



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)

Divestment of 100% equity interest in Jilin Anjie Environmental Engineering Co., Ltd

1 INTRODUCTION

The Board of Directors (“**Board**”) of Leader Environmental Technologies Limited (“**Company**” or “**Leader**”, and together with its subsidiaries, “**Group**”) wishes to announce that the Company has entered into a sale and purchase agreement (“**SPA**”) dated 21 September 2023 with Gansu Zhengbo Stone Co., Ltd. (甘肃正柏石材有限责任公司) (“**Purchaser**”) for the sale of its 100% equity interest in Jilin Anjie Environmental Engineering Co., Ltd (“**Proposed Disposal**”).

2 INFORMATION ON JILIN ANJIE

Jilin Anjie Environmental Engineering Co., Ltd (“**Jilin Anjie**”) was incorporated in China on 3 November 2005 with a registered capital and paid-up capital of RMB160.0 million.

Jilin Anjie is principally engaged in research and development, design, manufacture and installation of environmental protection systems and provision of technical consulting and support services of environmental protection technologies and systems.

With the completion of its last wastegas contract in FY2021, Jilin Anjie has commercially ceased operations.

Based on the latest unaudited financial statements of Jilin Anjie for the 6-month period ended 30 June 2023, it has net assets value of approximately RMB6.0 million and incurred net loss after taxation of approximately RMB0.6 million.

3 INFORMATION ON THE PURCHASER

The Purchaser is principally engaged in the stone business, contractors of housing construction and municipal infrastructure projects in China, and is keen to pursue its interest in environmental business.

The Purchaser is an independent third party unrelated to any of the Company's directors, substantial shareholders and their respective associates.

4 PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

Pursuant to the terms of the SPA, the Purchaser agrees to purchase the Company's 100% equity interest in Jilin Anjie for a consideration of approximately RMB6.6 million ("**Sale Consideration**").

The Sale Consideration was determined based on an independent valuation report ("**Independent Valuation Report**").

The Purchaser had commissioned 金信泰（北京）资产评估有限公司 to perform a valuation of Jilin Anjie using the management accounts for the period ended 30 June 2023. Based on the work performed by the valuer, it has valued Jilin Anjie with a net assets value of approximately RMB6.0 million, due mainly to a receivable of RMB6.8 million from the Company.

4.1 OTHER SALIENT TERMS OF THE SPA

The completion of the sale and purchase shall take place on a date as the Company and the Purchaser may mutually agree but in any event no later than 31 October 2023.

The Purchaser agrees to assume all the assets and liabilities of Jilin Anjie, including the intercompany amount owing from the Company of RMB6.8 million.

In addition to the SPA, the respective parties have also entered into a tripartite agreement under the following terms and conditions:

- (i) assign the aforesaid amount owing from the Company of approximately RMB6.8 million to the Purchaser;
- (ii) offset the Sale Consideration relating to the sale of 100% equity interest of Jilin Anjie of approximately RMB6.6 million against item (i) above; and
- (iii) arrange final settlement of the intercompany balance owing from the Company of RMB200,000 within 5 business days upon the completion of the shares transfer to the purchaser.

5 RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal is an opportunity for the Company to realise a non-performing investment, and prevent further losses and deterioration of shareholders' equity. This allows the Company to focus on its transformation plans to evolve into a technology-driven company in sludge treatment, artificial intelligence water management business, production of high-performance membranes and greentech investment.

Jilin Anjie has substantially scaled down its industrial wastegas business, and it had not tendered nor entered into any new industrial wastegas contracts since FY2021.

6 FINANCIAL EFFECTS

For illustrative purposes, based on the Sale Consideration of approximately RMB6.6 million and the net asset value of approximately RMB6.0 million, the Group will record a gain of approximately RMB0.6 million in its books.

6.1 NET ASSET VALUE ("NAV")

The effect of the Proposed Disposal on the consolidated net asset value per share of the Group as at 31 December 2022 assuming that the Proposed Disposal had been completed as at 31 December 2022 is as follows:

As at 31 December 2022	Before the disposal	After the disposal
NAV ⁽¹⁾ attributable to equity holders of the Company (RMB'000)	118,107	118,795
Number of issued shares (excluding treasury shares)	1,534,878,360	1,534,878,360
NAV per share (RMB cents)	7.69	7.74

Note:

(1) NAV is computed based on total assets less total liabilities excluding non-controlling interests.

6.2 LOSS PER SHARE ("LPS")

The effect of the Proposed Disposal on the consolidated LPS of the Group for FY2022, assuming that the Proposed Disposal had been completed as at 1 January 2022 is as follows:

For the year ended 31 December 2022	Before the disposal	After the disposal
Loss attributable to owners of the parent (RMB'000)	(15,944)	(15,256)
Number of issued shares (excluding treasury shares)	1,534,878,360	1,534,878,360
LPS (RMB cents)	(1.04)	(0.99)

7 RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL IN RELATION TO THE PROPOSED DISPOSAL

For the purposes of Chapter 10 of the SGX-ST Listing Manual, the relative figures for the Proposed Disposal using the applicable bases of comparison under Rule 1006 of the Listing Manual based on the audited consolidated accounts of the Company for the year ended 31 December 2022 are as follows:

Rule 1006(a)	RMB'000
Audited net asset value of the Jilin Anjie as at 31 December 2022	6,534
Group's audited net asset value as at 31 December 2022	118,107
Relative figure	5.5%
Rule 1006(b)	
Audited loss before taxation of Jilin Anjie for 31 December 2022	(2,010)
Group's audited loss before taxation and non-controlling interests for the year ended 31 December 2022	(17,470)
Relative figure	11.5%
Rule 1006(c)	
Sale Consideration	6,646
Market capitalisation of the Company on 20 September 2023 (being the last market day when the shares of the Company were traded before the date of the SPA) ⁽¹⁾	587,676
Relative figure	1.1%
Rule 1006(d)	
Number of consideration shares	NA
Number of shares in the Company in issue as at the date of this announcement	NA
Relative figure	NA
Rule 1006(e)	
Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable. The Company is not a mineral, oil and gas company.

Notes:

(1) Converted based on 20 September 2023's average exchange rate of S\$1: RMB 5.3475.

The relative figure computed under Rules 1006(b) of the Listing Manual is negative. In addition, the gain on disposal as compared with the consolidated loss is less than 5%. Only the absolute value in each case will be taken into account under Practice Note 10.1 of the Listing Manual. Accordingly, the Proposed Disposal falls under the scenarios provided for in Paragraph 4.4(c) and Paragraph 4.4(e) of Practice Note 10.1, and the Proposed Disposal constitutes a "discloseable" transaction.

8 DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and/or the controlling shareholders of the Company or any of their respective associates has any interest or is deemed to be interested in the Proposed Disposal, save for their respective directorships and/or shareholding interests in the Company.

10 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA and the Independent Valuation Report are available for inspection at the registered office of the Company at 38 Beach Road, South Beach Tower, #29-11, Singapore 189767, during normal business hours for three (3) months from the date of this announcement.

By Order of the Board

Ngoo Lin Fong
Executive Director
21 September 2023