



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)

**PLACEMENT OF 120,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF
LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED AT S\$0.015 FOR EACH PLACEMENT SHARE -
RECEIPT OF APPROVAL IN-PRINCIPLE FROM THE SGX-ST**

1. INTRODUCTION

The Board of Directors of the Company refers to the announcement dated 3 March 2020 in relation to the aforementioned Placement ("**Placement Announcement**").

Unless otherwise defined, all capitalised terms not defined herein shall bear the same meaning ascribed to them in the Placement Announcement.

2. RECEIPT OF APPROVAL IN-PRINCIPLE

The Board of Directors of the Company wishes to announce that the SGX-ST has on 9 April 2020 granted its approval in-principle ("**AIP**") for the listing and quotation of the Placement Shares to be issued at S\$0.015 for each Placement Share, subject to the following conditions:

- (a) Shareholders' approval for the Placement;
- (b) a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the SGX-ST Listing Manual in relation to the use of the proceeds from the Placement and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (c) a written undertaking from the Company that it will comply with Rule 803 of the SGX-ST Listing Manual;
- (d) a written confirmation from the Company that it will not issue the Placement Shares to persons prohibited under Rule 812(1) of the Listing Manual; and

- (e) the Company announcing via SGXNET:-
- (i) the shareholding interests of each of the Placees before and after the proposed Placement;
 - (ii) the background and details of each of the Placees;
 - (iii) the Audit Committee's confirmation that, having undertaken reasonable due diligence and background checks, are satisfied that the Placees are not holding shares on behalf of, acting as nominee for, or holding shares on trust, for any directors, substantial shareholders or their respective associates; and
 - (iv) the Board of Directors' assessment as to whether the proposed Placement is in the interest of the Company and the bases for such an assessment.

The undertakings and confirmation requested in paragraphs (b) to (d) above have been submitted to the SGX-ST.

The SGX-ST's AIP above is not to be taken as an indication of the merits of the Placement Shares, the Company and/or its subsidiaries.

The Placement Shares are required to be issued within seven (7) market days from the date of the Shareholders' meeting. A separate announcement will be issued by the Company upon the allotment and issue of the Placement Shares.

3. ADDITIONAL DISCLOSURES REQUIRED BY THE SGX-ST

As specified in paragraph 2(e) above, the additional disclosures to be made in relation to the Placement are as set out below.

3.1 Shareholding interests of the Placees

The shareholding interests of each Placee before and after the Placement are as follows:

Name of Placee	Number of Shares held before the Placement ⁽¹⁾	% of existing issued share capital ⁽²⁾	Number of Placement Shares held after the Placement	% of enlarged issued share capital ⁽³⁾
Dr. Lin Yucheng	-	-	110,000,000	14.92%
Zhang Yulong	-	-	10,000,000	1.36%

Notes:

- (1) Number of Shares held before the Placement as at the date of the Placement Announcement.
- (2) Number of Shares held before the Placement as at the date of the Placement Announcement divided by existing issued share capital of the Company comprising 617,209,000 Shares.
- (3) Number of Shares held immediately after the Placement divided by the enlarged issued share capital of 737,209,000 Shares.

3.2 Background and details of the Placees

As disclosed in the Placement Announcement, the background and details of the Placees are as follows:

- (a) Dr Lin Yucheng is an entrepreneur and has founded and invested in a spectrum of environment-related businesses in the last 30 years. He founded CITIC Envirotech Ltd (CEL, formerly known as United Envirotech Ltd and was listed on the mainboard of the SGX-ST) and successfully groomed it into a billion-dollar market capitalisation company. He is one of the pioneers in developing Membrane Bioreactor (MBR) technology for treating industrial wastewater. Under his leadership, CEL has become a fully integrated environmental solution provider and has attracted the support of world-class investors such as KKR and the Citic Group. Dr Lin received his Ph.D degree from Imperial College, London and was the advisor to the Singapore government on Singapore's environment and water industry.
- (b) Mr. Zhang Yulong is a Chinese national and Singapore permanent resident. He is a businessman engaged in property development and motor vehicle dealership.

3.3 Audit Committee's confirmation

Each Placee had confirmed to the Company that they are not holding Shares and will not hold any Placement Shares on behalf of, acting as nominee for, or holding such Placement Shares on trust, for any other person including any directors, substantial shareholders, other Placees or their respective associates.

The Audit Committee of the Company confirms that, having received the confirmations from the Placees as set out above and having undertaken reasonable due diligence and background checks, they are satisfied that the Placees are not holding Shares on behalf of, acting as nominee for, or holding such Shares on trust, for any directors of the Company, substantial shareholders of the Company or their respective associates.

3.4 Statement by the Board of Directors

In considering whether the Placement was in the interest of the Company, the Board considered the historical financial performance of the Group and the challenging macroeconomic and business environments which the Group is operating in. The challenges facing the Group has also been further exacerbated by the uncertain economic outlook and widespread disruption brought about by the Covid-19 outbreak, especially in China where the bulk of the Group's operations are located. With the deteriorating market environment, the Board acknowledges that going forward, it will be increasingly difficult and challenging to source for potential investors that are keen to invest in the Company. Hence, it is imperative for the Company to make a decisive move on the Placement without compromising both the Company's and shareholders' interests.

In light of the foregoing, the Board is of the view that that the Placement is in the interest of the Company as it will allow the Company to bring on board a strategic investor such as Dr. Lin Yucheng, who hails from the same industry, to enable the Company to increase the availability of its resources and strengthen and supplement the Group's financial position and capital base. The proceeds raised for working capital will allow the Company to focus on its business operations with a view to steer the Group's business back to profitability in the foreseeable future.

4. CONVENING OF EXTRAORDINARY GENERAL MEETING

As SGX-ST's approval in-principle is subject to, *inter alia*, the approval of Shareholders for the Placement, the Company will be convening an extraordinary general meeting ("**EGM**") to seek such approval. A circular containing further information on the Placement, together with a notice of EGM of the Company, will be despatched by the Company to the Shareholders in due course.

The Company will be obtaining Shareholders' approval for the Placement at the EGM and will not be relying on the general mandate to issue new ordinary shares in the capital of the Company passed by the Shareholders at the 2019 AGM.

In view of the Placement being subject to Shareholders' approval at an EGM to be convened, the Company has re-assessed the use of the net proceeds from the Placement. In addition, the Company also needs to take into account the expenses of convening the EGM to seek Shareholders' approval for the Placement. Therefore, the revised net proceeds from the Placement (after deducting estimated expenses relating thereto) will be approximately S\$1,698,000 which will be used by the Company in the following estimated proportions:

Use of Net Proceeds	Proportion of Net Proceeds (%)	Approximate Amount (S\$)
Printing of annual reports, advertisements & other related costs for the Company's annual general meeting	1.71	29,000
Rental expenses	4.36	74,000
Repayment of loans owing by the Group to a Director	8.13	138,000
Professional fees and other miscellaneous costs	13.66	232,000
Directors' fees and payroll and related costs in arrears and for the current year	22.79	387,000
Procurement of raw materials and systems, and tender deposits for contracts	49.35	838,000
Aggregate	100.0	1,698,000

5. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in trading their Shares. The Placement is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Placement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and investors should read this announcement and further announcements by the Company carefully, and where in doubt as to what action to take, consult their stock brokers, bank managers, solicitors or other professional advisers immediately.

By Order of the Board

Lin Baiyin
Executive Chairman and CEO
11 April 2020