

Issuer: Leader Environmental Technologies Limited

Security: Leader Environmental Technologies Limited

Meeting details:

Date: 21 April 2017

Time: 10:00H

Venue: RELC International Hotel, Tanglin Room 2, Level 1, 30 Orange Grove Road, Singapore 258352

Company Description

Leader Environmental Technologies Limited, an investment holding company, provides environmental protection solutions in the People's Republic of China. It engages in the research and development, design, manufacture, assembly, and installation of environmental protection systems. The company also provides technical consulting and support services of environmental protection technologies and systems. In addition, it offers industrial wastages treatment solutions for the elimination of dust and desulphurization from the emission of industrial wastage; and industrial wastewater treatment solutions for the removal and reduction of pollutants in the wastewater from the emission of industrial wastewater, as well as operational and maintenance services for its projects and equipment. The company was incorporated in 2006 and is headquartered in Changchun, the People's Republic of China.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=LS9)

Q1. Can management elaborate further on the prospects of the group's business segments? Specifically:

Dust elimination: In the absence of big desulphurization projects, the dust elimination segment contributed with RMB31 million in revenue and RM3.0 million in gross profit (page 106 – Operating segments).

- a) **Who are the customers for the group's dust elimination technologies?**
- b) **How large would a typical project be and what would be the normalised project margin given that the group has patents protecting its know-all?**

Desulphurization: No new contracts were secured in 2016, which was the largest segment for the group in 2012.

- c) **What are the industries that would need desulphurization?**
- d) **Has the group been unable to secure new projects because of intense price competition, or do the potential customers prefer other technologies/service providers?**
- e) **How does the group intend to secure new contracts that would compensate the group fairly for its services and technologies?**

Industrial wastewater: The segment contributed RMB10.7 million in revenue and RMB3.3 million in segment gross profit.

- f) **The group has written off RMB84.7 million in 2015 in prepayments after the supplier went uncontactable. Is there any update on this?**
- g) **How affected is the group by the disappearance of the supplier? Were projects delayed or cancelled?**
- h) **Can management elaborate further on the potential of the industrial wastewater segment?**

Solar photovoltaic systems and products: The group had entered into a framework agreement for the potential acquisition of equity interest in Nanjing Guanyang New Energy Co., Ltd. In February 2015.

- i) **Can the company provide shareholders with an update on the potential acquisition?**

Q2. The Singapore Exchange Securities Trading Limited ("Exchange") has notified the company that it would be placed on the watch-list due to the Minimum Trading Price ("MTP") Entry Criterion with effect from 3 March 2016. There is a moratorium on the Exchange's MTP requirement as it reviews the current system.

- a) **What are the options available to the company to meet the MTP Exit Criterion?**
- b) **Would the transfer of listing to the Catalist board be a viable option for the company?**

Q3. In Note 3 (page 85 - Property, plant and equipment), it was disclosed that the addition to construction-in-progress of RMB1.151 million “relates to survey fees, design fees and piling costs incurred in respect of solar photovoltaic plant by Dunhuang Anjie New Energy Co., Ltd”.

- a) **Is Dunhuang Anjie New Energy Co., Ltd a newly incorporated subsidiary company of the group? Has the company announced the incorporation of Dunhuang Anjie New Energy Co., Ltd on SGXNET?**
- b) **What is the scope and scale of the solar photovoltaic project at this exploratory stage?**
- c) **What are the expertise and experience in the group that would allow it to evaluate and carry out the solar photovoltaic project and later grow it into a viable and profitable business given that the solar photovoltaic industry is just as competitive?**
- d) **What are the expected capital expenditure of the solar photovoltaic project should the project go full scale?**
- e) **What would be the minimum projected returns required for any new investment in solar photovoltaic?**