



LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED

利德环保技术有限公司

(Incorporated in Singapore on 15 August 2006)

(Company Registration Number: 200611799H)

**ENTRY INTO INVESTMENT AGREEMENT FOR
UP TO US\$15 MILLION REDEEMABLE ZERO-COUPON CONVERTIBLE BONDS
TO BE ISSUED BY THE COMPANY**

1. INTRODUCTION

- 1.1** The board of directors ("**Board**" or "**Directors**") of Leader Environmental Technologies Limited ("**Company**", and together with its subsidiaries, "**Group**") wishes to announce that the Company has on 10 October 2022 entered into an investment agreement ("**Investment Agreement**") with InnoVision Pomelo LP ("**Investor**"), a special purpose vehicle established and managed by China InnoVision Capital GP Limited ("**InnoVision Capital**") as general partner.
- 1.2** Pursuant to the Investment Agreement, the Investor will subscribe for, and the Company will issue ("**Proposed Issue**"), up to US\$15 million in aggregate principal amount of redeemable zero-coupon convertible bonds ("**Bonds**"), convertible into fully-paid ordinary shares in the capital of the Company ("**Shares**") at an initial conversion price of S\$0.10 per new Share ("**Conversion Price**") ("**Conversion Share**").
- 1.3** The Conversion Price represents a significant premium of 73.9% over S\$0.0575, being the volume weighted average price ("**VWAP**") for trades in Shares on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 7 October 2022, which is the full market day prior to the date on which the Investment Agreement was signed.
- 1.4** Based on an agreed fixed exchange rate of US\$1 to S\$1.4284 in the Investment Agreement, being the closing exchange rate on the last business day prior to the signing of the Investment Agreement as quoted by Bloomberg L.P., the Proposed Issue will raise up to approximately S\$21.43 million.
- 1.5** The Group is a technology-driven company specialising in sludge treatment, artificial intelligence ("**AI**") water management, and the production of high performance membranes.

Its proprietary sludge treatment technologies including integrated continuous thermal hydrolysis and pyrolysis provide cost effective and energy efficient treatment solutions to achieve the objective of carbon reduction, zero waste discharge and resource recovery. There are currently more than 3,500 municipal wastewater treatment plants in China with the total treatment capacity of approximately 200 million tons per day generating more than 50 million tons of sludge annually. The Company provides its technical expertise in the operations and maintenance of wastewater treatment plants coupled with its proprietary AI technology which is able to predict wastewater treatment performance, achieve intelligent control of treatment process and deliver between 10% and 20% of cost savings mainly in energy and chemicals while ensuring compliance with the high discharge standards.

2. INFORMATION ON THE INVESTOR

Shareholders should note that information relating to the Investor in this announcement was provided by the Investor. 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.

- 2.1 The Investor is an exempted limited liability partnership established in the Cayman Islands, being a special purpose vehicle established and managed by InnoVision Capital as general partner.
- 2.2 Founded in 2016, InnoVision Capital is broadly recognised as an institutionalised Asian / PRC Private Equity 3.0 manager with strong and proven track record. As one of the successful early movers in ESG investing in pan-Asia, InnoVision Capital has been focusing on investing in the green energy / climate impact and ESG / sustainability sectors extensively.
- 2.3 InnoVision Capital has since accumulated deep domain knowledge, outstanding deal sourcing network, strong industry resources and long-term proven track record investing in the green energy / climate impact and ESG / sustainability sectors, and is well positioned to capitalise on the global push for green economy.
- 2.4 Mr Lane Fu Zhao ("**Mr Zhao**"), the Founder and CEO of InnoVision Capital, is a 19-year veteran in the private equity industry, with the last ten years prior to InnoVision Capital spent at KKR as one of the founding members of the Asia / PRC business from 2006 to 2016, and was responsible for KKR's investments in green energy / climate impact, ESG and consumer sectors in Asia / PRC. Mr Zhao earned a Bachelor in Mathematics and Physics from Tsinghua University with First Class Honours. Prior to founding InnoVision Capital, Mr. Zhao has led and played a significant role in numerous successful deals, such as United Envirotech Ltd, Far East Horizon Limited, China Modern Dairy Holdings Ltd, Ping An Insurance Company of China, Ltd., China Mengniu Dairy Company Limited, China International Capital Corporation, and Belle International Holdings Limited.
- 2.5 In 2011, during his time at KKR, Mr Zhao led KKR's first ESG investment in Asia to invest into SGX-ST Main Board listed United Envirotech Ltd, of which Dr Lin Yucheng ("**Dr Lin**"), the Company's current Executive Chairman, had founded. United Envirotech Ltd was subsequently acquired by CITIC Environment (International) Company and consortium in 2015 at an implied market capitalisation of approximately S\$1.9 billion and was renamed CITIC Envirotech Ltd, and was eventually privatised by the CITIC Group in 2020.
- 2.6 Other team members of Mr Zhao at InnoVision Capital include co-founders and managing directors Messrs Bo Zhou, Yongrui Liu and Ye Wang, each of whom are proficient and experienced in the investment industry, with stints in Barclays Bank, Deutsche Bank, Morgan Stanley, KKR, M/C Partners, Forebright Investments and China Everbright Limited.
- 2.7 With strong industry knowledge, top notch deal sourcing network, strong value creation capability and best-in-class internal process, as well as deep insights in regulation trend and PRC A-share market as well as strong risk management capability and disciplined exit strategy, InnoVision Capital's total asset under management approximates RMB16 billion, including a co-general partner fund with Guizhou Railway Investment Group (which is a PRC state-owned enterprise engaged in railroad freight and transportation, railway operation, branch railway planning and real estate development).
- 2.8 It has to date invested in, amongst others:
 - (a) *Beike (NYSE: BEKE)*: One of the largest online / offline integrated real estate transaction platforms in China, invested in 2016 and exited majority of shares in 2021;
 - (b) *JD Logistics (SEHK: 02618)*: Leading supply chain and logistics services provider for e-commerce industry, invested in 2018 and fully exited in 2021;
 - (c) *China Securities Co., Ltd. (SEHK: 06066, SHSE: 601066)*: China Securities Co., Ltd. (CSC) is a nationwide comprehensive securities company approved by China Securities Regulatory Commission (CSRC);

- (d) *WuXi AppTec (SHSE: 603259; SEHK: 02359)*: China's leading R&D and manufacturing service provider that enables global pharmaceutical and healthcare industry to advance discoveries and deliver ground-breaking treatments to patients;
- (e) *Lvkon*: China's No.1 power transmission system provider in commercial electric vehicle space, invested in 2018 and followed-on in 2021 and 2022;
- (f) *Eswin*: Fast-growing and leading semiconductor fabless provider in consumer electronics / EV industry, invested in 2021;
- (g) *Vtown*: China's No.1 affordable housing management company / community upgrade and service management company, invested in 2021;
- (h) *Channel Soft*: Leading CCOD and CRM SaaS provider to the financial services industry, invested in 2016 and followed-on in 2019;
- (i) *Neurophth*: China's No.1 in-vivo gene therapy company for ophthalmic diseases, invested in 2021;
- (j) *CATUG*: A leading comprehensive platform-based CGT & mRNA CDMOs in China providing GMP-level plasmid and mRNA production and development services, invested in 2022;
- (k) *iCamuno*: Leading iPSC new generic cell therapy drugs producer, invested in 2022; and
- (l) *Butel*: Leading cloud video SaaS provider, invested in 2020.

Since inception, InnoVision has had a number of successful IPOs and exits and generated consistently top quartile returns for all the funds currently under management.

- 2.9** Investment decisions by InnoVision Capital as general partner are determined and assessed solely by its investment committee, comprising Mr. Zhao, Mr. Bo Zhou, Mr. Yongrui Liu and Mr. Ye Wang, in its absolute discretion. Under its terms of reference, any investment decision would require at least two-thirds approval of the committee members, and is subject to a veto right held by Mr Zhao. Investors in InnoVision Capital funds, as limited partners, do not have any say nor influence whatsoever over the investment decision of the general partner.
- 2.10** During KKR's investment in United Envirotech Ltd, Mr Zhao sat on its board of directors for five years, and worked closely with the management team (including Dr Lin, Mr Li Li and Ms Pan Shuhong) to grow it successfully into a global leading player in water and wastewater treatment industry using membrane technology. Mr Zhao and InnoVision Capital are of the view, and are confident, that the Group management team has world-class technology innovation and execution ability, and is highly qualified and experienced with proven track record in Asia's water and wastewater treatment industry.
- 2.11** The Directors in turn believe that InnoVision Capital's strong track record is a telling endorsement of the Group's strategy, its team and future growth potential. In addition, it will strengthen the Company's financing capabilities in the future.
- 2.12** No fees or commissions whatsoever are payable by the Investor, InnoVision Capital or any of their affiliates (collectively, "InnoVision Capital Group") to Dr. Lin or any other person(s) arising from the Proposed Issue.
- 2.13** As at the date of this announcement, the InnoVision Capital Group does not have any shareholding interests in the Company. The allotment and issue of the Shares will not result in a transfer of controlling interest in the Company.
- 2.14** Save as disclosed in this announcement, none of the InnoVision Capital Group nor its directors or substantial shareholders are related in any way to, or have any connection (including business relationships with), with any of the Directors, substantial shareholders of the Company or their respective associates.

3. PRINCIPAL TERMS OF THE BONDS

(A)	<i>Principal Amount</i>	Aggregate principal amount of up to US\$15 million, to be allotted and issued in two tranches of US\$6,000,000 in the first tranche (" First Bonds Closing ") and US\$9,000,000 in the second tranche (" Second Bonds Closing ").
(B)	<i>Conditions Precedent</i>	<p>(i) The approval in-principle from the SGX-ST for the Shares to be listed and quoted on the Official List of the SGX-ST being obtained;</p> <p>(ii) Each of Dr. Lin Yucheng (Executive Chairman), Mr. Ngoo Lin Fong (Executive Director / Finance Director), Mr. Li Li (Chief Executive Officer), Dr. Yan Huaiguo (Chief Technical Officer) and Dr. Guo Chenghong (Deputy Chief Technical Officer) executing a moratorium undertaking (in the case of Dr. Lin Yucheng) not to sell or transfer his Shares and (in the case of the others) not to sell or transfer more than 25% of each of their Shares for so long as the Bonds exist;</p> <p>(iii) The transactions contemplated in the Investment Agreement not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Investment Agreement which is applicable to either party;</p> <p>(iv) The warranties given by the Company to the Investor remaining true and accurate in all material respects on the closing date; and</p> <p>(v) The approval of the PRC State Administration of Foreign Exchange to the remittance of funds by the Investor for satisfaction of the balance Consideration under the Second Bonds Closing.</p>
(C)	<i>Coupon</i>	The Bonds are zero-coupon and shall <u>not</u> bear any interest whatsoever.
(D)	<i>Status of the Bonds</i>	The payment obligations of the Company under the Bonds shall at all times rank at least equally with all of the Company's other present and future unsecured and unsubordinated obligations, other than exceptions provided by mandatory provisions of applicable law.
(E)	<i>Form, Denomination, Title and Transfer</i>	<p>The Bonds are issued in registered form in the denomination of US\$500,000 or integral multiples thereof.</p> <p>Title to the Bonds shall be evidenced by registration in the register of Bondholders which the Company shall keep.</p> <p>The Bondholder shall <u>not</u> transfer the Bonds without the prior written consent of the Company.</p>
(F)	<i>Conversion Right and Conversion Period</i>	The Bondholder has the right, at its option, to convert all its Bonds at any time up until the date falling five Business Days before the Final Maturity Date (as defined below) (" Conversion Period ") into Shares (" Conversion Right ").

(G)	<i>Conversion Price</i>	<p>The price at which each Conversion Share shall be issued upon exercise of a Conversion Right shall initially be S\$0.10 per Conversion Share, subject to adjustments under the Investment Agreement.</p> <p>Please refer to paragraph (J) below on the maximum number of Shares to be issued pursuant to such conversion.</p>
(H)	<i>Adjustment Events</i>	<p>The Conversion Price and number of Shares to be issued are subject to certain standard anti-dilution adjustments under certain circumstances provided for in the Investment Agreement, including:</p> <ul style="list-style-type: none"> (i) any consolidation, subdivision, or reclassification of Shares; (ii) issue by the Company of Shares credited as fully-paid by way of capitalisation of profits or reserves; (iii) rights issues of Shares or options over Shares; (iv) rights issues of other securities; (v) issuance of securities at less the Conversion Price; and (vi) any modification of rights of conversion, exchange or subscription attaching to any securities other than the Bonds.
(I)	<i>Maturity and Redemption</i>	<p>Unless previously redeemed or converted, the Company will redeem the Bonds at 100% of its principal amount (less any amount received by the Bondholder in the event of any distribution of dividends by the Company, further details of which are set out in paragraph (K) below) plus a premium that would give a yield to maturity of 8% per annum compounded annually, on the date falling three years after the date of issue of the Bonds ("Final Maturity Date"). The Bonds may not be redeemed by the Company, in whole or in part, prior to that date other than in accordance herewith.</p> <p>On or prior to the Final Maturity Date, the Company may at its discretion, subject to the provision of a written notification to all the Bondholders, extend the Final Maturity Date for a period of up to two years.</p> <p>The occurrence of certain events would entitle the Bondholder to require the Company to redeem all or some only of the outstanding Bonds at a redemption amount ("Early Redemption Amount") equal to 100% of the principal amount (less any dividends received) plus a premium that would give a yield to redemption of 8% per annum compounded annually, as follows:</p> <ul style="list-style-type: none"> (i) a change in the current holder of the offices of Executive Chairman of the Board or Chief Executive Officer of the Board other than as a result of death, loss of physical or mental capacity (evidence of which shall require the written opinion of a licensed medical practitioner) or pursuant to legal or regulatory requirements; (ii) a "<i>Delisting</i>" occurs where the Shares cease to be admitted to trading on the SGX-ST, or are suspended

		<p>for a period equal to or exceeding 90 days on which the SGX-ST is open for dealing business without the prior written consent of the Bondholders for such Delisting;</p> <p>(iii) a "<i>Change of Control</i>" occurs when any person (other than Dr. Lin and/or Ms Pan (as defined below)) acquires directly or indirectly control of the Company, being (aa) beneficial ownership of, or possession of, voting rights in respect of more than 35% of the total issued Shares which are ordinarily exercisable in a general meeting; or (bb) possession of the right, or sufficient voting power, to appoint, elect and/or remove all or a majority of the Directors; and</p> <p>(iv) a "<i>Merger</i>" occurs when there is any consolidation or amalgamation of the Company with, or merger of the Company into, any other corporation (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), or there is any sale or transfer of all or substantially all of the assets of the Company to a third party.</p>
(J)	<i>Shares and Status</i>	<p>The number of ordinary shares to be issued on conversion of Bonds shall be determined by dividing the principal amount of the Bonds to be converted by the Conversion Price in effect on the relevant date.</p> <p>The maximum number of Conversion Shares to be issued pursuant to a Conversion Right shall not exceed 214,260,000, except pursuant to an adjustment in the Conversion Price as a result of an Adjustment Event for which approval for the issue of the additional Conversion Shares by Shareholders and the SGX-ST are duly obtained by the Company.</p> <p>The maximum number of 214,260,000 Conversion Shares when allotted and issued, will represent approximately 13.96% of the existing Share capital of the Company, comprising 1,534,878,360 Shares (excluding treasury shares and subsidiary holdings), and approximately 12.25% of the enlarged Share capital of the Company, comprising 1,749,138,360 Shares (excluding treasury shares and subsidiary holdings) after the full conversion of the Bonds.</p> <p>Conversion Shares allotted and issued on conversion will be fully paid and, with effect from the date a holder of the Conversion Shares is registered as such ("Conversion Share Registration Date"), rank for any dividends, rights, allotment or other distribution, the record date for which is on or after the relevant Conversion Share Registration Date and (subject as aforesaid) will rank <i>pari passu</i> in all respects with the then existing Shares of the Company on the relevant Conversion Share Registration Date. In this regard, "record date" means in relation to any dividends, rights, allotments or other distributions, the date on which shareholders of the Company must be registered in order to participate in such dividends, rights, allotment, or other distributions.</p>

(K)	<i>Payment in the Event of Distribution of Dividends</i>	In the event of any distribution of dividends by the Company, the Bondholder shall be entitled to receive from the Company an amount equivalent to the dividends which would have been received by the Bondholder as if the Bonds had been fully converted into Shares.
(L)	<i>Appointment of Ms Pan Shuhong</i>	<p>Ms Pan Shuhong ("Ms Pan") will be appointed as a non-independent and non-executive Director and Deputy Chairwoman of the Board within six months from the First Bonds Closing, and in the event that Ms Pan is re-designated as Executive Chairwoman of the Board, the Company will deliver to the Bondholder within one month from her re-designation, a moratorium undertaking not to sell or transfer 25% of her Shares for so long as the Bonds exist.</p> <p>Based on information available to the Board, Ms Pan's field of expertise includes specialisation in electrochemistry and water treatment using advanced membrane technology. Ms Pan has prior extensive experience as a director or executive officer of an issuer listed on the SGX-ST, having presided over the board of directors of Mainboard-listed Memstar Technology Ltd as its executive chairwoman from 2007 to 2014 and as non-executive chairwoman thereafter until its delisting in 2020, as well as served as the Group Chief Operating Officer of CITIC Envirotech between 2014 and 2019.</p> <p>For the avoidance of doubt, Ms Pan is not a nominee of the Investor, and her appointment has been specifically required by the Investor.</p>
(M)	<i>Appointment of Nominee Director</i>	<p>The Bondholder shall, at all times, have the right to appoint a nominee onto the board of the Company as a non-independent and non-executive director.</p> <p>Upon receiving a written request from the Bondholder and subject to the recommendation of the nominating committee of the Company, the approval of the Board, and in compliance with applicable requirements under the Constitution of the Company and the Listing Rules, the Company will procure the appointment of one such director nominated by the Bondholder onto the Board.</p>
(N)	<i>Events of Default and Acceleration</i>	<p>The occurrence of certain events under the Agreement would entitle the Bondholder to notify the Company that all and not part of the Bonds are immediately due and payable at a redemption amount equal to 100% of the principal amount of the Bonds plus a premium equivalent to an internal rate of return of 10% on such principal amount.</p> <p>Such events of default include: (i) non-payment of any amount due in respect of the Bonds (such default continuing for a period of 45 days); (ii) the Company failing to deliver the Shares following the exercise of a Conversion Right; and (iii) the Company's failure to perform or comply with any one or more of its obligations under the terms and conditions of the Bonds (which default is not remedied or waived by the Bondholder within 45 days of the earlier of (aa) the Bondholder giving written notice of the failure to perform or comply to the Company and (bb) the Company becoming aware of the failure to perform or comply).</p>
(O)	<i>Governing Law</i>	The laws of Singapore.

4. RATIONALE AND USE OF PROCEEDS

4.1 Increase Shareholders' Value with Business Expansion and Growth

The Group is a technology-driven company specialising in sludge treatment, AI water management, and the production of high performance membranes.

The Group has secured a public-private-partnership project with a total amount of RMB114.75 million (approximately S\$24.5 million) in Bazhou city, Hebei Province, China for the design, construction and operation of a 120 tons/day sludge treatment plant and the recycling of the treated sludge into bricks for a concessionary period of 30 years.

The Group has also acquired a 70% stake in the capital of Zhejiang Bofeng Environmental Technology Co., Ltd (浙江铂沅环保科技有限公司), and will utilise the Group's own proprietary technology patents to provide oil sludge treatments to key customers, including the China National Offshore Oil Corporation.

The Company intends to use the majority of proceeds raised to secure more sludge treatment projects and AI water management projects. The sludge treatment projects are expected to generate one-off engineering, procurement and construction (EPC) income during the construction of the projects, and upon completion, generate recurring income for the Group over the lifespan of the projects, which is generally between 25 to 30 years. The AI water management projects are expected to generate recurring income for the Group during the contract period, which is generally between five and ten years. Assuming these projects are successful, they will be EPS accretive and value accretive to the Group.

4.2 Capital Raised at a Premium to Prevailing Market Price

If and when the Bonds are converted into Conversion Shares, the Conversion Price of S\$0.10 represents an attractive premium of:

- (a) 73.9% over S\$0.0575, being the VWAP for trades in Shares on 7 October 2022, which is the full market day prior to the date on which the Investment Agreement was signed;
- (b) 88.7% over S\$0.0530, being the VWAP for trades in Shares for one month period from 8 September 2022 to 7 October 2022;
- (c) 78.6% over S\$0.0560, being the VWAP for trades in Shares for three months' period from 8 July 2022 to 7 October 2022;
- (d) 53.6% over S\$0.0651, being the VWAP for trades in Shares for six months' period from 8 April 2022 to 7 October 2022; and
- (e) 44.1% over S\$0.0694, being the VWAP for trades in Shares for 12 months' period from 8 October 2021 to 7 October 2022.

4.3 InnoVision Capital's Expertise, Network, Support and Value-Add to Group's Continued Development and Success

InnoVision Capital and its team are experienced, have proven track record, and possess deep knowledge in green economy space in Asia. They will add value to the Group in terms of operational management expertise and strategic network, as well as in corporate governance and best-in-class internal processes, to support the Group's continued development and success.

4.4 Use of Proceeds

The additional capital raised from the Proposed Issue will position the Group favourably to build a sizable portfolio of sludge treatment projects and AI water management projects by taking on more such projects with external financing from PRC financial institutions, which typically provide funding on a 40:60 equity-debt ratio basis.

Based on the aggregate principal amount of US\$15 million (amounting to approximately S\$21.43 million) in gross proceeds from the allotment and issue of the Bonds, the net proceeds (after deducting estimated fees and expenses) is approximately US\$14.6 million (approximately S\$20.85 million) ("**Net Proceeds**"), which the Company intends to deploy for the Group's business expansion plan as well as working capital needs in the proportions set out below:

Use	Percentage Allocation (%)	Amount
Business expansion plan, including securing more sludge and AI water management projects as well as developing proprietary technology	95.0	US\$13.87 million (approximately S\$19.81 million)
Working capital and general corporate purposes of the Group (including payments of professional fees, compliance costs, payroll and other related expenses, and office expenses)	5.0	US\$0.73 million (approximately S\$1.04 million)

Pending deployment for the abovementioned purposes, the Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities and/or debt instruments or used for any other purposes on a short-term basis as the Board may in their absolute discretion deem fit in the best interest of the Group.

The Company will make periodic announcements on the use of the Net Proceeds as and when such funds are materially disbursed and provide a breakdown with specific details on the use of the Net Proceeds in its interim and full-year financial statements and the Company's annual reports. Where there is any material deviation from the stated use of proceeds, the Company shall announce the reasons for such deviation when such funds are materially disbursed. 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 the use of proceeds and in the Company's annual report.

5. AUTHORITY TO ISSUE CONVERSION SHARES

- 5.1 The Conversion Shares will be issued pursuant to the general mandate ("**Share Issue Mandate**") approved by the shareholders of the Company on 28 April 2022.
- 5.2 The Share Issue Mandate authorises the Directors to allot and issue Shares and/or convertible securities of not more than 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the Share Issue Mandate, of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders does not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the Share Issue Mandate.
- 5.3 No Shares were previously issued under the Share Issue Mandate prior to the date of the Investment Agreement and the Company does not have any warrants or other convertible securities in issue as at the date of this announcement. As such, the total number of Shares that may be issued pursuant to the Share Issue Mandate is 767,439,180 Shares, of which the number of Shares to be issued other than on a pro rata basis is 306,975,672 Shares.

- 5.4 Based on the initial Conversion Price of S\$0.10, the maximum number of Conversion Shares that may be allotted and issued pursuant to the Investment Agreement is 214,260,000 Shares, which is within the limits of the Share Issue Mandate. Accordingly, no specific approval from Shareholders for the issuance and allotment of the Bonds and the Conversion Shares is required.

6. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Proposed Issue will be undertaken by way of a private placement pursuant to the exemptions under Section 275 of the SFA relating to offers of securities or securities-based derivatives contracts to an institutional investor or a relevant person. As such, no prospectus or offer information statement will be issued by the Company and/or lodged with the SGX-ST in connection therewith.

7. LISTING AND QUOTATION OF CONVERSION SHARES

The Company will be making an application to the SGX-ST for the listing and quotation of the Conversion Shares on the Official List of the SGX-ST. The Company will make the necessary announcements once in-principle approval from the SGX-ST has been obtained.

8. DIRECTORS' OPINION

The Directors are of the opinion that, after taking into consideration the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. As mentioned above, the Proposed Issue is being undertaken to advance the Group's business expansion plans as well as further strengthen its working capital position.

9. FINANCIAL EFFECTS

The financial effects of the Proposed Issue and subsequent allotment and issue of the Conversion Shares on the share capital of the Company as well as the net tangible assets ("NTA") per Share and the earnings per Share ("EPS") of the Group are set out below.

The financial effects have been prepared based on the audited consolidated financial statements of the Group for its most recently completed financial year ended 31 December 2021, are purely for illustrative purposes only and do not reflect the actual financial position of the Group after the Proposed Issue and allotment and issuance of the Conversion Shares.

9.1 Share Capital

	Before issue of Conversion Shares	Maximum Number of Conversion Shares to be Issued ⁽²⁾	After issue of Conversion Shares
<i>Number of Shares</i> ⁽¹⁾	1,534,878,360	214,260,000	1,749,138,360

Notes:

- (1) *The financial effect on the net tangible assets ("NTA") per share is computed based on the assumption that the Conversion Shares was completed on 31 December 2021.*
- (2) *The financial effect on the earnings per share ("EPS") is computed based on the assumption that the Conversion Shares was completed on 1 January 2021.*
- (3) *The Company does not have any treasury shares or subsidiary holdings.*
- (4) *Based on the maximum of 214,260,000 Conversion Shares to be issued pursuant to the conversion of all of the Bonds, assuming there are no Adjustment Events.*

As at the date of this announcement, the existing share capital of the Company is approximately RMB375,049,000 divided into 1,534,878,360 Shares.

9.2 NTA

	Before issue of Conversion Shares	Maximum Number of Conversion Shares to be Issued ⁽²⁾	After issue of Conversion Shares
NTA (RMB '000)	129,667	103,846	233,513
Number of Shares ⁽¹⁾	1,534,878,360	214,260,000	1,749,138,360
NTA per Share (RMB cents)	8.45	48.47	13.35

Notes:

- (1) The Company does not have any treasury shares or subsidiary holdings.
- (2) Based on the maximum of 214,260,000 Conversion Shares to be issued pursuant to the conversion of all of the Bonds, assuming there are no Adjustment Events. RMB amounts herein have been translated into US\$ based on the closing US\$:RMB exchange rate of US\$1:RMB7.1158 on the last business day prior to the signing of the Investment Agreement as quoted by Bloomberg L.P..
- (3) NTA comprises total net assets, net of intangible assets and non-controlling interests.

9.3 EPS

	Before issue of Conversion Shares ⁽²⁾	Maximum Number of Conversion Shares issuable under the terms of the Bonds ⁽³⁾	After issue of Conversion Shares
Earnings (RMB '000)	5,840	-	5,840
Weighted average number of Shares ⁽¹⁾	1,421,529,064	214,260,000	1,635,789,064
Earnings per Share (RMB cents)	0.41	-	0.36

Notes:

- (1) The Company does not have any treasury shares or subsidiary holdings.
- (2) The EPS has been derived based on the profit for the year attributable to the owners of the Company divided by the weighted average number of Shares in issue.
- (3) Based on the maximum of 214,260,000 Conversion Shares to be issued pursuant to the conversion of all of the Bonds and assuming that there are no Adjustment Events. RMB amounts herein have been translated into US\$ based on the closing US\$:RMB exchange rate of US\$1:RMB7.1158 on the last business day prior to the signing of the Investment Agreement as quoted by Bloomberg L.P..

10. FINANCIAL ADVISER

Stirling Coleman Capital Limited ("SCCL") has been appointed by the Company as its financial adviser in relation to the Proposed Issue.

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND DISCLOSURES

11.1 The shareholding interests of the Directors and substantial shareholders of the Company as at the date of this announcement, as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained under the provisions of the Companies Act and the SFA, respectively, are as follows:

	As at the date of this Announcement				Immediately upon issue of 214,260,000 Conversion Shares pursuant to full conversion of the Bonds			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾
Directors								
Dr. Lin Yucheng	414,779,500	27.02	-	-	414,779,500	23.71	-	-
Ngoo Lin Fong	18,717,000	1.22	-	-	18,717,000	1.07	-	-
Lim Kuan Meng	-	-	-	-	-	-	-	-
Mak Yen-Chen Andrew	-	-	-	-	-	-	-	-
Lee Suan Hiang ⁽³⁾	5,000,000	0.33	3,000,000	0.20	5,000,000	0.29	3,000,000	0.17
Substantial Shareholders (other than Directors)								
Pan Shuhong ⁽⁴⁾	165,000,000	10.75	3,199,000	0.21	165,000,000	9.43	3,199,000	0.18
InnoVision Pomelo LP	-	-	-	-	214,260,000	12.25	-	-

Notes:

- (1) Based on the issued share capital of the Company, comprising 1,534,878,360 Shares (excluding treasury shares and there being no subsidiary holdings) as at the date of this announcement.
- (2) Based on the enlarged Share capital of the Company, comprising 1,749,138,360 Shares (excluding treasury shares and subsidiary holdings) after the full conversion of the Bonds.
- (3) Lee Suan Hiang is deemed to have an interest in 3,000,000 Shares held through his nominee, DBS Nominees Pte. Ltd..
- (4) Pan Shuhong is deemed to be interested in 3,199,000 Shares held through her nominee, OCBC Securities Private Limited.

11.2 Dr Lin, the Executive Chairman, is a substantial shareholder of the Company and holds 414,779,500 Shares, representing approximately 27.02% of the Company's total issued Shares. Dr Lin has informed the Company that he is a passive investor in one of the InnoVision Capital's funds. As mentioned in paragraph 2.9 above, as an investor in the fund, Dr Lin has no say nor influence over any investment decisions made by the general partner.

11.3 Ms Pan, who will be appointed as a non-independent and non-executive Director and Deputy Chairwoman of the Board within six months from the First Bonds Closing, is a substantial shareholder of the Company and holds 168,199,000 Shares, representing approximately 10.96% of the Company's total issued Shares. Ms Pan has also informed the Company that she is a passive investor in one of the InnoVision Capital's funds. As mentioned in paragraph 2.9 above, as an investor, Ms Pan has no say nor influence over any investment decisions made by the general partner.

11.4 Save as disclosed above, none of the Directors or the substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the above transactions, other than through their respective directorships and/or shareholdings in the Company.

11.5 For completeness, SCCL does not have any shareholding interests in the Company. Certain directors, employees and shareholders of SCCL own Shares in their personal capacities and as part of their personal investments. None of them are substantial shareholders of the Company. A shareholder of SCCL is also a passive investor in one of the InnoVision Capital's funds. As mentioned in paragraph 2.9 above, as an investor, the SCCL shareholder has no say or influence over any investment decisions made by the general partner.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the following documents will be available for inspection during normal business hours at the Company's office at 41 Science Park Road, #04-11 The Gemini, Singapore 117610 for a period of three months from the date of this announcement:

- (a) the Constitution of the Company;
- (b) the Investment Agreement; and
- (c) the Annual Report of the Company for the financial year ended 31 December 2021.

Shareholders who wish to inspect these documents are required to send an email request to pohyeow@leaderet.com to make an appointment in advance.

13. 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 Investment Agreement, Proposed Issue, Bonds, Conversion Shares and the Group, 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.

14. FURTHER ANNOUNCEMENTS

The Company will make further and other announcements at the relevant time as and when there are material developments in relation to the Proposed Issue.

15. CAUTION IN TRADING

As at the date of this announcement, completion of the Investment Agreement and Proposed Issue are subject to fulfilment of conditions precedent, and there is no assurance nor certainty that the Proposed Issue will proceed or proceed on the present terms.

Shareholders should read this announcement and any further announcements by the Company carefully. Shareholders should refrain from taking any action in respect of their Shares which may be prejudicial to their interests, and to exercise caution when dealing in their Shares. In the event of any doubt, Shareholders should consult their professional advisers.

BY ORDER OF THE BOARD OF DIRECTORS

Mr Ngoo Lin Fong
Executive Director
11 October 2022