



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)

PROPOSED DISPOSAL OF THE AIWATER GROUP AS A MAJOR TRANSACTION AND AN INTERESTED PERSON TRANSACTION

- PROPOSED CONDITIONAL CASH DISTRIBUTION TO SHAREHOLDERS
 - ENTRY INTO SET OFF AGREEMENT
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1. INTRODUCTION

1.1. The Board of Directors ("**Board**") of Leader Environmental Technologies Limited ("**Company**", and together with its subsidiaries, "**Group**") refers to its announcement dated 13 January 2025 relating to the entry by the Company, through its wholly-owned subsidiary United Greentech Holdings Pte. Ltd. ("**United Greentech**"), with WJL Holding Pte. Ltd. ("**Buyer**") for the proposed disposal of all the shares in the capital of AIWater (Anhui) Co., Ltd. and UG Water Pte. Ltd. held by United Greentech to the Buyer.

All capitalised terms used in this Announcement shall bear the same meaning as set out in the aforesaid announcement, unless otherwise expressly stated or the context otherwise requires.

1.2. As a recap:

- (a) United Greentech, being a wholly-owned subsidiary of the Company, intends to dispose all its interest in AIWater and UG Water to the Buyer for the aggregate consideration of RMB370 million (equivalent to approximately S\$68.3 million)¹.
- (b) Prior to completion of the Proposed Disposals ("**Completion**"), the Buyer will be restructured to be wholly-owned by United AI Greentech Ltd, which shareholders will comprise: (i) Feynman (44.46%), (ii) InnoVision SAL (16.57%), (iii) Hefei Zhiyi Green Equity Investment Partnership (Limited Partnership) (10.41%), (iv) Hyde Pacific Holding Co., Limited (20.00%), (v) K-1X Capital Pte. Ltd. (3.78%), (vi) Toe Teow Heng (3.78%) and (vii) Jiaxing Wukai Private Equity Fund Management Co., Ltd. (1.00%).
- (c) Feynman is jointly held by Dr Lin and Ms Pan in equal equity interest. Dr Lin and Ms Pan hold 27.02% and 10.96% respectively of the issued ordinary shares in the capital of the Company ("**Shares**").
- (d) InnoVision SAL is the sole holder ("**Bondholder**") of the redeemable zero-coupon convertible bonds in the aggregate principal amount of US\$15 million issued by the Company ("**Bonds**").

¹ Unless otherwise indicated, for illustration purposes only, RMB amounts in this announcement have been translated into S\$ based on the exchange rate of S\$1.00:RMB5.42, based on the rates obtained from the Monetary Authority of Singapore as at 26 February 2025.

2. PROPOSED CONDITIONAL CASH DISTRIBUTION

- 2.1. The Company has released its unaudited financial statements for the full year ended 31 December 2024 on 21 February 2025 ("**FY2024 Financial Statements**").
- 2.2. As at the date of this Announcement, the Company has an issued and paid-up share capital of S\$76,493,234.991 comprising 1,534,878,360 Shares. The Company does not have any treasury shares.
- 2.3. Subject to Completion, to reward Shareholders and Bondholder for their support, the Board is pleased to announce that the Company proposes to make a conditional aggregate cash distribution of the S\$ equivalent of up to RMB248,650,294, based on the actual exchange rate to be announced at a later date ("**Applicable Exchange Rate**"), to Shareholders ("**Proposed Cash Distribution**") via a capital reduction exercise ("**Proposed Capital Reduction**"), and in connection with the Proposed Cash Distribution, a sum of the S\$ equivalent of up to RMB34,710,120, based on the Applicable Exchange Rate, will be payable to InnoVision SAL as Bondholder pursuant to the terms and conditions of the Bonds ("**Relevant Payment**").
- 2.4. The Proposed Capital Reduction, to be effected by way of Section 78A read with Section 78C of the Companies Act 1967 of Singapore ("**Companies Act**"), will also be put up for the consideration and approval of Independent Shareholders by way of special resolution at the same EGM to consider and approve the Proposed Disposals.
- 2.5. Assuming Completion, and there being no changes to the number of issued Shares as at a book closure date to be announced in due course ("**Record Date**"), as well as taking into account the Relevant Payment, entitled Shareholders can expect to receive a Proposed Cash Distribution amount of approximately S\$0.03, subject to any adjustments based on the Applicable Exchange Rate, per Share. The Applicable Exchange Rate, when so determined by the Company, will be announced by way of a subsequent announcement on the SGXNET.
- 2.6. For the avoidance of doubt, the Proposed Cash Distribution will not result in a cancellation of Shares, or a change in the number of Shares issued by the Company immediately after the Proposed Cash Distribution.
- 2.7. More details regarding the Proposed Cash Distribution will be set out in the circular to be despatched to Shareholders to convene the EGM ("**Circular**").

3. SET-OFF AGREEMENT IN RELATION TO PROPOSED CASH DISTRIBUTION

- 3.1. Arising from the Proposed Cash Distribution, Dr Lin and Ms Pan, as Shareholders, are entitled to receive Proposed Cash Distribution amounts attributable to their equitable interests in the Company.
- 3.2. As mentioned in Paragraph 2.3, InnoVision SAL as the Bondholder is also entitled to the Relevant Payment arising from the Proposed Cash Distribution, pursuant to the terms and conditions of the Bonds, which provide that in the event of any distribution 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.

In this regard, please refer to the Company's circular dated 13 February 2023 in relation to the Bonds.

- 3.3. As noted in paragraph 1.2 above, Dr Lin, Ms Pan and Innovision SAL are also indirectly the controlling shareholders of the Buyer, which will be paying the Disposal Consideration to United Greentech upon Completion.
- 3.4. In view of the above, and for efficacy, the Company and United Greentech have entered into a set-off agreement with the Buyer, Dr Lin, Ms Pan, Feynman and InnoVision SAL such that the Disposal Consideration amount payable to United Greentech by the Buyer will be net of the amounts payable by the Company to Dr Lin, Ms Pan and InnoVision arising from the Proposed Cash Distribution ("**Set-Off Agreement**").
- 3.5. For the avoidance of doubt, the Set-Off Agreement does not in any way prejudice the interests of the Company, as the Disposal Consideration payable for the Proposed Disposal remains at RMB370 million (equivalent to approximately S\$69.03 million).
- 3.6. Under the Set-Off Agreement, Dr Lin, Ms Pan and InnoVision SAL will also undertake not to (directly or indirectly) sell, transfer or otherwise dispose of the whole or part of their interest in their Shares or Bonds (as the case may be), for the period commencing on the date of the Set-Off Agreement up to (and including) completion of the Proposed Cash Distribution.

4. **RATIONALE**

The Board is committed to enhancing Shareholders' return in their investment in the Company.

The Board is of the view that the Proposed Cash Distribution amount is in excess of the immediate requirements of the Company, and the Proposed Cash Distribution, if effected, would result in the Company having a more efficient capital structure, and at the same time, also improve Shareholders' return on equity.

In determining the amount to be returned to Shareholders, the Board has ensured that it retains sufficient capital for the remaining business segments of the Group, namely sludge treatment and membrane manufacturing businesses, and working capital needs.

5. **FINANCIAL EFFECTS**

5.1 **Bases and Assumptions**

For illustration purposes only, the following is an analysis and illustration of the financial effects of the Proposed Transactions and the Proposed Cash Distribution (taken as a whole) (collectively, "**Corporate Actions**") on the Group and based on the FY2024 Financial Statements.

The *pro forma* financial effects as set out herein do not reflect the actual financial results or the future financial performance and condition of the Group.

For the purposes of illustrating the *pro forma* financial effects of the Corporate Actions, the financial effects of the Corporate Actions were computed based on the following assumptions:

- (a) the financial effects of the consolidated NTA per Share is computed based on the assumption that the Corporate Actions had been completed at the end of FY2024;
- (b) the financial effects of the consolidated EPS are computed based on the assumption that the Corporate Actions had been completed on 1 January 2024;

- (c) expenses in connection with the Corporate Actions, including but not limited to professional fees, have been disregarded for the purposes of calculating the financial effects;
- (d) deductions, withholding tax, bank charges or any other charges in connection with the Corporate Actions, have been disregarded for the purposes of calculating the financial effects; and
- (e) the exchange rate of S\$1.00:RMB5.39 have been adopted for the purpose of computing the respective figures, as at 1 January 2024.

5.2 Share Capital

As there will be no change in the number of Shares by the Company pursuant to the Corporate Actions, there will be no impact on the issued and paid-up share capital of the Company.

5.3 (Loss) / Earnings Per Share

	Before the Corporate Actions	After the Corporate Actions
(Loss) / Earnings after tax attributable to Shareholders (RMB'000)	(57,689)	225,649
Weighted average number of shares in the Company	1,534,878,360	1,534,878,360
(LPS) / EPS (RMB cents)	(3.76)	14.70

5.4 NTA

	Before the Corporate Actions	After the Corporate Actions
NTA attributable to the owners of the Company (RMB'000)	16,588	51,277
Number of issued shares in the Company	1,534,878,360	1,534,878,360
NTA per share (RMB cents)	1.08	3.34

5.5 Gain from Proposed Disposals

Based on the FY2024 Financial Statements, the Company expects on Completion, to record an estimated net gain of approximately RMB318.1 million (equivalent to approximately S\$58.7

million). The gain on disposal is derived by deducting the net asset value of the Target Companies against the net sales proceeds to be received by the Group.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this Announcement, the Company's earlier announcement on 13 January 2025 and the Company's circular dated 13 February 2023 in relation to the Bonds, none of the Directors or controlling shareholders of the Company and their respective associates has any interest, whether direct or indirect, in the Corporate Actions, save for their direct or indirect interests (if any) arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

7. FURTHER ANNOUNCEMENTS AND CIRCULAR

The Company will release such further announcements, in compliance with the requirements of the Listing Manual, as and when appropriate.

The Circular setting out further information on the Corporate Actions, and the notice to convene the EGM for the purpose of seeking Shareholders' approval for the Corporate Actions will be despatched to Shareholders in due course.

8. 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 Corporate Actions, 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.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Set-Off Agreement will be available for inspection by Shareholders at the registered office of the Company at 38 Beach Road, South Beach Tower, #29-11, Singapore 189767 for a period of three (3) months commencing from the date of this announcement.

10. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. The Corporate Actions are subject to certain conditions and there is no certainty or assurance that the Corporate Actions will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Ngoo Lin Fong
Executive Chairman
28 February 2025