



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)

PROPOSED PLACEMENT OF UP TO 470,588,100 NEW ORDINARY SHARES IN THE CAPITAL OF LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED (ASSUMING THE UPSIZE OPTION IS FULLY EXERCISED) AT THE ISSUE PRICE OF S\$0.17 FOR EACH NEW ORDINARY SHARE

1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of Leader Environmental Technologies Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company had, on 31 January 2021, entered into a placement agreement (the "**Placement Agreement**") with Stirling Coleman Capital Limited as the placement agent (the "**Placement Agent**").

Pursuant to the Placement Agreement, the Company has agreed to offer, by way of placement, and the Placement Agent has agreed to procure subscriptions on a best efforts basis for, an aggregate of up to 352,941,100 new ordinary shares in the capital of the Company (the "**Placement Shares**") at an issue price of S\$0.17 ("**Placement Price**") for each Placement Share, amounting to an aggregate consideration of up to approximately S\$60.0 million (the "**Placement**").

The Company may, together with the Placement Agent, decide to increase the size of the Placement and issue up to 117,647,000 additional Placement Shares so as to raise additional gross proceeds of up to approximately S\$20.0 million ("**Upsize Option**"), such that the total gross proceeds of the Placement will be up to an aggregate of approximately S\$80.0 million.

The Placement will be on a best-effort basis and is not underwritten by the Placement Agent. The Placement will be undertaken by way of an exempt offering in Singapore in accordance with Section 274 (institutional investors) and Section 275 (accredited investors and certain other persons) of the Securities and Futures Act, Chapter 289 of Singapore. Accordingly, no prospectus or offer information statement will be issued by the Company in connection with the Placement.

2. THE PLACEMENT

2.1 The Placement Price

The Placement Price represents:

- (i) a discount of approximately 9.2% to the volume weighted average price of S\$0.187 per ordinary share in the capital of the Company ("**Share**") for trades done on the Shares on the SGX-ST for the full market day on 29 January 2021, being the last full market day preceding the date on which the Placement Agreement was signed; and
- (ii) a premium of approximately 14.1% to the volume weighted average price of S\$0.149 per Share for the one-month period prior to 29 January 2021.

The discount of approximately 9.2% is within the 10% discount limit as stated in Rule 811(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

2.2 The Placement Shares

Assuming the Upsize Option is not exercised and assuming all the Placement Shares are placed out, (i) the Company's issued share capital will increase from 1,326,976,200 Shares (excluding treasury shares) as at the date of this announcement to 1,679,917,300 Shares (excluding treasury shares and Upsize Option) and (ii) the Placement Shares will represent approximately 26.6% of the existing issued share capital of the Company comprising 1,326,976,200 Shares (excluding treasury shares) as at the date of this announcement and will represent 21.0% of the enlarged issued share capital of the Company of 1,679,917,300 Shares (excluding treasury shares and the Upsize Option).

Assuming the Upsize Option is exercised in full and assuming all the Placement Shares are placed out, (i) the Company's issued share capital will increase from 1,326,976,200 Shares (excluding treasury shares) as at the date of this announcement to 1,797,564,300 Shares (excluding treasury shares) and (ii) the Placement Shares will represent approximately 35.5% of the existing issued share capital of the Company comprising 1,326,976,200 Shares (excluding treasury shares) as at the date of this announcement and will represent 26.2% of the enlarged issued share capital of the Company of 1,797,564,300 Shares (excluding treasury shares).

The Placement Shares, when issued and delivered, will be free from all pre-emption rights, charges, liens and other encumbrances and with all rights and benefits attaching thereto and shall rank *pari passu* in all respects with the Shares existing as at the date of issue of the Placement Shares save for dividends, rights, allotments or other distributions, the record date of which falls on or before the date of allotment and issue of the Placement Shares.

Save for the proposed placement of up to 117,647,000 Placement Shares (equivalent to approximately S\$20.0 million at the Placement Price of S\$0.17) to Dr Lin Yucheng (the "**Chairman Placement**"), which is subject to the approval of the Shareholders of the Company ("**Shareholders**") being obtained, the Placement Shares will not be placed to any person who is a Director or a substantial shareholder of the Company ("**Substantial Shareholder**"), an interested person as defined in Chapter 9 of the Listing Manual of the SGX-ST or any other person in the categories set out in Rule 812(1) of the Listing Manual of the SGX-ST, unless such subscription is otherwise agreed to by the SGX-ST.

The Placement will not result in any transfer of controlling interest of the Company. The number of Placement Shares to be placed to any end-pee is not expected to result in the end-pee becoming a Substantial Shareholder. In the event that any end-pee becomes a Substantial Shareholder as a result of the Placement, a further announcement will be released in accordance with applicable SGX-ST listing rules and guidelines.

2.3 Shareholders' Approval for the issuance of the Placement Shares

The Company will not be relying on its existing general share issue mandate approved by shareholders of the Company ("**Shareholders**") by way of an ordinary resolution ("**General Mandate**") at the annual general meeting of the Company held on 28 May 2020.

The allotment and issue of the Placement Shares will be made pursuant to a specific mandate of the Shareholders and as such, the Company will be seeking specific Shareholder's approval for the allotment and issue of the Placement Shares at an extraordinary general meeting of the Company ("**EGM**") to be convened.

2.4 Additional Listing Application

The Company will be applying to the SGX-ST for the dealing in, listing of and quotation for the Placement Shares on the SGX-ST Mainboard and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

2.5 Chairman Placement

On 31 January 2021, Dr Lin Yucheng, the Chairman and Chief Executive Officer of the Company, provided an undertaking to the Company and to the Placement Agent to subscribe for up to 117,647,000 Placement Shares (equivalent to approximately S\$20.0 million at the Placement Price of S\$0.17), subject to the approval from Shareholders of the Company.

As at the date of this announcement, Dr Lin Yucheng, the Chairman and Chief Executive Officer of the Company, is a substantial shareholder of the Company, holding 198,000,000 Shares, representing 14.9% of the existing issued and paid-up share capital of the Company. The Company will seek specific approval from Shareholders at the EGM pursuant to Rule 812 of the Listing Manual of the SGX-ST in relation to proposed placement of up to 117,647,000 Placement Shares to Dr Lin Yucheng.

Assuming all the Placement Shares are placed out and the Upsize Option is not exercised, the number of shares held by Dr Lin Yucheng will increase from 198,000,000 to 315,647,000, representing 18.8% of the enlarged issued share capital of the Company of 1,679,917,300 Shares (excluding treasury shares and the Upsize Option).

Assuming all the Placement Shares are placed out and the Upsize Option is exercised in full, the number of shares held by Dr Lin Yucheng will increase from 198,000,000 to 315,647,000, representing 17.6% of the enlarged issued share capital of the Company of 1,797,564,300 Shares (excluding treasury shares).

Dr Lin Yucheng and his associates will be required to abstain from voting on the resolution approving the Chairman Placement, in accordance with Rule 812(2) of the Listing Manual of the SGX-ST.

3. SALIENT TERMS OF THE PLACEMENT AGREEMENT

3.1 Placement Commission

In consideration of the agreement of the Placement Agent to procure subscribers on a best efforts basis for the Placement Shares, the Company shall pay to the Placement Agent a placement commission equal to 1.5% of the Placement Price for each Placement Share (the "**Placement Commission**"), multiplied by the relevant number of Placement Shares allotted and issued by the Company under the Placement for which the Placement Agent has procured subscribers. No placement commission shall be payable by the Company in respect of the Chairman Placement.

3.2 Placement Completion

Subject to the terms and conditions of the Placement Agreement, completion of the Placement (the "**Completion**") shall take place at 6.00 p.m. (the "**Completion Time**") on the date falling seven business days after all the conditions precedent to the Placement have been satisfied or waived in accordance with the Placement Agreement, as the case may be, or such other date and time as the parties to the Placement Agreement may mutually agree (the "**Completion Date**").

For the avoidance of doubt, the completion of the Placement and the Chairman Placement are inter-conditional upon each other.

3.3 Conditions Precedent

Completion of the Placement pursuant to the Placement Agreement is conditional upon, *inter alia*, the following conditions:

- (a) all representations and warranties and other statements of the Company contained in the Placement Agreement, at and as of the Completion Date with references to the then existing circumstances, are true and correct in all respects and the Company having

performed all of its undertakings or obligations in the Placement Agreement to be performed on or before the Completion Date;

- (b) the approval in-principle for the listing and quotation of the Placement Shares on the Main Board of the SGX-ST having been obtained from the SGX-ST and remaining in full force and effect and not having been revoked or amended, and, where such approval is subject to conditions, such conditions being acceptable to the Placement Agent, and, to the extent that any conditions for the listing and quotation of the New Shares on the SGX-ST are required to be fulfilled on or before the Completion Date, they are so fulfilled;
- (c) the transactions contemplated by the Placement Agreement not being prohibited by law or regulation or interpretation thereof (including without limitation, any statute, order, rule, regulation, request, judgement or directive promulgated or issued by any legislative, executive, judicial or regulatory body or authority (including without limitation, the Monetary Authority of Singapore and the SGX-ST)) in Singapore or any other jurisdiction which is applicable to the Company or the Placement Agent;
- (d) the approval of Shareholders being obtained at a general meeting of the Company for the Placement (including the Upsize Option) and the Chairman Placement under (and comprising part of) the Placement;
- (e) subsequent to the execution and delivery of the Placement Agreement, there shall not have occurred any circumstance, event or situation which is or are likely to have a Material Adverse Effect or, in the opinion of the Placement Agent, is likely to be materially adverse in the context of the Placement or makes or is reasonably likely to make it impracticable or inadvisable or inexpedient to proceed therewith or, in the opinion of the Placement Agent, is likely to prejudice materially the success of the Placement or dealings in the Placement Shares in the secondary market; and
- (f) the Company providing the Placement Agent with a certified true copy of the resolution approving its entry into the Placement Agreement.

For the purposes of this paragraph 3.3, "Material Adverse Effect" shall mean any material adverse effect on (a) the financial condition, prospects, earnings, business, properties, assets or results of operations of the Group taken as a whole whether or not arising from transactions in the ordinary course of business; or (b) the ability of the Company to perform in any material respect its obligations under the Placement Agreement.

The Placement Agent may, and upon such terms as it thinks fit, waive compliance with any of the conditions contained in the Placement Agreement (other than the conditions set out in paragraphs 3.3(b) and 3.3(c) above), provided that any such waiver as aforesaid shall be without prejudice to its right to elect to treat any further or other breach, failure or event as releasing and discharging it from its obligations under the Placement Agreement.

If any of the conditions contained in the Placement Agreement has not been satisfied or waived by the Placement Agent, the Placement Agreement may be terminated by the Placement Agent by notice to the Company at any time at or prior to the time of Completion, and such termination shall be without liability of any party of the Placement Agreement to any other party except for costs and expenses due to the Placement Agent incurred by or on behalf of the Placement Agent in connection with the Placement and/or any antecedent breaches of the Placement Agreement.

4. RATIONALE FOR THE PLACEMENT AND USE OF PROCEEDS

The net proceeds of S\$1.7 million from the placement of 120,000,000 ordinary shares (which completed on 29 May 2020) and S\$8.7 million from the renounceable underwritten rights issue of 587,767,200 ordinary shares (which completed on 3 September 2020) have already been utilised for working capital purposes as well as fully deployed or committed in projects, as announced by the Company in its announcements dated 6 January 2021, 11 January 2021 and 18 January 2021, and prior to the Company's announcement dated 28 January 2021, in which the Company announced that it has secured a RMB62.47 million (approximately S\$12.7 million) Build-Operate-Transfer ("**BOT**") contract to treat the municipal sludge from the wastewater treatment plants in Jinghai District, Tianjin City.

Therefore, the Company has decided to undertake the Placement to enable the Company to invest in the above-mentioned project and to have resources to invest in other large scale environmental related projects, especially BOT projects. In addition, the Company also intends to invest in synergistic companies or companies with environmental technologies which are complementary to the Group's business.

The estimated amount of proceeds from the Placement (net of estimated expenses in connection with the Placement) ("**Net Proceeds**") will be:

- (a) assuming the Upsize Option is not exercised, approximately S\$59,251,000 (net of estimated expenses of approximately S\$749,000 in connection with the Placement); and
- (b) assuming the Upsize Option is exercised in full, approximately S\$78,930,000 (net of estimated expenses of approximately S\$1,070,000 in connection with the Placement).

The Company intends to utilise the Net Proceeds for the following purposes:

Proposed use of Net Proceeds	% of Net Proceeds (assuming Upsize Option is not exercised)	% of Net Proceeds (assuming Upsize Option is exercised in full)
Business investments and acquisitions of environmental related businesses, payments of tender deposits, performance bonds and other project related expenses in respect of sludge treatment, industrial wastewater and high-performance membrane production projects	Approximately 95%	Approximately 95%
General working capital purposes (including payments of professional fees and compliance costs, payroll and other office and related expenses)	Approximately 5%	Approximately 5%

Pending the deployment of the Net Proceeds, the Net Proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or marketable securities, and/or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit in the interests of the Company from time to time.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of the Net Proceeds in its annual report(s). Where the Net Proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how such proceeds have been applied in its announcement(s) and annual report(s).

5. FINANCIAL EFFECTS OF THE PLACEMENT

5.1 The pro forma financial effects of the Placement are presented solely for illustrative purposes and are not intended to be indicative or reflective of the actual future financial situation of the Company and the Group after the completion of the Placement.

The pro forma financial effects of the Placement have been computed based on (i) the audited financial statements of the Group of the financial year ended 31 December 2019 ("FY2019") and (ii) the unaudited financial statements of the Group for the six-month period ended 30 June 2020 ("HY2020"). The financial effects are based on the following assumptions:

- (a) the financial effect on the net asset value ("NAV") per Share is computed based on the assumption that the Placement was completed either on 31 December 2019 for illustrating the pro forma financial effects for FY2019 or 30 June 2020 for illustrating the pro forma financial effects for HY2020; and
- (b) the financial effect on the loss per Share is computed based on the assumption that the Placement was completed either on 1 January 2019 for illustrating the pro forma financial effects for FY2019 or 1 January 2020 for illustrating the pro forma financial effects for HY2020.

5.2 Share Capital

- (a) Assuming the Upsize Option is not exercised and assuming all the Placement Shares are placed out, (i) the Company's issued share capital will increase from 1,326,976,200 Shares (excluding treasury shares) as at the date of this announcement to 1,679,917,300 Shares (excluding treasury shares and Upsize Option) and (ii) the Placement Shares will represent approximately 26.6% of the existing issued share capital of the Company comprising 1,326,976,200 Shares (excluding treasury shares) as at the date of this announcement and will represent 21.0% of the enlarged issued share capital of the Company of 1,679,917,300 Shares (excluding treasury shares and Upsize Option).
- (b) Assuming the Upsize Option is exercised in full and assuming all the Placement Shares are placed out, (i) the Company's issued share capital will increase from 1,326,976,200 Shares (excluding treasury shares) as at the date of this announcement to 1,797,564,300 Shares (excluding treasury shares) and (ii) the Placement Shares will represent approximately 35.5% of the existing issued share capital of the Company comprising 1,326,976,200 Shares (excluding treasury shares) as at the date of this announcement and will represent 26.2% of the enlarged issued share capital of the Company of 1,797,564,300 Shares (excluding treasury shares).

5.3 NAV per Share

	Before the Placement	After the Placement Assuming Upsize Option is not exercised	After the Placement Assuming Upsize Option is exercised in full
NAV as at 31 December 2019 ⁽¹⁾ (RMB '000)	92,388	378,973	474,157

	Before the Placement	After the Placement Assuming Upsize Option is not exercised	After the Placement Assuming Upsize Option is exercised in full
Number of Shares (excluding treasury shares) as at 31 December 2019 ⁽¹⁾	1,326,976,200	1,679,917,300	1,797,564,300
NAV per Share as at 31 December 2019 (RMB cents)	6.96	22.56	26.38
NAV as at 30 June 2020 ⁽²⁾ (RMB '000)	86,948	373,533	468,717
Number of Shares (excluding treasury shares) as at 30 June 2020 ⁽²⁾	1,326,976,200	1,679,917,300	1,797,564,300
NAV per Share as at 30 June 2020 (RMB cents)	6.55	22.24	26.08

5.4 Earnings / (Loss) per Share

	Before the Placement	After the Placement Assuming Upsize Option is not exercised	After the Placement Assuming Upsize Option is exercised in full
Number of Shares (excluding treasury shares) as at 31 December 2019 ⁽¹⁾	1,326,976,200	1,679,917,300	1,797,564,300
Loss per Share as at 31 December 2019 (RMB cents)	(1.82)	(1.44)	(1.34)
Number of Shares (excluding treasury shares) as at 30 June 2020 ⁽²⁾	1,326,976,200	1,679,917,300	1,797,564,300

	Before the Placement	After the Placement Assuming Upsize Option is not exercised	After the Placement Assuming Upsize Option is exercised in full
Loss per Share as at 30 June 2020 (RMB cents)	(0.41)	(0.33)	(0.31)

Notes:

- (1) This is based on the assumption that the placement of 120,000,000 ordinary shares as announced by the Company on 3 March 2020 and the renounceable underwritten rights issue of 587,767,200 ordinary shares as announced by the Company on 12 June 2020 were completed on 31 December 2019.
- (2) This is based on the assumption that the renounceable underwritten rights issue of 587,767,200 ordinary shares as announced by the Company on 12 June 2020 was completed on 30 June 2020.
- (3) Based on an exchange rate of S\$1:RMB4.8368.

6. CONFIRMATION BY THE DIRECTORS

The Directors are of the opinion that:

- (a) after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements; and
- (b) after taking into consideration the present bank facilities and the Net Proceeds of the Placement, the working capital available to the Group is sufficient to meet its present requirements.

Please refer to paragraph 4 of this announcement for the rationale of the Placement.

7. CONFIRMATION BY THE PLACEMENT AGENT

The Placement Agent has confirmed that:

- (a) each of the end-placees was identified by the Placement Agent, its appointed sub-placement agent(s) (if any) or their respective affiliates and not through a third-party introducer;
- (b) none of the end-placees will be entitled to any benefit other than by the placement of the Placement Shares to them;
- (c) save for the proposed placement of up to 117,647,000 Placement Shares to Dr Lin Yucheng, which is subject to shareholders' approval being obtained, the Placement Shares will not be placed to any person who is a Director or a Substantial Shareholder, an interested person as defined in Chapter 9 of the Listing Manual of the SGX-ST or any other person in the categories set out in Rule 812(1) of the Listing Manual of the SGX-ST;
- (d) in the event the number of Placement Shares placed to the end-placees results in any end-pee becoming a substantial shareholder, the Company will make the necessary announcement(s) in a timely manner;
- (e) the Placement will not result in a transfer of controlling interest of the Company; and

- (f) each of the end-placers to the Placement has represented to the Placement Agent that each of them and its directors and substantial shareholders (to the extent applicable) do not have any connections (including any business relationship) with the Company, its Directors and its Substantial Shareholders.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or Substantial Shareholders of the Company have any interest, direct or indirect, in the Placement (other than their direct or indirect shareholdings in the Company).

9. DESPATCH OF CIRCULAR

The Company intends to seek the approval of Shareholders for the Placement and the Chairman Placement at an EGM to be convened. A circular to Shareholders containing further information, together with the notice of the EGM, will be despatched to Shareholders in due course.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Placement Agreement will be available for inspection during normal business hours at the registered office of the Company at 38 Beach Road, #29-11, South Beach Tower, Singapore 189767 for a period of three (3) months commencing from the date of this announcement.

12. FURTHER ANNOUNCEMENTS

The Company will continue to keep Shareholders updated and release announcements relating to the Placement (including any material developments and progress made) as may be appropriate from time to time.

13. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the Placement is subject to the fulfilment of, inter alia, the conditions precedent set out above, and accordingly, should exercise caution when trading in the Shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Dr Lin Yucheng
Chairman and Chief Executive Officer
31 January 2021

Important Notice

Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore: The Placement Shares are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 and "Excluded Investment Products" (as defined in MAS Notice SFA 04- N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).