31 December 2021: Nil) were expended on the development and application of an artificial intelligence water treatment model with the key objective of optimising the operations and maintenance of water treatment plants to reduce the overall treatment costs, especially energy and chemical costs. The Group collaborated with certain Science Academy in China, which spanned over a three-year period commencing from January 2022, to develop the software. As the software is still under development, there was no amortisation of the capitalised development costs in HY2022.

Impairment test for cash generating unit ("CGU") containing patents

The recoverable amount of the costs paid in relation to the acquired sludge treatment patents was based on the value in use ("VIU") and was determined by discounting the future cash flows to be generated from the continuing use of the CGU. No impairment was required for the carrying amount of patent costs as at 30 June 2022 as the recoverable amount was in excess of the carrying amount.

The key assumptions used in the calculation of recoverable amounts of patent costs were discount rates and growth rates.

The discount rates used were pre-tax and based on the risk-free rate for the relevant market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systemic risk of the specific business activities.

5. Contract assets

Contract assets comprise of the following:

	30 June 2022 RMB'000	Group 31 December 2021 RMB'000
Engineering contracts	44,607	38,154
Plant under construction	27,305	-
Treatment contracts	786	-
	72,698	38,154
Less: loss allowance [#]	(305)	(5,602)
	72,393	32,552

Presentation on the Statements of Financial Position

Current	45,088	32,552
Non-current	27,305	-
	72,393	32,552

The engineering contracts comprise mainly Shijiazhuang project of RMB23,934,000 (31 December 2021: RMB30,235,000) and the Bazhou project of RMB20,516,000 (31 December 2021: Nil). Both projects were recognised based on the percentage work completed, using the input method, but were not billed at the reporting date. During the half year ended 30 June 2022, there was allowance for impairments recognised on the contract assets amounting to RMB305,000 (30 June 2020: RMB1,400,000) based on the application of the expected credit loss model.

The plant under construction relates to Bazhou project as at the end of the reporting period. A contract asset of RMB27,305,000 (31 December 2021: Nil) is recognised over the period of construction in accordance with the SFRS(I) INT 12. Any amount previously recognised as a contract asset is reclassified to service concession receivables once construction is completed, depending on the nature of the concession agreement signed.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

[#] allowance for impairments of RMB4,146,000 (31 December 2021: Nil) was reclassified from contract assets to trade receivables.

6. Inventories

	30 June 2022 RMB'000	Group 31 December 2021 RMB'000
Raw materials, at cost	2,027	468

7. Trade and other receivables

	Group		Company	
	30 June 2022 RMB'000	31 December 2021 RMB'000	30 June 2022 RMB'000	31 December 2021 RMB'000
Trade and other receivables (Gross)	5,702	910	-	-
Allowance for impairments [@]	(4,507)	(406)	-	-
Trade receivables (net)	1,195	504	-	-
Retention receivables	2,573	4,702	-	-
Grant receivables	176	204	106	162
Sundry receivables				
- Amounts due from subsidiaries	-	-	1,016	1,002
- Advances to trade suppliers	1,936	2,608	-	-
- Advances to non-trade suppliers	985	582	-	-
- Advances to a related party	8,425	8,247	-	-
- Tender and security deposits	8,069	8,069	-	-
- Advances to employees	31	11	-	-
- VAT and other tax receivables	4,843	4,758	-	-
- Others	1,264	319	86	84
	25,553	24,594	1,102	1,086
Total	29,497	30,004	1,208	1,248

The Group recognised allowance for impairment loss on financial assets amounting to RMB2,332,000 (30 June 2021: 2,938,000) for the six months ended 30 June 2022 in accordance with the allowance matrix applicable to the expected credit loss model.

[@] allowance for impairments of RMB4,146,000 (31 December 2021: Nil) was reclassified from contract assets to trade receivables.

8. Borrowings

	Group	
	30 June 2022 RMB'000	31 December 2021 RMB'000
Non-current liabilities		
Bank loans - secured	22,929	23,592
Current liabilities		
Bank loans - secured	2,455	2,472
Trust receipts	435	-
Total – borrowings (current liabilities)	2,890	2,472
Total borrowings	25,819	26,064

The bank loans obtained by the subsidiary to finance the outright lease payments of the leasehold land and building for purpose of the membrane manufacturing facility are secured by the following:

- (i) legal mortgage of leasehold property at 8 Tuas West Avenue Singapore;
- (ii) corporate guarantees for all monies owing to be provided by the holding company, Leader Environmental Technologies Limited and Nanosun Pte. Ltd, a related company; and
- (iii) bank deposit of RMB3,030,000 (31 December 2021:RMB2,966,000) earmarked in a debt service reserve account with the bank to make payments in the event of disruption of cash flows to the extent that the repayments cannot be made.

The bank loans are subjected to floating interest of 1% per annum above 3-month Singapore Inter-Bank Offer Rate ("3M SIBOR") for the first two years, and 3.48% per annum above 3M SIBOR thereafter.

One of the subsidiaries is subject to externally imposed bank covenant as it needs to maintain at all times a tangible net worth of not less than S\$6.0 million (approximately RMB28.9 million). During the financial period ended 30 June 2022, there are no known instances of any breaches of bank covenants by the subsidiary.

9. Provision for restoration costs

	Group	
	30 June 2022 RMB'000	31 December 2021 RMB'000
Beginning of period	377	-
Addition	65	384
Unwinding of the discount	4	-
Currency translation differences	8	(7)
End of period	<u>454</u>	<u>377</u>
Presented as:		
Non-current	<u>454</u>	<u>377</u>

The provision during the financial period ended 30 June 2022 relates to the estimated costs amounting to RMB65,000 for restoring the new leased office in Tianjin, which are capitalised and included in the cost of the PPE, and is expected to be utilised at the end of the lease term.

10. Trade and other payables

	Group		Company	
	30 June 2022 RMB'000	31 December 2021 RMB'000	30 June 2022 RMB'000	31 December 2021 RMB'000
Trade payables	6,479	6,657	-	-
Sundry payables	1,997	1,962	5	274
VAT and other tax payables	703	529	-	-
Amount due to a related party	-	1,096	-	-
Amount due to subsidiaries	-	-	7,316	7,316
Amount due to directors	-	22	-	-
Total	<u>9,179</u>	<u>10,266</u>	<u>7,321</u>	<u>7,590</u>

11. Other liabilities

	Group		Company	
	30 June 2022 RMB'000	31 December 2021 RMB'000	30 June 2022 RMB'000	31 December 2021 RMB'000
Accrued purchases	42,826	16,569	-	-
Accrued salaries and related expenses	1,308	1,322	398	339
Accrued operating expenses	530	916	466	840
Accrued capital expenditure	-	615	-	-
Accrued welfare expenses	44	44	-	-
Total	<u>44,708</u>	<u>19,466</u>	<u>864</u>	<u>1,179</u>

Accrued purchases mainly pertain to unbilled invoices from the suppliers in respect of the equipment and systems received for the industrial wastewater plant in Shijiazhuang, and construction of sludge treatment plant in Bazhou city.

12. Share capital

	Company			
	30 June 2022		31 December 2021	
	Number of shares	Amount RMB'000	Number of shares	Amount RMB'000
Beginning of period	1,534,878,360	375,049	1,326,976,200	276,699
Shares issued pursuant to rights issue	-	-	207,902,160	99,515
Share issuance expenses	-	-	-	(1,165)
End of period	1,534,878,360	375,049	1,534,878,360	375,049

The Company did not hold any treasury shares as at 30 June 2022 and 31 December 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

On 4 March 2022, the Company has granted options to both Directors and Executives of the Group to subscribe for the Company's ordinary shares. Please refer to the announcement dated 4 March 2022 on the SGXNet for the details.

Outstanding shares

As at 30 June 2022, share options to subscribe for 12,350,000 ordinary shares (30 June 2021: Nil) were outstanding under the Leader Environmental Technologies Share Option Scheme ("**LET ESOS**"). These share options are to be vested over a two-year period commencing from 4 March 2022.

The fair values for the share options granted were calculated using the Binomial option pricing model.

13. Seasonal operations

The Group's new focus and expansions into new environmental related businesses in respect of sludge treatments, water treatments and high-performance membrane productions will not be affected significantly by seasonal or cyclical factors.

14. Segment and revenue information

During the reporting period, the Group has elected to change its reportable segments from (i) industrial wastegas treatment, (ii) industrial wastewater treatment, (iii) sales of parts and (iv) others to (i) provision of engineering solution services in respect of sludge and water treatment, (ii) AIWater (ie. artificial intelligence technology in water treatment) and sludge treatment services and (iii) others. The change is to better reflect the nature of the Group's business operations and activities. Accordingly, the Group has restated the corresponding items of the comparative segment information for earlier period.

There are no operating segments that have been aggregated to form the above reportable operating segments. For entities which are not generating revenue, their operating expenses are grouped under "others".

Others also include the sales of parts which is a non-core business of the Group and manufacturing of high-performance membrane products as the manufacturing segment has yet to commence operation and does not meet any of the quantitative thresholds for determining reportable segments during the financial period ended 30 June 2022 and 2021 respectively.

The Executive Chairman and Chief Executive Officer monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as set out below, is measured differently from operating profit or loss in the consolidated financial statements.

The chief operating decision makers review the results of the segment using segment's EBITDA and profit/(loss) after taxation. Segment assets, liabilities, non-current assets and other expenses are not disclosed as they are not regularly provided to the chief operating decision makers.

a) Reportable segments

30 June 2022

	Engineering solution services	AIWater and sludge treatment services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue				
Sales to external customers	23,845	786	521	25,152
Results				
Segmental results	5,187	956	(6,031)	112
Impairment loss on financial assets and contract assets	(2,896)	-	-	(2,896)
Impairment loss on financial assets and contract assets no longer required	259	-	-	259
EBITDA*	2,550	956	(6,031)	(2,525)
Depreciation and amortisation	(401)	-	(1,713)	(2,114)
Interest expenses	(38)	-	(307)	(345)
Interest income	99	6	169	274
Profit/(loss) before taxation	2,210	962	(7,882)	(4,710)
Taxation	(1,245)	-	(37)	(1,282)
Profit/(loss) for the year	965	962	(7,919)	(5,992)

30 June 2021

	Engineering solution services	AIWater and sludge treatment services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue				
Sales to external customers	28,958	-	4	28,962
Results				
Segmental results	4,844	-	(5,666)	(822)
Impairment loss on financial assets and contract assets	(4,338)	-	-	(4,338)
Impairment loss on financial assets and contract assets no longer required	14,940	-	-	14,940
EBITDA*	15,446	-	(5,666)	9,780
Depreciation and amortisation	(346)	-	(322)	(668)
Interest expense	(856)	-	(24)	(880)
Interest income	170	-	4	174
Profit/(loss) before taxation	14,414	-	(6,008)	8,406
Taxation	(1,376)	-	-	(1,376)
Profit/(loss) for the year	13,038	-	(6,008)	7,030

* EBITDA – Earnings before interest, taxation, depreciation and amortisation.

b) Geographical information

No geographical information is provided as the principal assets employed by the Group are located in the PRC and the Group's revenue and profits are derived primarily from customers in the PRC.

Reportable segments (Cont'd)

b) Geographical information

Non-current assets information based on geographical location is as follows:

	30 June 2022 RMB'000	Group 31 December 2021 RMB'000
Singapore ⁽¹⁾	45,688	46,105
PRC ⁽²⁾	36,481 [#]	3,562 [#]
	82,169	49,667

[#] included the intangible assets – patents amounting to RMB1,527,000 (31 December 2021 – 1,616,000).

⁽¹⁾ included non-current assets of RMB44,755,000 (31 December 2021: RMB44,928,000), belonging to a subsidiary, whose operation will be classified under a new operating segment – manufacturing of high performance membrane when it commences production.

⁽²⁾ comprised plant under construction of RMB27,305,000 (31 December 2021: Nil) in respect of the sludge treatment project in Bazhou city.

c) Information about major customers

Revenue of RMB23.3 million is derived from two PRC customers, and is attributable to the engineering segment for the period ended 30 June 2022. In the same corresponding period of last year, the revenue of RMB26.4 million is derived from one PRC customer, and is also attributable to the engineering segment.

d) Disaggregation of revenue

Revenue, which are all derived from PRC, by significant categories and timing of revenue recognition are as follows:

	HY2022 RMB'000	Group HY2021 RMB'000
Over time:		
Engineering revenue	23,845	28,958
Treatment income	786	-
At a point in time:		
Sales of parts	521	4
	25,152	28,962

15. (Loss)/profit before taxation**15.1** This includes the following charges (credits):

	HY2022 RMB'000	Group	HY2021 RMB'000
Government grant – Jobs Support Scheme and Jobs Growth Scheme	(370)		(191)
Share-based payment	268		-
Loss on disposal of property, plant and equipment, net	-		416
Loss on lease rights on disposal	-		78
Impairment loss on financial assets and contract assets	2,896		4,338
Impairment loss on financial assets and contract assets no longer required	(259)		(14,940)
Interest income	(274)		(174)
Interest expenses on lease liabilities	55		33
Interest expenses on bank borrowings and other trade financing	286		847
Interest on provision for restoration costs	4		-
Depreciation of property, plant and equipment	2,025		668
Amortisation of intangible assets	89		-
Goodwill written off	5		-
Exchange gain	(883)		(93)
Short term operating lease expenses	115		205
Gain on re-measurement of lease liabilities	(7)		-
<u>Directors' remunerations</u>			
- Directors' fees	570		436
- Salaries and short-term benefits	1,546		1,270
- Contributions to defined contribution plans	69		88
<u>Key Management Personnel (other than Directors)</u>			
- Salaries and short-term benefits	1,757		2,016
- Contributions to defined contribution plans	233		137
<u>Other employees (other than Directors and Key Management Personnel)</u>			
- Salaries and short-term benefits	4,858		2,584
- Contributions to defined contribution plans	1,013		593

The Group's Key Management Personnel mainly comprises Chief Executive Officer, Chief Technology Officer, Chief Financial Officer, General Manager and Deputy General Manager.

16. Taxation

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	HY2022 RMB'000	HY2021 RMB'000
Current year taxation	1,245	1,376
Under provision in respect of previous period	37	-
Income tax expense	1,282	1,376

United Greentech (Tianjin) Co., Ltd (“**Greentech Tianjin**”) is regarded as a qualified environmental protection enterprise by the local government authorities, and is entitled to an exemption from PRC enterprise income tax for three years commencing its first profit-making year of operations, followed by a 50% tax relief for the next three years on income derived from investments in infrastructure and environmental related projects, according to the relevant PRC tax rules.

The engineering revenue derived from the project in Bazhou city and non-recurring technical services rendered are taxable at 25% during the six month period ended 30 June 2022. In June 2021, the income derived from the industrial wastewater project in Shijiazhuang is subjected to income tax at 25% as the aforesaid tax exemption does not apply to the supply of specialised equipment for industrial wastewater project.

17. Related party transactions:

In relation to the related party information disclosed elsewhere in the financial statements, the following are significant transactions with related parties at mutually agreed amounts:

	Group	
	30 June 2022 RMB'000	31 December 2021 RMB'000
Balances		
Advances from a Director	-	13,878
Advances paid to related company for the procurement of equipment, systems and machineries, design and engineering services*	8,425 [#]	8,247
Loan from a related party*	-	2,267
Capitalisation of loan from a related party into share capital of a subsidiary*	(1,025)	(2,267)
Payments of operating expenses and capital expenditure by related Company*	-	(1,107)

[#] The advances for the equipment and machineries to be used for the membrane productions are pending the installation, commissioning and testing, and will be reclassified to property, plant and equipment once completed.

Transaction

In addition to the above, there was outsourcing of services from a related company of RMB311,000 (30 June 2021: RMB466,000) during the financial period.

* The related party refers to Nanosun Pte. Ltd. (“Nanosun”), a non-controlling shareholder of Nanosun Membrane Pte. Ltd. (“Nanosun Membrane”). By virtue of Nanosun Membrane being a key subsidiary of the Group, transactions between Nanosun and Nanosun Membrane will be disclosed as related party transactions.

18. (Loss)/earnings per share

The (loss)/earnings per share is calculated based on the consolidated (loss)/profit attributable to ordinary shareholders of the Company divided by the weighted average number of shares in issue of shares during the financial year.

The following table reflects the profit or loss and share data used in the computation of (loss)/profit per share for the 6 month period ended 30 June:

	<u>Group</u>	
	HY2022	HY2021
<u>(Loss)/earnings</u>		
(Loss)/profit attributable to equity holders of the Company (RMB'000)	(5,263)	7,111
<u>Number of shares</u>		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	1,534,878,360	1,326,976,200
Effect of dilutive potential ordinary shares from share options	1,069,776*	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,535,948,136</u>	<u>1,326,976,200</u>
(Loss)/earnings per share (RMB cents)		
- basic	<u>(0.34)</u>	0.54
- diluted	<u>(0.34)</u>	0.54

* In computing the diluted EPS during the financial period, the share options of 12,350,000 ordinary shares granted on 4 March 2022 (30 June 2021: Nil) were assumed to be fully issued at average market price.

19. Net Asset Value

	<u>Group</u>		<u>Company</u>	
	30 June 2022 RMB	31 December 2021 RMB	30 June 2022 RMB	31 December 2021 RMB
Net asset value per ordinary share (RMB cents per share)	<u>8.25</u>	8.55	<u>7.62</u>	7.91

Net asset value of the Group and Company as at 30 June 2022 and 31 December 2021 is computed based on 1,534,878,360 ordinary shares in issue at the end of the financial period/year respectively.

20. Dividends

No interim dividend is paid during the six months ended 30 June 2022 (30 June 2021: Nil). The Group needs to preserve its cash for working capital requirements.

21. Acquisition, incorporation of PRC subsidiary

In May 2022, the Group's wholly-owned subsidiary, United Greentech (Guangzhou) Co., Ltd., acquired 100% of the issued share capital of Guangdong Zhihe Energy-saving and Environmental Protection Technology Co., Ltd for a purchase consideration ("Consideration") of RMB1.00. The goodwill of RMB5,000 was written off immediately to the profit and loss.

The identifiable assets and liabilities recognised as a result of the acquisition are as follows:

	30 June 2022 RMB'000	31 December 2021 RMB'000
Other payables	(5)	-
Total identifiable net liabilities acquired	(5)	-
Goodwill arising from acquisition recognised as part of intangible assets	5	-
Total purchase consideration	<u>*</u>	<u>-</u>
Cash outflow on acquisition:		
Cash consideration paid	*	-
Less: Cash and cash equivalents acquired	-	-
Net cash outflow on acquisition	<u>*</u>	<u>-</u>

* Consideration of RMB1.00.

Incorporation of PRC subsidiary

Details of the newly incorporated subsidiary during the financial period are as follows:

<u>Name</u>	<u>Country of incorporation /principal place of business</u>	<u>Issued and fully paid share capital</u> RMB	<u>Registered capital</u> RMB	<u>Proportion of ownership interest and voting rights held</u> %	<u>Principal activities</u>
<u>Held by United Greentech (Guangzhou) Co., Ltd.</u>					
United Greentech (Bazhou) Co., Ltd 联合环境技术（霸州）有限公司 ("Greentech Bazhou")	PRC	20,703,450	34,500,000	79.98*	Investments and operations of sludge treatment facilities

* Subsequent to the announcement on the SGX-Net dated 6 January 2022, the Company's shareholding in Greentech Bazhou was revised from 99.98% to 79.98%. An individual investor, an unrelated third party, will subscribe for the 20% stake in Greentech Bazhou.

22. Fair value measurement

Financial instruments - Accounting classifications of financial assets and financial liabilities.

There are no financial assets and financial liabilities measured at fair value as at 30 June 2022 and 2021.

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Group		Company	
	30 June 2022 RMB'000	31 December 2021 RMB'000	30 June 2022 RMB'000	31 December 2021 RMB'000
Financial assets				
Trade and other receivables* (excluding VAT and other tax receivables)	14,293	14,391	1,208	1,248
Cash and bank balances	77,228	95,103	29,438	42,400
	91,521	109,494	30,646	43,648
Financial liabilities				
Bank borrowings	25,819	26,064	-	-
Lease liabilities	4,587	1,869	624	783
Provision for restoration costs	454	377	-	-
Trade and other payables (excluding VAT and other tax payables)	8,476	9,737	7,321	7,590
Other liabilities	44,708	19,466	864	1,179
	84,044	57,513	8,809	9,552

* Excludes advances to trade suppliers and related party for goods to be received and rendered.

23. Commitments

Significant capital commitments:	30 June 2022 RMB'000
Supply of specialised equipment for Shijiazhuang project	1,500
Build-Operate-Transfer project in respect of municipal sludge treatment in Jinghai District, Tianjin City	56,200
Joint investment with local government of Yishui County	119,340
Engineering contracts on the PPP project in Bazhou city	94,230

24. Financial guarantees

	30 June 2022 RMB'000
Guarantee in respect of bank loan granted to a subsidiary to finance the outright lease payments of land and building for purpose of membrane manufacturing plant	15,230
Bank guarantee to a related company to secure a credit facility to finance the procurement of equipment, systems and machineries in relation to the membrane manufacturing facility in Nanosun Membrane	8,461

As at 30 June 2022, the fair values of the financial guarantees determined based on the expected loss arising from the risk of default are negligible.

25. Events after the reporting period

There are no known subsequent events.



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Other Information required by Listing Rule Appendix 7.2

Audit

The statements of financial position as at 30 June 2022 and the related consolidated statement of profit or loss and comprehensive income, statements of changes in equity and consolidated statement of cash flows for the six months ended on 30 June 2022 and the selected explanatory notes (“the Condensed Interim Financial Statements”) have not been audited or reviewed by the Company’s auditors.

REVIEW OF GROUP PERFORMANCE

Consolidated Statement of Profit or Loss

(a) Revenue

	Group	
	HY2022 RMB'000	HY2021 RMB'000
Engineering revenue	23,845	28,958
Treatment income	786	-
Sales of parts	521	4
	25,152	28,962

The Group’s revenue decreased by RMB3.8 million in HY2022, from RMB29.0 million in HY2021 to RMB25.2 million in HY2022 in line with the lesser work performed for the period during review. The decrease in the engineering revenue of RMB5.2 million in HY2022 was compensated by the increase in operation and maintenance services undertaken by the Group of RMB0.8 million coupled with the increased supply of components of RMB0.5 million in HY2022.

Gross profit and gross profit margin

In spite of the decrease in revenue, the gross profit increased by RMB0.6 million or 6.3% in HY2022, from RMB9.3 million in HY2021 to RMB9.9 million in HY2022 due to the operation and maintenance services, and technical services rendered which lower costs were incurred in providing these services.

The gross profit margin increased by 7.2% in HY2022, from 32.0% in HY2021 to 39.2% in HY2022 due mainly to the higher gross profit margins derived from the operation and maintenance services, and technical services rendered.

- (b) The increase in financial income of RMB0.1 million in HY2022, from RMB0.2 in HY2021 to RMB0.3 million in HY2022 due to the interest earned on the capital injection into a newly incorporated PRC subsidiary in second half of FY2021.
- (c) Other income was higher by RMB2.5 million in HY2022, from RMB0.3 million in HY2021 to RMB2.8 million in HY2022 due mainly to higher subsidies from the Singapore Government in view of the COVID-19 pandemic, recoveries of operating expenses and compensation received from a customer of RMB2.1 million in aggregate.


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Other items of expense

- (d) Administrative expenses increased by 51.0% to RMB14.3 million in HY2022 attributed mainly to operating costs of five newly incorporated subsidiaries added to the Group in HY2022. The bulk of these operating expenses relate to payroll and related costs and depreciation of PPE. In addition, the higher finance costs, depreciation and payroll and related costs incurred on the membrane company as it commenced its full operation contributed further to the increase in administrative expenses.
- (e) Finance costs decreased by RMB0.6 million or 60.8%, from RMB0.9 million in HY2021 to RMB0.3 million in HY2022 due to higher effective weighted average interest rate of 10.3% per annum charged by the Chinese bank for the short term loan which was fully repaid in 1Q2021.

The fresh loan obtained from certain bank in Singapore in August 2021 to partly finance the outright purchase of the land and building for purpose of membrane manufacturing facility, the effective weighted average interest rate ranged from 1.97% to 2.9% per annum.

- (f) The components for the impairment loss/(write-back of impairment loss) charged to or credited from the profit or loss account are as follows:

	<u>HY2022</u> RMB'000	<u>HY2021</u> RMB'000
<i>Credited from/(Charged to) profit or loss</i>		
Contract assets	(305)	(1,400)
Retention receivables	(1,465)	-
Advances to third party	-	14,940
Tender and security deposits	-	(828)
Advances to trade suppliers	(1,171)	(2,110)
Trade receivables	45	-
Retention receivables	259	-
Net credit from/(charge) to profit and loss	<u>(2,637)</u>	<u>10,602</u>

In accordance with the allowance matrix applicable to the expected credit loss model, the Group added RMB305,000 (HY2021: RMB1,400,000), RMB1,465,000 (HY2021: Nil) and RMB1,171,000 (HY2021: RMB2,110,000) respectively to the allowance for impairments of contract assets and financial assets in respect of contract assets, retention receivables and advances to trade suppliers; and wrote-back allowances for impairment of trade receivables and retention receivables of RMB45,000 and RMB259,000 (HY2021: Nil) respectively. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets and financial assets.

- (g) Other expenses decreased by RMB1.1 million in HY2022, from RMB1.1 million in HY2021 to RMB3,000 in HY2022 due mainly to the absence of loss arising from the disposal of commercial properties, motor vehicles and scrapped materials of RMB1.1 million in aggregate. There was no such transaction entered in HY2022.

Income tax expense

- (h) The tax expense was marginally lower by RMB0.1 million to RMB1.3 million for the HY2022. The effective tax rate was higher than the statutory tax rate of 25% due to non-deductible expenses.

Profit after taxation

- (i) In view of the foregoing, the Group achieved a loss after taxation of RMB6.0 million as opposed to a profit after taxation of RMB7.0 million in the same corresponding period of last year.



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REVIEW OF GROUP PERFORMANCE (cont'd)

Consolidated Statement of Financial Position

Total equity increased by RMB0.3 million due mainly to the recognition of share based payment on the employee stock options of RMB0.3 million which was announced on the SGX-Net dated 4 March 2022, and higher accumulated losses of RMB5.6 million, partly offset by the increase in non-controlling interests of RMB5.4 million as a result of capital contributions.

Total Group assets increased by RMB28.2 million to RMB236.2 million as at 30 June 2022 from RMB208.0 million as at 31 December 2021 due to higher non-current assets of RMB32.5 million, partly offset by the decrease in current assets of RMB4.3 million. The increase in non-current assets of RMB32.5 million was due mainly to the recognition of contract asset of RMB27.3 million in relation to the sludge treatment plant under construction in Bazhou city ("**Bazhou**" project). Once the plant is constructed, the Group will enter into the next phase of the Bazhou project to operate and recycle the treated sludge into bricks for a concessionary period of 30 years. The non-current contract asset will then be reclassified as service concession receivable since minimum tariff payment is guaranteed as this was included in the approved annual finance budget of the province. In addition, property, plant and equipment also increased by RMB4.2 million due to additions in fixed assets and rights-of-use ("**ROU**") assets, net of routine depreciation.

The decrease in current assets of RMB4.3 million was due to lower bank balances, deposits and cash of RMB17.9 million as they were utilised for working capital requirements. The decrease was partly offset by the (i) increase in contract assets arising from the revenue recognised in relation to the engineering services rendered on the Bazhou project, net of invoicing and payments received from customers relating to the industrial wastewater project in Shijiazhuang of RMB12.5 million; and (ii) raw materials procured of RMB1.5 million for purpose of membrane production.

Total Group liabilities increased by RMB28.0 million to RMB88.3 million as at 30 June 2022 from RMB60.3 million as at 31 December 2021 due to higher current and non-current liabilities of RMB27.0 million and RMB1.0 million respectively. The increase in current liabilities of RMB27.0 million was mainly attributed to (i) increase in other liabilities of RMB25.2 million in relation to the plant under construction for the Bazhou project (ii) higher lease liabilities of RMB1.2 million as a result of a new lease for its newly acquired subsidiary, re-measurement of existing lease, taking into account of the higher rental, and relocation of Tianjin subsidiary to a bigger office to meet its future growth needs; and (iii) addition in corporate tax payable of RMB1.2 million on the profits derived on the engineering services rendered on the Bazhou project, and non-recurring technical services.

The increase in non-current liabilities of RMB1.0 million was mainly due to increase in lease liabilities of RMB1.6 million which was in line with the increase in ROU assets, partly offset by the repayment in bank borrowings of RMB0.7 million.

VARIANCE FROM PROSPECT STATEMENT

Not applicable as no prospect statement is given.

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PROSPECTS

The lockdowns in major cities in China culminated in the Group deferring its projects to the second half of the year, and the global escalations in raw material prices as exacerbated by the major supply chain bottlenecks have impacted the financial performance of the Group in HY2022. Notwithstanding the economic uncertainties, the Chinese government remains committed to support and grow its economy. The recent easing of the COVID-19 restrictions, and the PRC government's increased stimulus measures as an added impetus to boost its economy, give rise to optimism that the Chinese economy could be on the mend, albeit slowly.

Against the above backdrop, the re-opening in China provides the opportunity for the Group to work actively on its already secured projects, and also on securing new AIWater and sludge treatment projects. The Group's AIWater management system is able to control, predict and optimise the operation and maintenance of water treatment facilities by reducing the operating costs, mainly the energy and chemical costs. In addition, its patented sludge treatment technologies, especially the Continuous Thermal Hydrolysis ("CTH"), provide cost effective and efficient solutions in reducing the mass of the sludge to as low as less than 10%.

The wastewater treated in China is approximately 220 million tons/day of municipal wastewater and 60 million tons/day of industrial wastewater. Total sludge produced by the 220 million ton/day of municipal wastewater treatment plants is estimated to be 60 million ton/year. Management believes that market potential for AIWater and sludge treatment business is huge, and the Group has a competitive advantage with its pioneering AIWater and sludge treatment technologies. With such an enormous market potential which the Group could tap on coupled with its proven patented technologies in AIWater and sludge treatment, Management believes that the Group has the resilience and capabilities to turn around its performance.

Use of proceeds from the Rights Issue completed on 3 September 2020

In accordance with one of the approval-in-principle requirements from the SGX-ST as announced on 13 July 2020, the Company had engaged its external auditors, Foo Kon Tan LLP, to perform an independent verification on the use and disbursement of the rights issue proceeds. The work was completed on 20 May 2022, and the report findings from the auditors concluded that save for the difference between the actual payment and announced disbursement of RMB1,140 in respect of October 2021's social security insurance on one of its subsidiaries in China, the use and disbursement of the rights issue proceeds were in line with the Company's announcement on the SGX-Net dated 1 March 2021, 13 August 2021 and 9 November 2021 respectively, and they were properly supported and approved by the Board.

Use of proceeds from the Rights Issue completed on 5 August 2021

The use of the net proceeds from the Rights Issue is as follows:

	S\$'000	S\$'000
Net proceeds from the Rights Issue as announced on the SGX-Net dated 25 February 2022		9,040
<u>95% of the net proceeds earmarked for business investments and acquisitions of environmental related business as per Offer Information Statement ("OIS")</u>		
Finance the operating expenses relating to the membrane manufacturing facility		(1,680)
<u>Re-designation of the balance net proceeds from business investments and acquisitions to capital commitment and working capital purposes</u>		
<u>Working capital</u>		
Directors' fees, remunerations, salaries and related costs	(766)	
Professional fees and compliance costs	(154)	
Rental, utilities and related deposits	(30)	
Printing, AGM related costs and investor relations expenses	(12)	
Corporate tax	(8)	
Course fees	(6)	
Transportations and entertainment expenses	(5)	
Communications and internet expenses	(3)	
Miscellaneous expenses	(2)	
	<hr/>	(986)
Total disbursements		<hr/> (2,666)
Balance of Rights Issue proceeds (Net)		<hr/> <hr/> 6,374

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.


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Disclosure on Incorporation, Acquisition and Realisation of Shares pursuant to Rule 706A of the SGX-ST Listing Manual

S/N	Company Name	Place of Incorporation	Issued and fully paid-up capital ('000)	Additional capital injections during the period ended 30 June 2022 ('000)	Principal Activities	Effective interest held by the Group
1	Nanosun Membrane Pte. Ltd.	Singapore	S\$10,000	S\$2,800	Manufacture and production of performance membrane fibres and products	60.0%
2	United Greentech (Bazhou) Co., Ltd	China	RMB20,703	-	Investments and operations of sludge treatment facilities	79.98%
3	Guangdong Zhihe Energy-saving and Environmental Protection Technology Co., Ltd	China	RMB1,000	RMB1,000	Soil treatments, controls and maintenance services in environmental related businesses in respect of marine, oil and gas industries	100.0%

CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which render the unaudited interim financial results for the half year ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Dr Lin Yucheng
Executive Chairman

Ngoo Lin Fong
Executive Director

BY ORDER OF THE BOARD
Leader Environmental Technologies Limited

Ngoo Lin Fong
Executive Director
12 August 2022