



Leader Environmental Technologies Limited (“Leader”)

Extraordinary General Meeting

28 February 2023

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Unless otherwise defined herein, all capitalised terms shall have the same meanings ascribed to them in the Circular.

- Salient Terms of Convertible Bonds (“Bonds”)
- Rationale for the Bonds
- Shareholdings and About InnoVision Capital
- Questions and Answers

Salient Terms of Convertible Bonds

Salient Terms of Bonds



Principal Amount	Up to US\$15mm ¹	
Bondholder	InnoVision Super Aqua Limited	
Conversion Price	S\$0.10 per share	
Cash Coupon	Zero-coupon and will not bear any interest whatsoever	
Fully-diluted ownership of Bondholder	12.25%	
Maturity	3 years + 2 years (at option of the Company) Redemption Yield to Maturity : 8% compounded annually	
Redemption	<p>Early Redemption Event:</p> <ul style="list-style-type: none"> • Delisting, Change of Control or a Merger • Voluntary resignation by Dr Lin Yucheng (“Dr Lin”) or Mr Li Li while Investor is vested (This does not apply if it is as a result of death or loss of physical or mental capacity as evident by a registered medical practitioner giving a written opinion that the person is no longer fit to act as an appointment holder) or subject to legal or regulatory requirements <p>Early Redemption Yield : 8% compounded annually</p>	<p>Event of Default (“EOD”) and Acceleration:</p> <ul style="list-style-type: none"> • Non-Payment, • Failure to Delivery Conversion Shares • Breach of Other Obligations • Enforcement Proceedings • Security Enforced • Insolvency • Winding-up • Illegality • Declared Company • Analogous Events <p>EOD Yield : 10% compounded annually</p>

Notes:

1) 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.



Payment in the Event of Distribution of Dividends	Bondholder will be entitled to receive dividends from the Company as if the Bonds had been fully converted into Shares.
Appointment of Nominee Director¹	The Bondholder will, at all times, have the right to appoint a nominee onto the board as a non-independent and non-executive director.
Management Lock Up	Each of Dr. Lin (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) 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.
Conversion Period	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 into Shares.
Conversion Price Adjustment	Standard adjustments such as for stock splits and stock dividends will apply. If Company pays a cash dividend, the Investor will be entitled on an as-converted basis.

Please refer to Section 2 of the Circular and Appendices 2 to 4 to the Circular for further information on the terms and conditions of the Bonds

Notes:

- 1) *For completeness, it was previously announced on 11 October 2022 that Ms Pan Shuhong (“**Ms Pan**”) would be appointed as a non-independent and non-executive Director and Deputy Chairwoman of the Board within 6 months from the First Bonds Closing, and that Ms Pan was not a nominee director of the Investor. The SGX-ST had in its AIP indicated that it was of the view that Ms Pan’s appointment as a non-independent and non-executive Director and Deputy Chairwoman of the Board would be considered a nominee director of the Investor. On 9 February 2023, the Investor has agreed to waive its rights in relation to, and release the Company from the obligation to, the appointment of Ms Pan to the Board under the Investment Agreement.*

Rationale for the Bonds



Rationale of Bonds

Details

1. Increase Shareholders' Value with Business Expansion and Growth

- The Group has secured a public-private-partnership project with a total amount of RMB114.75 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, 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 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 to ten years. Assuming these projects are successful, they will be EPS accretive and value accretive to the Group.

Use of Net Proceeds



Use	Percentage Allocation (%)	Net Proceeds
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)
Total	100%	US\$14.6 million (approximately S\$20.85 million)

- 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.

Notes:

- 1) *The Company will make periodic announcements on the use of the Net Proceeds in its interim and full-year financial statements and the Company's annual reports, including the reasons where there is any material deviation from the stated use of proceeds and the breakdown with specific details if the use of proceeds are for working capital purposes.*



Rationale of Bonds

Details

2. **Capital Raised at a Premium to Prevailing Market Price**

- The Conversion Price of S\$0.10 represents an attractive premium of 73.9%, 88.7%, 78.6%, 53.6% and 44.1% over the Volume Weighted Average Price (VWAP) for trades done in 7 Oct 2022¹, last 1M, 3M, 6M and 12M respectively.

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.

Notes:

1) Full market day prior to the date on which the Investment Agreement was signed.

*Shareholdings and
About InnoVision Capital*

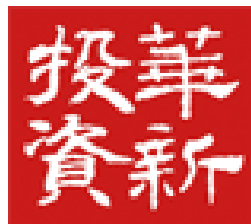
Directors and Substantial Shareholders' Shareholdings

Shareholder	As at the Latest Practicable Date				On fully-diluted Basis			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	% ¹	No. of Shares	% ¹	No. of Shares	% ²	No. of Shares	% ²
Directors								
Dr Lin Yucheng ⁵	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 Shareholder (other than Directors)								
Pan Shuhong ^{4,5}	165,000,000	10.75	3,199,000	0.21	165,000,000	9.43	3,199,000	0.18
InnoVision Super Aqua Limited	-	-	-	-	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 Latest Practicable Date.
- 2) Based on the enlarged Share capital of the Company, comprising 1,749,138,360 Shares (excluding treasury shares and subsidiary holdings) assuming the full conversion of the US\$15 million Bonds at the initial Conversion Price of S\$0.10 and that there are no Adjustment Events.
- 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.
- 5) Dr Lin and Ms Pan have as at the Latest Practicable Date invested US\$10 million in IVC Entrepreneur through BLP Capital, which has in turn invested US\$50 million in the USD Fund, further details of which are set out in Section 4.2 of the Circular and Appendix 1 to the Circular. Dr Lin, Ms Pan and their respective associates will abstain from exercising any voting rights in relation to the ordinary resolutions sought to be passed at the EGM.

InnoVision has strong credentials and experienced management team



华新投资
InnoVision Capital

Our Mission

*Make the World a Better Place
through Our Investments*

Our Vision

*Establish a Top-Class
Investment Organization*

Our Value

*Customer Success, Radical Truth,
Embrace Changes, Team Work*

Background

- Founded in 2016, InnoVision Capital is broadly recognized 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.
- Has since accumulated deep domain knowledge, outstanding deal sourcing network, strong industry resources, strong industry resources and long-term proven track record;
- Deep insights in regulation trend and PRC A-share market as well as strong risk management capability and disciplined exit strategy.

Performance

- 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).
- InnoVision Capital has to date invested in, amongst others: Beike (NYSE: BEKE), JD Logistics (HK: 02618), China Securities Co., Ltd. (SEHK: 06066, SHSE 601066), WuXi AppTec (SHSE: 603259; SEHK: 02359), Lvkon, Eswin, Vtown, Channel Soft, Neurophth, CATUG, iCamuno, Butel.
- Since inception, InnoVision Capital has had a number of successful IPOs and exits and generated consistently top quartile returns for all the funds currently under management.

Questions & Answers
