



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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## VOLUNTARY DISSOLUTION OF JOINT INVESTMENT WITH LOCAL GOVERNMENT OF YISHUI COUNTY, LINYI CITY, SHANDONG PROVINCE BY AN ASSOCIATED COMPANY – UNITED GREENTECH (YISHUI) CO., LTD.

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### 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 Group’s 40.9%-held associated company in the P.R.C., United Greentech (Yishui) Co., Ltd. (“**UG Yishui**”), has voluntarily dissolved (“**Voluntary Dissolution**”) its joint investment with the local government of Yishui (沂水) county, Linyi (临沂) city, Shandong (山东) province (“**Local Government of Yishui**”) on 7 November 2023.

### 2 INFORMATION ON UNITED GREENTECH (YISHUI) CO., LTD.

UG Yishui, is 50:50 jointly owned by United Kaida Greentech (Shandong) Co., Ltd. (“**联合凯达环境科技（山东）有限公司**” or “**UG Kaida**”) and the Local Government of Yishui. UG Kaida is an 81.8%-owned subsidiary of the Group through its wholly-owned United Greentech Holdings Pte. Ltd. The Company’s effective shareholding interest in UG Yishui is 40.9%.

UG Yishui has a registered capital of RMB20.0 million and issued paid-up capital of RMB5.0 million. UG Yishui is principally engaged in research and development, design, manufacture and installation of facilities for treatment of animal manure, municipal sludge and wastewater treatment projects in the Yishui county.

Based on the latest unaudited financial statements of UG Yishui for the 9-month period ended 30 September 2023, it has net assets value of approximately RMB5.0 million and incurred net loss after taxation of approximately RMB1.4 million.

### 3 RATIONALE FOR THE VOLUNTARY DISSOLUTION

As disclosed in the Company's announcement dated 12 May 2021, UG Yishui was incorporated as a joint investment with the Local Government of Yishui to invest in two Transfer-Operate-Transfer ("TOT") projects for treatment of animal manure with combined treatment capacity of 1,000 ton/day, one Build-Operate-Transfer ("BOT") project to treat municipal sludge of 100 ton/day, and another Operation and Maintenance ("O&M") industrial wastewater plant with a capacity of 30,000m<sup>3</sup>/day.

As part of the initial plan, the animal manure and sludge will be treated to reduce pollution and mass, generate renewable energy (compressed natural gas or CNG), and achieve resource recovery, i.e. fertilizer for soil conditioner and agriculture plantation.

To date, the joint investment has not proceeded as planned. As such, the Company proposed a Voluntary Dissolution of the joint investment with the Local Government of Yishui to recover its investment returns.

The proceeds from the Voluntary Dissolution to be received by the Company will be in cash. The Company intends to re-deploy the proceeds to its existing artificial intelligence water ("AIWater") management and sludge businesses.

### 6 FINANCIAL EFFECTS OF THE VOLUNTARY DISSOLUTION

For illustrative purposes, the proceeds from the Voluntary Dissolution is approximately RMB5.0 million and the carrying amount of the Group's net asset value in UG Yishui is approximately RMB5.004 million. The Group will record a loss of approximately RMB0.004 million in its books arising from the Voluntary Dissolution.

#### 6.1 NET ASSET VALUE ("NAV")

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

As at 31 December 2022	Before the dissolution	After the dissolution
NAV <sup>(1)</sup> attributable to equity holders of the Company (RMB'000)	118,107	118,103
Number of issued shares (excluding treasury shares)	1,534,878,360	1,534,878,360
NAV per share (RMB cents)	7.69	7.69

**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 Voluntary Dissolution on the consolidated LPS of the Group for FY2022, assuming that the Voluntary Dissolution had been completed as at 1 January 2022 is as follows:

<b>For the year ended 31 December 2022</b>	<b>Before the dissolution</b>	<b>After the dissolution</b>
Loss attributable to owners of the parent (RMB'000)	(15,944)	(15,948)
Number of issued shares (excluding treasury shares)	1,534,878,360	1,534,878,360
LPS (RMB cents)	(1.04)	(1.04)

## 7 RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL IN RELATION TO THE VOLUNTARY DISSOLUTION

For the purposes of Chapter 10 of the SGX-ST Listing Manual, the relative figures for the Voluntary Dissolution 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:

<b>Rule 1006(a)</b>	<b>RMB'000</b>
Audited net asset value of the UG Yishui as at 31 December 2022	5,816
Group's audited net asset value as at 31 December 2022	118,107
<b>Relative figure</b>	<b>4.9%</b>
<b>Rule 1006(b)</b>	
Audited profit before taxation of UG Yishui for 31 December 2022	1,361
Group's audited loss before taxation and non-controlling interests for the year ended 31 December 2022	(17,470)
<b>Relative figure</b>	<b>7.8%</b>
<b>Rule 1006(c)</b>	
Proceeds from Voluntary Dissolution	5,000
Market capitalisation of the Company on 6 November 2023 (being the last day when the shares of the Company were traded before the date of the dissolution) <sup>(1)</sup>	473,602
<b>Relative figure</b>	<b>1.1%</b>

<b>Rule 1006(d)</b>	
Number of consideration shares	NA
Number of shares in the Company in issue as at the date of this announcement	NA
<b>Relative figure</b>	NA
<b>Rule 1006(e)</b>	
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) Based on 6 November 2023's SGD:RMB exchange rate of 5.32 for the conversion.

The above basis of comparison under Rule 1006(b) involves a negative figure in the denominator, in view of the Group's audited loss. Under Rule 1007(1), if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10.1 of the Listing Manual.

In this regard, we would mention that:

- a) The absolute relative figure computed on the basis of Rule 1006(b) exceeds 5% but does not exceed 20%.
- b) The relative figure computed on the basis of each of Rule 1006(a) and Rule 1006(c) does not exceed 20% nor 5%.
- c) As mentioned in paragraph 6 of this announcement, the Group will record a loss of approximately RMB0.004 million in its books arising from the Voluntary Dissolution.
- d) As mentioned in paragraph 2 of this announcement, based on the latest unaudited financial statements of UG Yishui for the 9-month period ended 30 September 2023, it has incurred net loss after taxation of approximately RMB1.4 million.
- e) For the purposes of Paragraph 4.4(e)(i) of Practice Note 10.1, the Voluntary Dissolution is a disposal of a loss-making asset by an issuer, where the absolute relative figure computed on the basis of each of Rule 1006(a) and Rule 1006(c) does not exceed 20%.
- f) For the purposes of Paragraph 4.4(e)(ii) of Practice Note 10.1, the Voluntary Dissolution will result in a loss on disposal which is 0.02% of the consolidated net loss, where the absolute relative figure computed is less than 5% of the consolidated net loss of the Group.
- g) In view of the above, the Voluntary Dissolution 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 Voluntary Dissolution. 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 Voluntary Dissolution, save for their respective directorships and/or shareholding interests in the Company.

**10 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the termination agreement letter 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  
7 November 2023