



**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)

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**US\$15 MILLION REDEEMABLE ZERO-COUPON CONVERTIBLE BONDS:**

- **RECEIPT OF APPROVAL-IN-PRINCIPLE FROM THE SGX-ST (SUBJECT TO SHAREHOLDERS' APPROVAL)**
  - **FURTHER INFORMATION UPDATES**
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**1. INTRODUCTION**

The Board refers to its announcement dated 11 October 2022 in relation to the proposed issue of US\$15 million redeemable convertible zero-coupon convertible bonds to InnoVision Pomelo LP ("Announcement"). All capitalised terms used herein, unless otherwise defined, have the meanings ascribed in the Announcement.

**2. RECEIPT OF APPROVAL-IN-PRINCIPLE FROM THE SGX-ST**

The Company wishes to announce that it has, on 16 December 2022, received the approval-in-principle from the SGX-ST ("AIP") for the listing and quotation of up to 214,260,000 Conversion Shares (subject to adjustment events). Such AIP is subject to compliance with the SGX-ST's listing requirements and the following conditions:

- (a) Shareholders' approval for the issuance and allotment of the Bonds and Conversion Shares where Dr Lin Yucheng and Ms Pan Shuhong and their associates are to abstain from voting;
- (b) a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the Proposed Issue 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 Listing Manual;
- (d) a written confirmation from the Company that it will not issue the Bonds to persons prohibited under Rule 812(1) of the Listing Manual;
- (e) a written confirmation from the Company that the terms of the Bonds comply with Rule 829(1) of the Listing Manual;
- (f) a written undertaking from the Company to announce any adjustment made pursuant to Rule 829(1) of the Listing Manual;
- (g) announcement of the conditions under which the price of the Conversion Shares may be adjusted and the conditions under which the Bonds may be redeemed; and
- (h) independent verification on the use and disbursement of proceeds and funds from

the Proposed Issue.

It is further stated under the AIP that the Exchange is of the view that the appointment of Ms Pan Shuhong as a non-independent and non-executive Director and Deputy Chairwoman of the Board will be considered a nominee director of the Investor.

Shareholders should note that the SGX-ST's approval-in-principle is not to be taken as an indication of the merits of the Conversion Shares, the Company and/or its subsidiaries.

A circular to Shareholders for the purpose of seeking their approval for the issuance and allotment of the Bonds and Conversion Shares, together with the notice of the extraordinary general meeting to be convened, will be despatched to Shareholders in due course.

### 3. FURTHER INFORMATION UPDATES

The Company would also like to provide the following information updates in relation to the Proposed Issue:

(A) Novation by Investor to InnoVision Super Aqua Limited

The Company, the Investor and InnoVision Super Aqua Limited ("InnoVision Subsidiary") have entered into a novation agreement for the transfer of all rights and obligations of the Investor under the Investment Agreement to the InnoVision Subsidiary.

InnoVision Subsidiary is a special purpose vehicle controlled and managed by InnoVision Capital as general partner and recently incorporated on 19 October 2022 in the British Virgin Islands for the sole purpose of holding the Bonds. Its shareholders are InnoVision USD Fund I LP and InnoVision Capital Dingsheng LP, entities which are similarly controlled and managed by InnoVision Capital.

For the avoidance of doubt, the novation does not change the substance and intent of the Investment Agreement, as both the Investor and InnoVision Subsidiary are managed by InnoVision Capital as general partner.

(B) Amendment of the Investment Agreement

The Company and the InnoVision Subsidiary have entered into a supplemental agreement to amend certain terms of the Investment Agreement ("**Supplemental Agreement**") to reflect, *inter alia*, the conditions under the AIP requiring the Company to obtain Shareholders' approval for the Proposed Issue and the extension of the long-stop date for the First Bonds Closing from 3 months to 8 months to accommodate for the time needed for the Company to convene an extraordinary general meeting.

(C) Disclosure of Due Diligence Information to Investor

As part of its investment process, the Investor conducted due diligence on the Group. Prior to the due diligence, the Company entered into a non-disclosure agreement ("**NDA**") with the Investor on 29 June 2022 to ensure confidentiality.

The Board confirms that it has not made selective disclosure to the Investor or the InnoVision Subsidiary in respect of information which the Company is otherwise obliged to disclose and has not already disclosed per the Listing Rules.

(D) Timing of First Bonds Closing and Second Bonds Closing

As amended by the Supplemental Agreement, the conditions precedent to the First Bonds Closing are to be satisfied or waived by the party having its benefit (as the case may be) by the date falling 8 months from the date of the Investment Agreement (or such other date as the parties may agree in writing), failing which the Investment

Agreement will lapse and cease to have any effect (save for standard surviving provisions such as confidentiality).

Subject to the First Bonds Closing taking place, the conditions precedent to the Second Bonds Closing are to be satisfied or waived by the party having its benefit (as the case may be) on or before the date falling 3 months from the date of the First Bonds Closing, failing which the obligations of the parties in relation to the Second Bonds Closing shall cease.

(E) Use of Proceeds

The Company intends to use majority of proceeds raised in the Proposed Issue to secure more sludge treatment projects and Artificial Intelligence (“AI”) water management projects.

Part of the net proceeds allocated will be utilised to install AI water management systems at the water treatment facilities of new AI water management projects when secured. These capital expenditures are to be borne by the Company. The cost savings generated by the customers after the implementation of the AI water management system will then be shared between the Company and its customers in accordance with the contractual agreements.

The Company also aims to secure new projects in the next 3 to 6 months, if practicable, but this is not entirely within the control of the Group, as it is dependent on, amongst others, developments of the ongoing COVID-19 situation in the PRC, results of due diligence on the projects as well as mutual terms being agreed with counterparties etc. Notwithstanding, the Group intends to be proactive in its lookout for viable projects.

The net proceeds raised from the Proposed Issue are allocated for any new projects, and will not be utilised for the Public-Private-Partnership project in Bazhou City, Hebei province.

(F) Adjustment Events

The Conversion Price of the Bonds is subject to adjustment events, which have been set out in paragraph 3(H) of the Announcement. Other than disclosed, there are no other adjustment events.

(G) Illustrative Examples relating to the Bonds

To assist Shareholders in understanding redemption applications under the terms of the Bonds, the Company has set out in the appendix attached to this announcement illustrative examples. These illustrations are to be read in conjunction with the terms of the Bonds in entirety.

#### 4. 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.

#### 5. CAUTION IN TRADING

As at the date of this announcement, completion of the Investment Agreement and Proposed Issue remain 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  
19 December 2022

## APPENDIX

The Company has set out below numerical examples to demonstrate the calculation of the Redemption Amount payable under certain scenarios pursuant to the terms of the Bonds. The illustrative figures presented are based on the first tranche of principal amount of US\$6 million in Bonds to be issued to the Investor and would apply in a similar manner to the second tranche to be issued. As disclosed in the Announcement previously:

- (I) 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) plus a premium that would give a yield to maturity of 8% per annum compounded annually, on the Final Maturity Date.
- (II) In the event of any distribution of dividends by the Company, the Bondholder will 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. Such dividends shall be taken into consideration in ascertaining the redemption amount payable.
- (III) The occurrence of certain events would entitle the Bondholder to require the Company to redeem all or some only of the outstanding Bonds at the Early Redemption Amount, which is 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.

*The figures presented below are purely for illustrative purposes and they do not reflect the actual financial position of the Group, which is currently in a loss-making position based on the latest audited financial statements of the Group. Nothing herein is to be construed as a guarantee or forecast of the Group's profits or its ability to declare or distribute dividends for any period stipulated below.*

(a) Scenario A - Redemption of Bonds on Final Maturity Date (when no dividends are declared)

The redemption amount payable on the Final Maturity Date is set out in the table below and is based on the following assumptions:

- (i) the First Bonds Closing takes place on 31 March 2023 and the first tranche of principal amount of US\$6 million in Bonds has been issued to the Investor on such date;
- (ii) the Company does not declare any dividends for the period that the first tranche Bonds are outstanding; and
- (iii) the Bonds are redeemed on the Final Maturity Date and the Company does not exercise the right to extend the Final Maturity Date for a period of up to two years.

	31-Mar-23	30-Apr-23	30-Apr-24	30-Apr-25	31-Mar-25
Principal amount of Bonds (US\$)	-6,000,000				
Dividends declared (US\$)		0			
Dividends declared (US\$)			0		
Dividends declared (US\$)				0	
Redemption Amount (US\$)					7,559,000
Value (US\$)	-6,000,000	0		0	7,559,000
				IRR	8.00%

(b) Scenario B - Redemption of Bonds on Final Maturity Date (when dividends are declared)

The redemption amount payable on the Final Maturity Date is set out in the table below and is based on the following assumptions:

- (i) the First Bonds Closing takes place on 31 March 2023 and the first tranche of principal amount of US\$6 million in Bonds has been issued to the Investor on such date;
- (ii) the Company declares dividends in each year that the first tranche Bonds are outstanding; and
- (iii) the Bonds are redeemed on the Final Maturity Date and the Company does not exercise the right to extend the Final Maturity Date for a period of up to two years.

	31-Mar-23	30-Apr-23	30-Apr-24	30-Apr-25	31-Mar-26
Principal amount of Bonds (US\$)	-6,000,000				
Dividends declared (US\$)		122,500			
Dividends declared (US\$)			122,500		
Dividends declared (US\$)				122,500	
Redemption Amount (US\$)					7,134,000
Value (US\$)	-6,000,000	122,500	122,500	122,500	7,134,000
				IRR	8.00%

(c) Scenario C - Early Redemption of Bonds (when no dividends are declared)

The Early Redemption Amount payable in the event of an early redemption is set out in the table below and is based on the following assumptions:

- (i) the First Bonds Closing takes place on 31 March 2023 and the first tranche of principal amount of US\$6 million in Bonds has been issued to the Investor on such date;
- (ii) the Company does not declare any dividends for the period that the first tranche Bonds are outstanding; and
- (iii) the Bonds are redeemed in full prior to the Final Maturity Date at the Early Redemption Amount.

	31-Mar-23	30-Apr-23	30-Apr-24	30-Jun-25
Principal amount of Bonds (US\$)	-6,000,000			
Dividends declared (US\$)		0		
Dividends declared (US\$)			0	
Redemption Amount (US\$)				7,135,000
Value (US\$)	-6,000,000	0		7,135,000
			IRR	8.00%

(d) Scenario D - Early Redemption of Bonds (when dividends are declared)

The Early Redemption Amount payable in the event of an early redemption is set out in the table below and is based on the following assumptions:

- (i) the First Bonds Closing takes place on 31 March 2023 and the first tranche of principal amount of US\$6 million in Bonds has been issued to the Investor on such date;
- (ii) the Company declares dividends in each year that the first tranche Bonds are outstanding; and
- (iii) the Bonds are redeemed in full one year prior to the Final Maturity Date at the Early Redemption Amount.

	31-Mar-23	30-Apr-23	30-Apr-24	30-Jun-25
Principal amount of Bonds (US\$)	-6,000,000			
Dividends declared (US\$)		122,500		
Dividends declared (US\$)			122,500	
Redemption Amount (US\$)				6,856,000
<b>Value (US\$)</b>	<b>-6,000,000</b>	<b>122,500</b>	<b>122,500</b>	<b>6,856,000</b>
			IRR	8.00%