



**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)

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## **RESPONSE TO SGX QUERIES ON THE ACQUISITION OF AN OIL SLUDGE TREATMENT TECHNOLOGY COMPANY**

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The Board of Directors of Leader Environmental Technologies Limited (“**Company**”, and together with its subsidiaries, “**Group**”) wishes to provide the following information in response to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 5 October 2022 with regard to the Company’s above announcement dated 22 September 2022.

### **Query 1**

Please provide the Singapore dollar equivalent of the Consideration.

### **Response to Query 1**

The Singapore dollar equivalent of the Consideration was approximately S\$680,000 (RMB3,393,444) based on the exchange rate as at the date of signing of the sale and purchase agreement of S\$1 to RMB4.9887.

### **Query 2**

Please clarify how the Company has complied with Rule 1010(5) of the Listing Manual which provides that the Company must immediately announce the value (book value, net tangible asset value and the latest available open market value) of the assets being acquired, and in respect of the latest available valuation, the value placed on the assets, the party who commissioned the valuation and the basis and date of such valuation.

### **Response to Query 2**

In the Company’s announcement dated 22 September 2022, when providing the disclosures and relative figures computed under Rule 1006 of the Listing Manual the Company had considered the information set out below, except that the said information had not been disclosed under Rule 1010(5) of the Listing Manual:

- (a) The net book value and net tangible asset value of the target company being acquired were the same at RMB4,126,000 (approximately S\$827,000) as there were no intangible assets.

- (b) As for the latest available open market value, the target company is not listed on any stock exchange, hence there is no open market value available.
- (c) There was no valuation performed as the cash consideration for the acquisition was negotiated at arm's length, and was based on the net book value of the target company as at 31 July 2022 of RMB4,126,000 (approximately S\$827,000). The basis of valuation was in accordance with the guidance under Rule 1003(1)(a) of the Listing Manual for unlisted shares.

### **Query 3**

Pursuant to Rule 1010(7) of the Listing Manual, please disclose the net profits attributable to the assets being acquired.

### **Response to Query 3**

The net loss attributable to the assets being acquired for the year ended 31 December 2021 was RMB609,000 (approximately S\$122,000) and the net profit attributable was RMB575,000 (approximately S\$115,000) for the financial period ended 31 July 2022.

### **Query 4**

Please provide footnotes to relative figures under Rule 1006 disclosing the following: net profits attributable to the assets acquired, group's net profits, Company's market capitalization based, stating which date this is in relation to, total number of issued shares excluding treasury shares as at the same date.

### **Response to Query 4**

<b>Rule 1006</b>	<b>Relative figures</b>
(a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable.
(b) The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	8.73% <sup>#</sup>
(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	0.88% <sup>1</sup>
(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or	Not applicable

gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	
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# Bofeng incurred a loss of RMB870,000 for the financial year ended 31 December 2021 and profit of RMB821,000 for the 7-month period ended 31 July 2022.

**Additional disclosures in response to SGX-ST's queries are as follows:**

# Net loss attributable to the net assets acquired was RMB609,000. Taking guidance from Practice Note 10A *Acquisitions and Realisations* of the Listing Manual, the absolute figure was considered in the computation of the relative figure under 1006(b).

<sup>1</sup> The Group's net profits for the financial year ended 31 December 2021 was RMB6,976,000.

<sup>1</sup> Market capitalisation of the Company based on the volume-weighted average price on 22 September 2022 was RMB383,922,448 (approximately S\$76,897,000).

<sup>1</sup> The Company's total number of shares issued, excluding treasury shares, was 1,534,878,360 as at 31 December 2021.

**Query 5**

The Company is reminded of its obligations under Rule 1010(4) of the Listing Manual where the Company must announce immediately if there are any material conditions attaching to the transaction.

**Response to Query 5**

The Company has noted the SGX-ST's reminder. Save for the requirements under Rule 1010(5) of the Listing Manual, there were no other material conditions attaching to the aforesaid transaction which was not disclosed in the Company's announcement dated 22 September 2022.

**BY ORDER OF THE BOARD**

Ngoo Lin Fong  
Executive Director  
6 October 2022