



Leader Environmental Technologies Limited

Condensed financial statements
For the full year ended 31 December 2025

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Legends:

FY2025	– 12 months ended 31 December 2025
FY2024	– 12 months ended 31 December 2024
NM	– not meaningful

Consolidated Statements of Financial Position

For the financial year ended 31 December 2025

	Note	Group		Company	
		FY2025 RMB'000	FY2024 RMB'000	FY2025 RMB'000	FY2024 RMB'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	53,195	71,759	5,516	18,387
Intangible assets	4	1,033	1,287	-	-
Deferred tax assets		2,092	-	-	-
Investment in subsidiaries		-	-	111,852	108,521
Associates		10,344	11,556	-	-
Total non-current assets		66,664	84,602	117,368	126,908
Current Assets					
Contract assets	5	9,196	11,494	-	-
Inventories	6	2,532	6,358	-	-
Trade and other receivables	7	21,804	14,164	82,645	22,897
Prepayments		616	404	120	54
Cash and bank balances		94,986	50,007	8,401	20,562
		129,134	82,427	91,166	43,513
Assets of disposal group classified as held for sale	8	-	39,977	-	-
Total current assets		129,134	122,404	91,166	43,513
Total assets		195,798	207,006	208,534	170,421
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	14	126,399	375,049	126,399	375,049
PRC statutory common reserve		1,168	1,168	-	-
Share option reserve		4,365	4,102	4,365	4,102
Currency translation reserve		2,982	2,484	-	-
Accumulated losses		(151,306)	(360,883)	(40,236)	(324,470)
Equity attributable to owners of the Company		(16,392)	21,920	90,528	54,681
Non-controlling interests		5,493	16,718	-	-
Net equity		(10,899)	38,638	90,528	54,681
Non-Current Liabilities					
Bank borrowings	9	16,279	18,936	-	-
Lease liabilities		747	1,031	155	535
Provision for restoration costs	11	595	529	-	-
Other liabilities	13	-	9,493	-	9,324
Deferred tax liabilities	18	-	1,214	-	-
Total non-current liabilities		17,621	31,203	155	9,859
Current Liabilities					
Contract liabilities		-	469	-	-
Bank borrowings	9	5,950	7,376	-	-
Convertible bonds #	10	108,090	90,981	108,090	90,981
Lease liabilities		1,011	827	386	367
Trade and other payables	12	64,830	8,850	8,145	12,665
Other liabilities	13	2,653	17,911	1,230	1,868
Income tax payable		6,542	-	-	-
		189,076	126,414	117,851	105,881
Liabilities directly associated with disposal group classified as held for sale	8	-	10,751	-	-
Total current liabilities		189,076	137,165	117,851	105,881
Total liabilities		206,697	168,368	118,006	115,740
Total equity and liabilities		195,798	207,006	208,534	170,421

#: Convertible bonds ("CB") have been reclassified as current in accordance with SFRS(I) 1-1. The CB is due on 3 March 2028 and 31 July 2028 respectively. Refer to Note 10 for further details.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2025

	<u>Note</u>	FY2025 RMB'000	<u>Group</u> FY2024 RMB'000	Change %
Continuing operations:				
Revenue	16	11,500	7,028	63.6
Cost of sales		(8,030)	(5,264)	52.5
Gross profit		3,470	1,764	96.7
Finance income		209	1,641	(87.3)
Fair value (loss) gain on convertible bond		(12,205)	13,629	NM
Other income		2,928	297	885.8
Selling and distribution expenses		(1,368)	(621)	120.3
Administrative expenses		(30,239)	(39,598)	(23.6)
Finance costs		(10,684)	(14,502)	(26.3)
Impairment loss and write-offs of financial assets and contract assets - net		(14,931)	(21,270)	(29.8)
Other expenses *		(38,817)	(2,258)	1,619.1
Gain on disposal of subsidiaries - net		318,618	-	NM
Impairment loss on property, plant and equipment		(721)	(541)	33.3
Share of results of associate and joint venture		(1,376)	349	NM
Profit (Loss) before taxation	17	214,884	(61,110)	NM
Taxation	18	(3,188)	2,837	NM
Profit (Loss) after taxation from continuing operations		211,696	(58,273)	NM
Discontinued operations:				
Loss after taxation from discontinued operations, net of tax		(5,624)	(3,865)	45.5
Profit (Loss) after taxation		206,072	(62,138)	NM
Other comprehensive income, after tax				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences		498	(89)	NM
Items that will not be reclassified subsequently to profit or loss:				
Currency translation differences		249	(44)	NM
Other comprehensive profit (loss) after tax		747	(133)	NM
Total comprehensive profit (loss) for the year		206,819	(62,271)	NM

NM: not meaningful

*Includes an amount of RMB34.7 million that arose from a special payment made to the CB holder for their entitlements from the cash distribution made by the Group following the disposal of AIWater Group, as disclosed in the Circular dated 7 April 2025 released in SGX-net.

Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)

For the financial year ended 31 December 2025

		<u>Group</u>		
	<u>Note</u>	FY2025 RMB'000	FY2024 RMB'000	Change %
Profit (Loss) after taxation attributable to:				
- Owners of the Company		209,577	(57,689)	NM
- Non-controlling interests		(3,505)	(4,449)	(21.2)
		<u>206,072</u>	<u>(62,138)</u>	NM
Total comprehensive profit (loss) attributable to:				
- Owners of the Company		210,075	(57,778)	NM
- Non-controlling interests		(3,256)	(4,493)	(27.5)
		<u>206,819</u>	<u>(62,271)</u>	NM
Profit (Loss) per share (Note 20)				
<u>From continuing and discontinued operations:</u>				
Basic (RMB in cents)	20	13.65	(3.76)	
Diluted (RMB in cents)	20	<u>13.65*</u>	<u>(3.76)*</u>	
<u>From continuing operations:</u>				
Basic (RMB in cents)	20	13.97	(3.47)	
Diluted (RMB in cents)	20	<u>13.97*</u>	<u>(3.47)*</u>	

#: No change as the calculated amount is anti-dilutive.

NM: not meaningful

Consolidated Statements of Changes in Equity

For the financial year ended 31 December 2025

	Attributable to owners of the Company							Total equity RMB'000
	Share capital RMB'000	PRC Statutory common reserve RMB'000	Share option reserve RMB'000	Currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non- controlling interests RMB'000	
The Group								
At 1 January 2025	375,049	1,168	4,102	2,484	(360,883)	21,920	16,718	38,638
Profit (Loss) for the year	-	-	-	-	209,577	209,577	(3,505)	206,072
Other comprehensive income	-	-	-	498	-	498	249	747
Total comprehensive income for the year	-	-	-	498	209,577	210,075	(3,256)	206,819
Transactions with owners, recognised directly in equity								
Capital contribution from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	2,000	2,000
Disposal of subsidiaries (Note 24)	-	-	-	-	-	-	(9,969)	(9,969)
Capital reduction and cash distribution to shareholders	(248,650)	-	-	-	-	(248,650)	-	(248,650)
Recognition of share-based payments	-	-	263	-	-	263	-	263
Total transactions with owners	(248,650)	-	263	-	-	(248,387)	(7,969)	(256,356)
At 31 December 2025	126,399	1,168	4,365	2,982	(151,306)	(16,392)	5,493	(10,899)

Consolidated Statements of Changes in Equity (Cont'd)

For the financial year ended 31 December 2024

	Attributable to owners of the Company							Total equity RMB'000
	Share capital RMB'000	PRC Statutory common reserve RMB'000	Share option reserve RMB'000	Currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non- controlling interests RMB'000	
The Group								
At 1 January 2024	375,049	1,168	2,636	2,573	(303,194)	78,232	14,504	92,736
Loss for the year	-	-	-	-	(57,689)	(57,689)	(4,449)	(62,138)
Other comprehensive loss	-	-	-	(89)	-	(89)	(44)	(133)
Total comprehensive loss for the year	-	-	-	(89)	(57,689)	(57,778)	(4,493)	(62,271)
Transactions with owners, recognised directly in equity								
Capital contribution from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	6,707	6,707
Recognition of share-based payments	-	-	1,466	-	-	1,466	-	1,466
Total transactions with owners	-	-	1,466	-	-	1,466	6,707	8,173
At 31 December 2024	375,049	1,168	4,102	2,484	(360,883)	21,920	16,718	38,638

Consolidated Statement of Changes in Equity (Cont'd)

For the financial year ended 31 December 2025

The Company	Share capital RMB'000	Share option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2025	375,049	4,102	(324,470)	54,681
Profit for the year	-	-	284,234	284,234
Total comprehensive income for the year	-	-	284,234	284,234
Transactions with owners, recognised directly in equity				
Capital reduction and cash distribution to shareholders	(248,650)	-	-	(248,650)
Recognition of share based payments	-	263	-	263
Total transactions with owners	(248,650)	263	-	(248,387)
At 31 December 2025	126,399	4,365	(40,236)	90,528
At 1 January 2024	375,049	2,636	(278,121)	99,564
Loss for the year	-	-	(46,349)	(46,349)
Total comprehensive loss for the year	-	-	(46,349)	(46,349)
Transactions with owners, recognised directly in equity				
Recognition of share based payments	-	1,466	-	1,466
Total transactions with owners	-	1,466	-	1,466
At 31 December 2024	375,049	4,102	(324,470)	54,681

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2025

	<u>Group</u>	
	FY2025 RMB'000	FY2024 RMB'000
Operating Activities		
Profit (Loss) before taxation – continuing operations	214,884	(61,110)
Profit (Loss) before taxation – discontinued operations	(5,624)	(2,071)
	<u>209,260</u>	<u>(63,181)</u>
Adjustments for:		
Depreciation of property, plant and equipment	7,385	7,661
Amortisation of intangible assets	254	252
Impairment loss on property, plant and equipment	898	541
Provision for stock obsolescence	304	236
Property, plant and equipment written off	-	56
Share options expenses	263	1,466
Gain arising from disposal of subsidiaries	(318,618)	-
Impairment loss on financial assets and contract assets, net	14,931	21,457
Loss (Gain) on re-measurements/termination of lease liabilities	88	(52)
Fair value loss (gain) on convertible bonds	12,205	(13,629)
Exchange (gain) loss on convertible bonds	(4,572)	2,914
Share of after-tax (profit) loss of associate	1,376	(349)
Government grant income - amortised	-	(68)
Special payment to CB holders	34,710	-
Finance costs	10,700	14,510
Finance income	(209)	(1,658)
Operating loss before working capital changes	<u>(31,025)</u>	<u>(29,844)</u>
(Increase) Decrease in contract assets	(13,391)	9,244
(Decrease) Increase in inventories	2,842	(825)
Increase in trade and other receivables	(12,225)	(4,968)
Increase in trade and other payables	27,713	3,494
(Decrease) Increase in contract liabilities	(469)	469
Decrease in other liabilities	(16,201)	(8,043)
Cash used in operations	<u>(42,756)</u>	<u>(30,473)</u>
Income tax refund (paid)	48	(22)
Net cash used in operating activities	<u>(42,708)</u>	<u>(30,495)</u>
Investing Activities		
Acquisition of property, plant and equipment	(4,902)	(11,770)
Additions to intangible assets	-	(1,303)
Interest income received	209	1,658
Cash inflow arising from disposal of a subsidiaries - net	239,012	-
Proceeds from government grant	6,143	9,324
Investment in associate	-	(11,207)
Net cash from (used) in investing activities	<u>240,462</u>	<u>(13,298)</u>
Financing Activities		
Proceeds from bank borrowings	-	4,538
Repayments of bank borrowings	(4,084)	(6,617)
Capital contributions from non-controlling shareholders of subsidiaries	2,000	6,707
Return of capital to shareholders	(154,208)	-
Repayments of lease liabilities	(1,093)	(1,723)
Interest paid	(1,148)	(1,476)
Decrease in restricted bank deposits pledged	2,222	364
Increase in restricted cash	-	(690)
Net cash (used in) generated from financing activities	<u>(156,311)</u>	<u>1,103</u>

Consolidated Statement of Cash Flows (Cont'd)

For the financial year ended 31 December 2025

	FY2025	Group	FY2024
	RMB'000		RMB'000
Net increase (decrease) in cash and cash equivalents	41,443		(42,690)
Effects of exchange rate changes on the balances held in foreign currencies	(374)		16
Cash and cash equivalents at beginning of year	49,093		91,767
Cash and cash equivalents at end of year	90,162	A	49,093

A Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents in the consolidated statement of cash flows comprise the following:

	FY2025	Group	FY2024
	RMB'000		RMB'000
Cash and bank balances – continuing operations	94,986		50,007
Cash and bank balances – discontinued operations	-		6,132
Total	94,986		56,139
<u>Less:</u>			
Deposits pledged to secure bank borrowing	(4,134)		(3,959)
Deposit placed as performance bond	-		(2,397)
Restricted cash	(690)		(690)
Cash and cash equivalents	90,162		49,093

Deposits pledged of RMB4.1 million (FY2024: RMB4.0 million) represent funds earmarked in a debt service reserve account as mandated by certain banks to renew the bank loans for purpose of financing the outright lease payments of leasehold land and building for membrane manufacturing facility.

The deposits of RMB Nil (FY2024: RMB2.4 million) is placed as performance bond with the respective banks for the Group to undertake the Group's sludge and water treatment projects.

Restricted cash relates to a subsidiary's bank balance that the bank holds as a deposit for toll fees and other related charges for specific registered vehicles of the subsidiary.

B Cash flow analysis

Net cash used in operating activities was RMB42.7 million as compared with RMB30.5 million in the same period last year mainly due to the increase in contract assets and receivables net of reduction in liabilities for the year offset by working capital requirements.

Net cash generated from investing activities was RMB240.5 million mainly due to net cash inflow arising from the disposal of the AIWater Group of subsidiaries of RMB239.0 million and proceeds from government grant of RMB6.2million and interest income received of RMB0.2 million. This was partly offset by acquisitions of property, plant and equipment of RMB4.9 million

Net cash used in financing activities was RMB156.3 million due to return of capital to shareholders of RMB154.2 million, repayments of bank borrowings of RMB4.1 million, repayments of lease liabilities of RMB1.1 million and interest paid of RMB1.1 million which is partly offset by capital contributions from non-controlling shareholders of RMB2.0 million and decrease in bank deposits pledged of RMB2.2 million.

Notes to the Condensed Consolidated Financial Statements

1 Corporate information

Leader Environmental Technologies Limited is incorporated and domiciled in the Republic of Singapore, and its registered office is located at 5 Shenton Way #12-01 UIC Building, Singapore 068808. These condensed consolidated financial statements for the financial year ended 31 December 2025 comprise the Company and its subsidiaries (collectively, the Group). The principal activity of the Company is that of an investment holding company.

The principal activities of the Group are:

- (a) Provision of engineering, procurement and construction (“EPC”) and Operation & Maintenance (“O&M”) services in respect of sludge and water treatment;
- (b) Manufacturing of high performance membrane products; and
- (c) Greentech investments in start-ups in technologies, high-tech products and services relating to environmental protection.

During the financial year, the Group completed the disposal of the AIWater business as further disclosed in Note 8.

2 Basis of preparation

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s Annual Report for the financial year ended 31 December 2025.

The accounting policies and methods of computation adopted in the financial statements are consistent with those of the previous audited financial year which were prepared in accordance with SFRS(I)s.

2.1 Basis of measurement

The management has prepared a 12-month cashflow forecast from 1st January 2026 to review the appropriateness of the going concern and the directors of the Company are of the view that it is appropriate to prepare the Group’s financial statements on a going concern on the following bases:

- (a) the Group will be able to generate sufficient cash flows from its existing business operations mainly from its sludge treatment projects and membrane manufacturing activities;
- (b) the Group had exercised its the extension option of its convertible bond (“CB”) for an additional period of 2 years, extending the final maturity date of both CB tranches to 3 March 2028 and 31 July 2028 respectively.
- (c) there are no changes in the credit terms granted by suppliers and the Group intends to adhere to the average payables (trade and others) turnover days consistent with prior years.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption.

Accordingly, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

2.2 Functional and presentation currencies

The condensed consolidated financial statements are presented in Chinese Renminbi (“RMB”) which is also the Company’s functional currency.

Notes to the Condensed Consolidated Financial Statements (Cont'd)

2.3 New and amended standards adopted by the Group

There are a number of new and revised accounting standards that are effective for annual financial periods beginning on or after 1 January 2025. The Group and Company did not have to change its accounting policies nor made any retrospective adjustments as a result of adopting these standards.

2.4. Use of judgements and estimates

In preparing the condensed consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements as at and for the year ended 31 December 2025.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in the FY2024 annual report, and there are no material deviations for the financial year ended 2025.

3. Property, plant and equipment ("PPE")

Acquisitions and disposals

During the year ended 31 December 2025, the Group:

- (i) acquired assets with an aggregate cost of RMB20,606,000 (FY2024: RMB18,828,000) of which an amount of RMB15,704,000 (FY2024: RMBNil) was financed by grants received from the government. The Group made cash payments of RMB4,902,000 (FY2024: RMB11,770,000) to acquire property, plant and equipment;
- (ii) wrote-off PPE with carrying amount of RMBNil (FY2024: RMB56,000);
- (iii) acquired right-of-use assets of RMB1,003,000 (FY2024: RMB864,000);
- (iv) recognised an impairment loss of RMB898,000 (FY2024: RMB541,000) relating to leasehold buildings and certain equipment and machineries;
- (v) derecognised right-of-use assets of RMB Nil (FY2024: RMB2,079,000) due to early termination of lease;
- (vi) derecognised certain PPE amounting to RMB12,576,000 (FY2024: RMBNil) arising from the disposal of subsidiaries (Note 24); and
- (vii) recognised a positive foreign exchange realignment movement of RMB817,000 (FY2024: negative exchange alignment movement of RMB245,000) arising from currency translation differences.

Notes to the Condensed Consolidated Financial Statements (Cont'd)

4. Intangible assets

Group

	<u>Patents</u> RMB'000	Software development <u>cost</u> RMB'000	<u>Total</u> RMB'000
<u>Cost:</u>			
At 1 January 2024	2,163	2,743	4,906
Additions	-	1,303	1,303
Transfer to disposal group classified as held for sale (Note 8)	-	(4,046)	(4,046)
At 31 December 2024 and 2025	2,163	-	2,163
<u>Accumulated amortisation:</u>			
At 1 January 2024	624	-	624
Amortisation for the year	252	-	252
At 31 December 2024	876	-	876
Amortisation for the year	254	-	254
At 31 December 2025	1,130	-	1,130
<u>Carrying amount:</u>			
31 December 2024	1,287	-	1,287
31 December 2025	1,033	-	1,033

This relates to patented sludge treatment technologies which will be amortised over a 5 to 10-year period.

5. Contract assets

Contract assets comprise the following:

	<u>Group</u> FY2025 RMB'000	FY2024 RMB'000
Sludge treatment project	13,455	46,375
Engineering and technical service contracts	2,821	3,280
Specialised equipment	7,374	72
Total	23,650	49,727
Less: loss allowance	(14,454)	(38,233)
Net	9,196	11,494

Notes to the Condensed Consolidated Financial Statements (Cont'd)

5. Contract assets (cont'd)

During the financial year ended 31 December 2025, certain contract assets arising from the Bazhou sludge treatment project amounting to RMB37,201,000 were fully written off as they relate to equipment that has been earmarked for deployment to a new customer. Out of the RMB37,201,000, an amount of RMB26,408,000 was already impaired in prior years by the Group.

During the financial year ended 31 December 2025, there was an allowance for impairment recognised on the contract assets amounting to RMB13,422,000 (FY 2024: RMB21,330,000) based on (i) application of the expected credit loss model.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

6. Inventories

	FY2025	<u>Group</u>	FY2024
	RMB'000		RMB'000
Raw materials, at cost	1,780		4,914
Finished goods	768		242
Work-in-progress	286		1,438
Allowance for impairment	(302)		(236)
	<u>2,532</u>		<u>6,358</u>

7. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	FY2025	FY2024	FY2025	FY2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	8,722	6,906	-	-
Allowance for impairments	(1,690)	(180)	-	-
Net trade receivables	7,032	6,726	-	-
Other receivables				
- Amounts due from subsidiaries	-	-	79,473	22,677
- Amounts due from related parties	316	1,428	628	-
- Advances to trade suppliers	2,716	-	-	-
- Advances to non-trade suppliers	7,501	467	-	-
- Advances to related party (Note 19)	-	366	-	-
- Grant receivables	2,445	-	2,445	-
- VAT and other tax receivables	1,123	3,890	-	-
- Others	671	1,287	99	220
	<u>14,772</u>	<u>7,438</u>	<u>82,645</u>	<u>22,897</u>
Total	<u>21,804</u>	<u>14,164</u>	<u>82,645</u>	<u>22,897</u>

The amounts due from subsidiaries and related party are non-trade in nature, unsecured, non-interest bearing, repayable on demand, and are to be settled in cash when the entities' cash flow permits.

Advances to non-trade suppliers relates to amounts paid to certain third parties for the setup of the organic waste and sludge treatment businesses.

Grant receivables amounting to RMB2.4 million was received by the Company in February 2026.

Notes to the Condensed Consolidated Financial Statements (Cont'd)

8. Disposal group classified as held for sale and discontinued operations

On 12 November 2024, the Group entered into a non-binding term sheet with a Consortium for the proposed disposal of AIWater (Anhui) Co. Ltd, UG Water Pte Ltd and Xinwo AIWater (Hubei) Co. Ltd ("AIWater Group") which carried out the Group's Artificial Intelligence in water management system business. Strategically, the proposed disposal will generate cash flow to enable the Group to redirect resources into its existing business segment, namely sludge treatment and membrane manufacturing businesses.

For the financial year ended 31 December 2024, the Group reclassified the disposal group in accordance with *SFRS(I) 5 Non Current Assets Held for Sale and Discontinued Operations*.

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised in FY2024 on the classification of these operations as held for sale.

(a) The major classes of assets and liabilities comprising the disposal group classified as held-for-sale are as follows:

The Group	FY2024 RMB'000
Assets	
Property, plant and equipment	11,315
Intangible assets	4,046
Contract assets	11,534
Inventories	707
Trade and other receivables	6,098
Others	145
Cash and bank balances	6,132
Assets of disposal group classified as held for sale	<u>39,977</u>
Liabilities	
Trade and other payables	(7,341)
Other liabilities	(1,011)
Lease liabilities	(605)
Deferred tax liabilities	(1,794)
Liabilities directly associated with disposal group classified as held for sale	<u>(10,751)</u>
Net assets of disposal group	<u>29,226</u>

(b) In 2025, the disposal of the AIWater Group (Note 24) was completed and the results of the discontinued operation are as follows:

	1 January 2025 to 31 July 2025 RMB'000	FY2024 RMB'000
Revenue	18,433	23,442
Cost of sales	(13,118)	(14,329)
Gross profit	5,315	9,113
Finance income	-	17
Other income	103	23
Other expense	(1)	(22)
Selling and distribution expenses	(367)	(919)
Administrative expenses	(9,749)	(10,088)
Finance costs	(16)	(8)
Impairment loss of financial assets and contract assets	(909)	(187)
Loss from discontinued operation, before taxation	(5,624)	(2,071)
Taxation	-	(1,794)
Loss from discontinued operation, net of taxation	(5,624)	(3,865)

Notes to the Condensed Consolidated Financial Statements (Cont'd)

9. Bank borrowings

	<u>Group</u>	
	FY2025 RMB'000	FY2024 RMB'000
<u>Non-current liabilities</u>		
Bank loan – secured	16,279	18,936
<u>Current liabilities</u>		
Bank loans – secured	5,950	2,837
Bank loans – unsecured	-	4,539
Total	5,950	7,376
Total bank borrowings	22,229	26,312

The bank loans obtained by a subsidiary to finance the outright lease payments of the leasehold land and building for purpose of the membrane manufacturing facility are secured by the following:

- (i) legal mortgage of leasehold property at 8 Tuas West Avenue, Singapore;
- (ii) corporate guarantees for all monies owing to be provided by the holding company and Nanosun Pte. Ltd, a related party company; and
- (iii) bank deposit of RMB4,134,000 (FY2024: RMB3,959,000) earmarked in a debt service reserve account with the bank to make payments in the event of disruption of cash flows to the extent that the repayments cannot be made.

The secured bank loan is denominated in SGD and effective interest rates ranging from 4.10% to 4.80% (FY2024: 4.35% to 5.11%) per annum.

The unsecured bank loan is denominated in RMB and has an effective interest rate of 4.10% (FY2024: 4.35%) per annum. The carrying values of the Group's term loans approximate their fair values.

10. Convertible Bonds

	<u>Group and Company</u>	
	FY2025 RMB'000	FY2024 RMB'000
Debt host liability component, at amortised cost	108,091	103,186
Derivative liability component, at fair value	(1)	(12,205)
Total	108,090	90,981

Convertible Bonds ("CB") were issued at a value of US\$15 million and are potentially convertible into a total of 214,260,000 new shares.

The CB comprises a derivative liability component that is measured at fair value for financial reporting purposes. Management engaged a third-party qualified valuer to perform the valuation and works closely with the valuer to determine the appropriate valuation techniques and inputs for the valuation. In estimating the fair value of the derivative liability component, market-observable data is used to the extent it is available.

Notes to the Condensed Consolidated Financial Statements (Cont'd)

10. Convertible Bonds (cont'd)

	<u>Group and Company</u>	
	FY2025 RMB'000	FY2024 RMB'000
Nominal value of CB issued	105,787	105,787
Less: transaction costs	(2,294)	(2,294)
Net value of CB issued	<u>103,493</u>	<u>103,493</u>
Foreign exchange (gain) loss	(1,114)	3,458
Cumulative interest accrued	27,389	18,617
Amortisation of bond discount	1,751	1,047
Fair value adjustment on CB	(23,429)	(35,634)
Debt host and derivative liability component at end of year	<u><u>108,090</u></u>	<u><u>90,981</u></u>

The interest accrued is calculated by applying an effective interest rates ranging from 2.60% to 12.51% (FY2024: 12.51%) per annum for the first tranche and 4.93% to 13.61% (FY2024: 13.61%) per annum for the second tranche, to the liability component.

Management estimated that the carrying amount of the liability component of the CB as at 31 December 2025 approximates its fair value.

Included in the debt host liability component of the convertible bond is an unamortised bond discount of RMB1,432,000 (FY2024: RMB2,680,000) which will be recognised over the remaining term of the convertible bond.

11. Provision for restoration costs

	<u>Group</u>	
	FY2025 RMB'000	FY2024 RMB'000
Balance at beginning of year	529	518
Unwinding interest	59	13
Currency translation differences	7	(2)
Balance at end of year	<u><u>595</u></u>	<u><u>529</u></u>

The provision relates to the estimated costs for restoring the leased offices in Tianjin and Singapore, which are capitalised and included in the cost of the PPE, and are expected to be utilised at the end of the lease term.

12. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	FY2025 RMB'000	FY2024 RMB'000	FY2025 RMB'000	FY2024 RMB'000
Trade payables	18,897	4,540	-	-
Other payables	9,512	876	50	179
Deposits from customer	245	888	-	-
VAT and other tax payables	130	94	-	-
Amounts due to related parties	197	703	-	-
Amounts due to associate	1,514	1,749	-	-
Withholding tax payable (Note 24)	34,335	-	-	-
Amounts due to subsidiaries	-	-	8,095	12,486
Total	<u><u>64,830</u></u>	<u><u>8,850</u></u>	<u><u>8,145</u></u>	<u><u>12,665</u></u>

The amounts due to related parties, associate and subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable on demand, and are to be settled in cash.

Notes to the Condensed Consolidated Financial Statements (Cont'd)

13. Other liabilities

	<u>Group</u>		<u>Company</u>	
	FY2025 RMB'000	FY2024 RMB'000	FY2025 RMB'000	FY2024 RMB'000
Accrued purchases	-	14,488	-	-
Accrued salaries and related expenses	334	917	142	347
Accrued operating expenses	1,541	1,671	1,088	1,521
Accrued capital expenditure	778	767	-	-
Deferred capital grant	-	9,561	-	9,324
Total	2,653	27,404	1,230	11,192
Presented as:				
Current	2,653	17,911	1,230	1,868
Non-current	-	9,493	-	9,324
Total	2,653	27,404	1,230	11,192

Accrued purchases mainly pertain to unbilled invoices from the suppliers in respect of the equipment and systems received for sludge treatment projects. During the year, they have been invoiced by suppliers and reclassified to "Trade payables".

Deferred capital grant relates to government grants received by the Company for the construction of a sludge treatment demonstration plant. During the year, these amounts have been netted off against the sludge treatment equipment capitalised in the Company's books upon the completion of the demonstration project.

14. Share capital

	<u>Group and Company</u>			
	FY2025		FY2024	
	Number of shares	Amount RMB'000	Number of shares	Amount RMB'000
At beginning of year	1,534,878,360	375,049	1,534,878,360	375,049
Capital reduction	-	(248,650)	-	-
At end of year	1,534,878,360	126,399	1,534,878,360	375,049

The Company did not hold any treasury shares as at 31 December 2025 and 31 December 2024.

The Company's subsidiaries did not hold any shares in the Company as at 31 December 2025 and 31 December 2024.

Outstanding shares

- Share options to subscribe for 26,700,000 (FY2024: 27,900,000) ordinary shares were outstanding under the Leader Environmental Technologies Employee Share Option Scheme ("**LET ESOS**");
- During the year, the AIWater Group was disposed (Note 24) and a corresponding capital reduction, to reduce the Company's issued and paid-up share capital, had been lodged with the relevant authorities. Accordingly, a cash distribution of S\$27,307,912 (equivalent to RMB154,207,777), being S\$0.0287 per share, was paid to the Shareholders of the Company on 11 August 2025.

Following the capital reduction and in line with LET ESOS, the respective exercise price of the share options previously issued under LET ESOS have been adjusted by S\$0.0287 in line with the "Adjustment Events" clause; and

- The Convertible bonds ("CB") of USD15 million issued in 2023 had a maturity date of 3 years, and an extension option by the Company of further 2 years. The CB potentially can be convertible into 214,260,000 new shares.

During the year, the Company had exercised the extension option of the CB and the maturity dates will fall on 3 March 2028 for Tranche 1 amounting to US\$6 million and on 31 July 2028 for Tranche 2 amounting to US\$9 million respectively.

Notes to the Condensed Consolidated Financial Statements (Cont'd)

15. Seasonal operations

The Group's businesses in respect of sludge treatments, water treatments and high-performance membrane productions will not be affected significantly by seasonal or cyclical factors.

16. Segment and revenue information

For management purposes, the Group is organised into the following reportable operating segments which are as follows:-

Continuing operations:

- (i) Engineering solution services in respect of sludge and water treatment;
- (ii) Manufacturing of high-performance membrane products; and
- (iii) Others.

Discontinued operations:

- (i) AIWater (i.e. artificial intelligence technology in water management) and sludge treatment services;

There are no operating segments that have been aggregated to form the above reportable operating segments. For entities which are not generating revenue, their operating expenses are grouped under "Others".

"Others" include the sales of equipment and parts which are considered to be non-core business of the Group and does not meet any of the Group's quantitative thresholds for determining reportable segments during the financial year ended 31 December 2025 and 2024 respectively.

The Executive Chairman and Deputy Chief Executive Officers monitor the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as set out below, is measured differently from operating profit or loss in the consolidated financial statements.

Group financing is allocated to operating segments accordingly to the revenue generated.

The chief operating decision makers review the results of the segment using segment's Earnings before interest, taxation, depreciation and amortisation ("EBITDA") and profit/(loss) before and after taxation.

Segment assets, liabilities, non-current assets and other expenses are not disclosed as they are not regularly provided to the chief operating decision makers.

Notes to the Condensed Consolidated Financial Statements (Cont'd)

16. Segment and revenue information (Cont'd)

a) Reportable segments

Group	FY2025						
	<-----Continuing operations----->				Discontinued operations		
	Engineering and sludge treatment services	Manufacturing of high-performance membrane products	Others	Total	AIWater treatment services	Inter-segment elimination	Total continuing and discontinued operations
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Revenue							
Sales to external customers	9,493	2,006	-	11,499	18,433	-	29,932
Inter-segment sales	2,701	-	-	2,701	1,167	(3,868)	-
Total	12,194	2,006	-	14,200	19,600	(3,868)	29,932
Results							
Segmental results	22,450	(1,875)	241,283	261,858	(4,099)	-	257,759
Fair value loss from convertible bond	-	-	(12,205)	(12,205)	-	-	(12,205)
Impairment loss on non-financial assets	(898)	(304)	-	(1,202)	-	-	(1,202)
Impairment loss on financial assets and contract assets - net	(14,931)	-	-	(14,931)	(909)	-	(15,840)
EBITDA	6,621	(2,179)	229,078	233,520	(5,008)	-	228,512
Depreciation and amortisation	(2,018)	(3,764)	(1,003)	(6,785)	(600)	-	(7,385)
Finance costs	(125)	(1,035)	(9,524)	(10,684)	(16)	-	(10,700)
Finance income	3	1	205	209	-	-	209
Share of results of an associate	(63)	(1,313)	-	(1,376)	-	-	(1,376)
Profit (Loss) before taxation	4,418	(8,290)	218,756	214,884	(5,624)	-	209,260
Taxation	(3,188)	-	-	(3,188)	-	-	(3,188)
Profit (Loss) for the period	1,230	(8,290)	218,756	211,696	(5,624)	-	206,072

Notes to the Condensed Consolidated Financial Statements (Cont'd)

16. Segment and revenue information (Cont'd)

a) Reportable segments

Group	FY2024				Discontinued operations		Total continuing and discontinued operations
	<-----Continuing operations----->				AIWater treatment services	Inter-segment elimination	
	Engineering and sludge treatment services	Manufacturing of high-performance membrane products	Others	Total			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Revenue							
Sales to external customers	6,706	322	-	7,028	23,442	-	30,470
Inter-segment sales	3,132	-	-	3,132	1,761	(4,893)	-
Total	9,838	322	-	10,160	25,203	(4,893)	30,470
Results							
Segmental results	(10,187)	(3,384)	(19,768)	(33,339)	(1,057)	-	(34,396)
Fair value gain from convertible bond	-	-	13,629	13,629	-	-	13,629
Impairment loss on non-financial assets	-	(541)	-	(541)	-	-	(541)
Impairment loss on financial assets and contract assets	(21,270)	-	-	(21,270)	(187)	-	(21,457)
EBITDA	(31,457)	(3,925)	(6,139)	(41,521)	(1,244)	-	(42,765)
Depreciation and amortisation	(2,738)	(3,880)	(459)	(7,077)	(836)	-	(7,913)
Finance costs	(359)	(1,204)	(12,939)	(14,502)	(8)	-	(14,510)
Finance income	158	2	1,481	1,641	17	-	1,658
Share of results of an associate	296	53	-	349	-	-	349
Loss before taxation	(34,100)	(8,954)	(18,056)	(61,110)	(2,071)	-	(63,181)
Taxation	2,837	-	-	2,837	(1,794)	-	1,043
Loss for the period	(31,263)	(8,954)	(18,056)	(58,273)	(3,865)	-	(62,138)

Notes to the Condensed Consolidated Financial Statements (Cont'd)

16. Segment and revenue information (Cont'd)

(b) Geographical information

The Group's revenue based on geographical location is as follows:

	Group	
	FY2025 RMB'000	FY2024 RMB'000
PRC	27,926	29,529
Taiwan	2,006	941
	29,932	30,470

Non-current assets information for continuing operations based on geographical location is as follows:

Singapore ⁽¹⁾	60,612	74,764
PRC	6,052	9,838
	66,664	84,602

⁽¹⁾ included non-current assets of RMB55,096,000 (FY2024: RMB58,179,000), belonging to a subsidiary, whose operation is classified under the operating segment – manufacturing of high performance membrane.

(c) Information about a major customer

Revenue of RMB29.9 million is derived from 3 major PRC customers, and is attributable to the AIWater and Sludge treatment segment for the financial year ended 31 December 2025.

In the same corresponding period of last year, revenue of RMB30.5 million was derived from two major PRC customers, and was attributable to the AIWater treatment segment.

(d) Disaggregation of Revenue

Revenue by significant categories and timing of revenue recognition are as follows:

FY2025 & FY2024

<u>The Group</u>	<u>Continuing operations</u>		<u>Discontinued operations</u>		<u>Total</u>	
	FY2025 RMB'000	FY2024 RMB'000	FY2025 RMB'000	FY2024 RMB'000	FY2025 RMB'000	FY2024 RMB'000
Over time:						
Engineering revenue	9,493	5,385	-	-	9,493	5,385
Treatment revenue	-	-	6,398	2,379	6,398	2,379
Operation & maintenance revenue	-	-	12,035	18,957	12,035	18,957
At a point in time:						
Sale of equipment and parts	2,006	1,643	-	2,106	2,006	3,749
	11,499	7,028	18,433	23,442	29,932	30,470

Notes to the Condensed Consolidated Financial Statements (Cont'd)

17. Profit (Loss) before taxation

This includes the following charges (credits):

The Group	<u>Continuing operations</u>		<u>Discontinued operation</u>		<u>Total</u>	
	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Government grant income	(76)	(199)	(100)	-	(176)	(199)
Share-based payment expenses	158	1,152	105	314	263	1,466
Impairment loss on financial assets and contract assets	14,931	21,270	-	187	14,931	21,457
Impairment loss on property, plant and equipment	898	541	-	-	898	541
Allowance for inventories	304	236	-	-	304	236
Fair value loss (gain) from convertible bond	12,205	(13,629)	-	-	12,205	(13,629)
Interest income	(209)	(1,641)	-	(17)	(209)	(1,658)
Interest on lease liabilities	116	117	-	8	116	125
Interest on bank borrowings	1,033	1,476	16	-	1,049	1,476
Interest on restoration costs	59	13	-	-	59	13
Interest on convertible bonds ("CB")	9,476	12,896	-	-	9,476	12,896
Special payment to CB holders	34,710	-	-	-	34,710	-
Depreciation of property, plant and equipment	6,785	6,825	600	836	7,385	7,661
Amortisation of intangible assets	254	252	-	-	254	252
Gain arising from disposal of subsidiaries - net	(318,618)	-	-	-	(318,618)	-
Foreign exchange loss – realised	638	2,983	-	3	638	2,986
Short term operating lease expenses	2	12	-	276	2	288
Directors' remunerations						
- Directors' fees	1,437	1,305	-	-	1,437	1,305
- Salaries and short-term benefits	1,922	3,499	-	-	1,922	3,499
- Contributions to defined contribution plans	101	156	-	-	101	156
- Stocks options granted	37	184	-	-	37	184
Key Management Personnel (other than Directors)						
- Salaries and short-term benefits	4,457	5,549	-	-	4,457	5,549
- Contributions to defined contribution plans	293	363	-	-	293	363
- Stocks options granted	94	420	-	-	94	420
Other employees (other than Directors and Key Management Personnel)						
- Salaries and short-term benefits	8,865	11,843	4,128	8,622	12,993	20,465
- Contributions to defined contribution plans	1,814	2,141	1,255	2,036	3,069	4,177
- Stocks options granted	84	548	48	314	132	862

The Group's Key Management Personnel mainly comprises Deputy Chief Executive Officer (Technical), Deputy Chief Executive Officer (Sales & Marketing) and Group Financial Controller.

Notes to the Condensed Consolidated Financial Statements (Cont'd)

18. Taxation

Deferred tax

Deferred tax liabilities relates to the timing difference for revenue recognised by the Group and the eventual invoicing of the contract assets when the Group's right to payment becomes unconditional.

Income tax expense (credit)

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax charged (credited) to the condensed consolidated statement of profit or loss are as follow:

From continuing operations

	<u>Group</u>		<u>Company</u>	
	FY2025 RMB'000	FY2024 RMB'000	FY2025 RMB'000	FY2024 RMB'000
Current year taxation	6,494	(4,051)	-	-
Deferred tax	(3,306)	1,214	-	-
Tax expense (credit)	<u>3,188</u>	<u>(2,837)</u>	-	-

From discontinued operations:

Current year taxation	-	-
Deferred tax	-	1,794
Tax expense	<u>-</u>	<u>1,794</u>

19. Related party transactions

In relation to the related party information disclosed elsewhere in the financial statements, the following are significant transactions with related parties at mutually agreed amounts:

	<u>Group</u>	
	FY2025 RMB'000	FY2024 RMB'000
Sale of membrane products to a related party*	(1,981)	(312)
Operation and maintenance services ("O&M") rendered to related parties ¹	(12,035)	(18,957)
Services received from related party company ²	224	-
Purchase of equipment from an associate	-	44
Labour cost relating to O&M services paid on behalf by related parties ³	-	734

*By virtue of NTi Memtech ("NTi") being a subsidiary of the Group, any transaction between related party companies and NTi that have common shareholders, will be disclosed as related party transactions.

¹In 2024, the O&M services were rendered by a subsidiary of the Group, Xinwo AIWater (Hubei) Co. Ltd, to 2 companies in which the non-controlling shareholder of the subsidiary has interests in.

²In 2025, outsource support services were rendered by a related party company of the Group, United AITech (Singapore) Pte. Ltd., to the Company.

³In 2024, the labour cost relating to O&M services rendered by a subsidiary of the Group, Xinwo AIWater (Hubei) Co. Ltd, is paid on behalf by two companies in which the non-controlling shareholder of the subsidiary has interests in.

Notes to the Condensed Consolidated Financial Statements (Cont'd)

20. Profit (Loss) per share

The Profit (Loss) per share is calculated based on the consolidated loss attributable to ordinary shareholders of the Company divided by the weighted average number of shares in issue of shares during the financial year. The following table reflects the profit or loss and share data used in the computation of loss per share for the 6 month period ended and year ended 31 December:

	Group	
	FY2025 RMB'000	FY2024 RMB'000
Profit (Loss):		
<u>Continuing & discontinued operations:</u>		
Profit (Loss) attributable to equity holders of the Company	209,577	(57,689)
<u>Adjustment for:</u>		
Interest expense on convertible bond ("CB")	9,506	12,896
Special payment to CB holders	34,710	-
Fair value loss (gain) on embedded derivatives on CB	12,205	(13,629)
Net Profit (Loss) used to determine diluted earnings per share	<u>265,998</u>	<u>(58,422)</u>
<u>Continuing operations:</u>		
Profit (Loss) attributable to equity holders of the Company	214,473	(53,336)
<u>Adjustment for:</u>		
Interest expense on convertible bond ("CB")	9,506	12,896
Special payment to CB holders	34,710	-
Fair value loss (gain) on embedded derivatives on CB	12,205	(13,629)
Net Profit (Loss) used to determine diluted earnings per share	<u>270,894</u>	<u>(54,069)</u>
<u>Discontinued operations:</u>		
Loss attributable to equity holders of the Company	<u>(4,896)</u>	<u>(4,353)</u>

	Group	
	FY2025	FY2024
Number of shares		
Weighted average number of ordinary shares outstanding for purpose of basic loss per share	1,534,878,360	1,534,878,360
<u>Adjustment for:</u>		
Convertible bonds	214,260,000	214,260,000
Weighted average number of ordinary shares in issue for purpose of diluted loss per share	<u>1,749,138,360</u>	<u>1,749,138,360</u>

	Group	
	FY2025 RMB cents	FY2024 RMB cents
Profit (Loss) per share		
<u>Continuing & discontinued operations:</u>		
Profit (Loss) per share		
basic	13.65	(3.76)
diluted	13.65 [#]	(3.76) [#]
<u>Continuing operations:</u>		
Profit (Loss) per share		
- basic	13.97	(3.47)
- diluted	13.97 [#]	(3.47) [#]
<u>Discontinued operations:</u>		
Profit (Loss) per share		
- basic	(0.32)	(0.28)
- diluted	(0.32) [#]	(0.28) [#]

[#]: No change as the calculated amount is anti-dilutive.

Notes to the Condensed Consolidated Financial Statements (Cont'd)

20. Profit (Loss) per share (cont'd)

For the purpose of calculating diluted earnings per share, consolidated loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options.

The convertible bonds are assumed to have been converted into ordinary shares at issuance and the consolidated profit (loss) is adjusted to eliminate the interest expense and fair value changes of the embedded derivative on convertible bonds.

In FY2025 and FY2024, the Group's diluted loss per share for discontinued operations has been presented to be equal to the basic loss per share as it has an anti-dilutive effect on the loss per share.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options are exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the average market value of the Company's shares) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options has been based on quoted market prices for the period during which the options are outstanding. No adjustment is made to the net profit.

For the financial year ended 31 December 2025 and 2024, the computation of diluted loss per share does not assume the effect on the conversion of the Company's outstanding share options as it has an anti-dilutive effect on the earnings per share calculation.

21. Net (Liability) Asset Value

	<u>Group</u>		<u>Company</u>	
	<u>FY2025</u> <u>RMB</u>	<u>FY2024</u> <u>RMB</u>	<u>FY2025</u> <u>RMB</u>	<u>FY2024</u> <u>RMB</u>
Net (liability) asset value per ordinary share (RMB cents per share)	<u>(1.07)</u>	<u>1.43</u>	<u>5.90</u>	<u>3.56</u>

Net asset value of the Group and Company as at 31 December 2025 and 31 December 2024 is computed based on 1,534,878,360 ordinary shares in issue at the end of each of the financial year respectively.

22. Dividends

No dividend has been proposed by the Board of Directors. The Group needs to preserve its cash for working capital requirements.

23. Commitments

Capital commitments contracted for but not provided for:

	<u>Group</u>	
	<u>FY2025</u> <u>RMB'000</u>	<u>FY2024</u> <u>RMB'000</u>
Sludge demonstration treatment plant	-	2,990
AIWater implementation contracts	-	6,290

Notes to the Condensed Consolidated Financial Statements (Cont'd)

24. Disposal of subsidiaries – AIWater Group

As announced on the SGXNet on 25 July 2025, the Group had completed the disposal of the AIWater Group for an aggregate consideration of RMB370,000,000, comprising RMB240,847,363, in cash and the balance RMB129,152,637 being satisfied by the Buyer through the Set Off Arrangements.

In addition, a capital reduction, to reduce the Company's issued and paid-up share capital, had been lodged with the relevant authorities. Accordingly, a cash distribution of S\$27,307,912 (equivalent to RMB154,207,777), being S\$0.0287 per share, was paid to the Shareholders of the Company on 11 August 2025.

Details of the disposal are as follows:

	FY2025 RMB'000
Property, plant and equipment	12,576
Intangible assets	4,357
Contract assets	13,801
Inventories	1,387
Trade and other receivables	8,635
Prepayments	472
Cash and cash equivalents	1,834
Total assets	43,062
Trade and other payables	(12,975)
Lease liabilities	(552)
Other liabilities	(726)
Deferred tax liabilities	(1,794)
Total liabilities	(16,047)
Net assets disposed of	27,015
Gain on disposal:	
Consideration received	370,000
Net assets derecognised	(27,015)
Non-controlling interest derecognised	9,969
Withholding tax	(34,336)
	318,618
Net cash inflow arising from disposal:	
Total Consideration	370,000
Consideration under set-off arrangements (non cash)	(129,153)
Cash Consideration received	240,847
Cash and cash equivalents disposed of	(1,835)
Capital reduction and cash distribution to shareholders	(154,208)
Cash retained in the Group	84,804

The gain from the disposal of the AIWater Group amounted to RMB318.6 million and is recognised in the profit or loss.

Notes to the Condensed Consolidated Financial Statements (Cont'd)

25. Fair value measurement

Financial instruments – Accounting classifications of financial assets and financial liabilities.

The carrying amounts of financial assets and financial liabilities in each category are as follows:

<u>Continuing operations:</u>	<u>Group</u>		<u>Company</u>	
	FY2025 RMB'000	FY2024 RMB'000	FY2025 RMB'000	FY2024 RMB'000
Financial assets				
<u>At amortised cost:</u>				
Trade and other receivables* (excluding VAT and other tax receivables)	20,681	10,274	82,645	22,897
Cash and bank balances	94,986	50,007	8,401	20,562
	115,667	60,281	91,046	43,459
Financial liabilities				
<u>At amortised cost:</u>				
Convertible bonds – debt host liability	108,090	103,186	108,090	103,186
Trade and other payables (excluding VAT and other tax payables)	64,700	8,756	8,145	12,665
Bank borrowings	22,229	26,312	-	-
Lease liabilities	1,758	1,858	541	902
Other liabilities (excluding deferred capital grants)	2,653	17,843	1,230	1,868
	199,430	157,955	118,006	118,621
<u>At fair value through profit or loss:</u>				
Embedded derivative (asset) liability for convertible bond	(1)	(12,205)	(1)	(12,205)

* Excludes advances to trade suppliers and related company for goods and services to be received and rendered.

26. Financial guarantees

	FY2025 RMB'000	FY2024 RMB'000
Guarantee in respect of bank loan granted to a subsidiary to finance the outright lease payments of land and building for purpose of membrane manufacturing plant	19,228	21,773

As at 31 December 2025 and 31 December 2024, the fair values of the financial guarantees determined based on the expected loss arising from the risk of default are negligible.



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OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

Audit

The statements of financial position as at 31 December 2025 and the related consolidated statement of profit or loss and comprehensive income, statements of changes in equity and consolidated statement of cash flows for the twelve months ended on 31 December 2025 and the selected explanatory notes (“the Condensed Interim Financial Statements”) have not been audited or reviewed by the Company’s auditors.

REVIEW OF GROUP PERFORMANCE

Consolidated Statement of Profit or Loss (Continuing operations)

(a) Revenue by business segment

	FY2025		FY2024	
	RMB'000	%	RMB'000	%
<u>Continuing operations:</u>				
Engineering revenue	9,493	82.6	5,385	76.6
Sale of equipment & parts	2,006	17.4	1,643	23.4
	<u>11,499</u>	<u>100.0</u>	<u>7,028</u>	<u>100.0</u>

Revenue

The Group’s revenue increased by RMB4.5 million in FY2025. The increase was mainly due to the commencement of sludge treatment project with a new customer as compared to FY2024 where project activities were generally lower.

Gross profit and gross profit margin

The increase in gross profit generated of RMB3.5 million in FY2025 was mainly due to higher engineering revenue generated in FY2025 of RMB11.5 million which commanded higher profit margins, as compared to FY2024 of RMB7.0 million.

Accordingly, the gross profit margin increased, from 25.1% in FY2024 to 30.2% in FY2025.

Other items of expense

- (b) Finance income decreased due to lower interest rates and cash balances held in fixed deposits in FY2025 as compared to FY2024.
- (c) Other income increased from RMB0.3 million in FY2024 to RMB3.0 million in FY2025 mainly due to foreign exchange gains recorded in FY2025 against foreign exchange losses recorded in FY2024.
- (d) Fair value losses on convertible bonds (“CB”) of RMB12.2 million was recorded in FY2025 as compared to a fair value gain on CB of RMB13.6 million recorded in FY2024, mainly due to the fair value accounting adjustments on the extension option being exercised by the Group.
- (e) The selling and distribution expenses increased by RMB0.8 million, from RMB0.6 million in FY2024 to RMB1.4 million in FY2025 due to higher marketing and travelling expenses incurred by the Group.
- (f) Administrative expenses decreased by RMB9.4 million, from RMB39.6 million in FY2024 to RMB30.2 million in FY2025, due to lower staff costs and other operating expenses resulting from the disposal of the AIWater Group.


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- (g) Finance costs decreased by RMB3.8 million in FY2025, from RMB14.5 million in FY2024 to RMB10.7 million in FY2025. The decrease was due to a lower CB interest expense after the disposal of AIWater Group which reduced the future interest accrual based on the CB's revised effective rate of return.
- (h) The components for the impairment loss/(write-back of impairment loss) charged to or credited from the profit or loss account are as follows:

	<u>FY2025</u>	<u>FY2024</u>
	RMB'000	RMB'000
<i>Impairment (Credited from)/Charged to profit or loss</i>		
Trade receivables	1,510	(60)
Contract assets	2,629	21,330
Contract assets written off - net	10,792	-
Charged to profit or loss	<u>14,931</u>	<u>21,270</u>

Impairment losses decreased from RMB21.3 million from FY2024 to RMB14.9 million in FY2025 and is computed based on the Group's Expected Credit Loss ("ECL") model under SFRS(I) 9 to reflect the credit risk assessment made by management on the recoverability of the Group's contract assets.

- (i) Other expenses increased by RMB36.6 million in FY2025, from RMB2.3 million in FY2024 to RMB38.8 million in FY2025. This increase was mainly due to a special payment made to CB holders of RMB34.7 million, loss on disposal of certain obsolete raw materials of RMB2.7 million and impairment loss recorded on non-financial assets of RMB0.9 million, as compared to FY2024 where the Group incurred foreign exchange losses due to the appreciation of USD against RMB.
- (j) Share of results of associate and joint venture recorded a loss of RMB1.4 million in FY2025 as compared to a profit of RMB0.4 million in FY2024 due to negative result contributions from the associated companies.

Income tax expense

In FY2025, the Group recorded net income tax expenses of RMB3.2 million mainly due to under provision of prior year income taxes amounting to RMB6.5 million, partially offset by a deferred tax credit of RMB3.3 million recognised in current year from the unutilised tax losses available to be carried forward.

In FY2024, the Group recorded net income tax credit of RMB2.9 million mainly due to the reversal of prior year income taxes amounting to RMB4.1 million, partially offset by deferred tax expense of RMB1.2 million due to the timing difference of its contract assets.

Profit after taxation

In view of the foregoing, the Group reported a profit after taxation of RMB211.7 million in FY2025 as compared to loss after taxation of RMB58.3 million recorded in FY2024.



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REVIEW OF GROUP PERFORMANCE (cont'd)

Consolidated Statement of Profit or Loss (Discontinued operations)

(a) Revenue by business segment

	FY2025 RMB'000	FY2024 RMB'000
<u>Discontinued operations:</u>		
Treatment revenue	6,398	2,379
Operation & maintenance revenue	12,035	18,957
Sale of equipment & parts	-	2,106
	<u>18,433</u>	<u>23,442</u>

Revenue

Revenue decreased by RMB5.0 million in FY2025, from RMB23.4 million in FY2024 to RMB18.4 million in FY2025. The decrease was due to lower equipment sales and operational & maintenance ("O&M") revenue recognised in FY2025.

Gross profit and gross profit margin

The decrease in gross profit generated of RMB3.8 million in FY2025 was mainly due to lower O&M revenue generated in FY2025 which had higher margins as compared to treatment revenue.

The gross profit margin decreased, from 38.9% in FY2023 to 28.8% in FY2025, mainly due to a lower margins commanded by the treatment projects secured in FY2025.

Other items of expense

- (b) The selling and distribution expenses decreased by RMB0.5 million in FY2025, from RMB0.9 million in FY2024 to RMB0.4 million in FY2025 due to lower marketing and travelling expenses.
- (c) Impairment losses increased by RMB0.7 million in FY2025, from RMB0.2 million in FY2024 to RMB0.9 million in FY2025, due to impairment losses recognised for certain contract assets using the Group's ECL model under SFRS(I) 9.

Income tax expense

In FY2024, the Group recorded deferred tax expense of RMB1.8 million due to the timing difference of its contract assets.

In FY2025, the Group did not recognise any tax expenses as there is no chargeable income.

Loss after taxation

In view of the foregoing, the AIWater Group reported a loss after taxation of RMB5.6 million in FY2025 as compared to loss after taxation of RMB3.9 million in FY2024.



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Consolidated Statement of Financial Position (Continuing Operations)

Total equity decreased by RMB49.5 million from RMB38.6 million in FY2024 to a negative net equity of RMB10.9 million in FY2025, mainly due total comprehensive income of RMB206.8 million recognised during the financial year, offset by a return of capital to shareholders of RMB248.7 million and non-controlling interest derecognised on RMB8.0 million.

Total Group assets as at 31 December 2025 decreased by RMB11.2 million, from RMB207.0 million in FY2024 to RMB195.8 million in FY2025, due to lower non-current assets of RMB17.9 million offset by higher current assets of RMB6.7 million.

The decrease in non-current assets of RMB17.9 million from RMB84.6 million in FY2024 to RMB66.7 million in FY2025, mainly due to routine depreciation and reclassification of capital grants received against the demonstration plant that was previously capitalised as construction in progress. The decrease is offset by RMB2.1 million of deferred tax assets recognised.

The increase in currents assets of RMB6.7 million, from RMB122.4 million in FY2024 to RMB129.1 million in FY2025, was mainly due to recognition and realisation of trade receivables & contract assets of RMB5.3 million, cash and bank balances increase of RMB 45.0 million arising from net proceeds from AIWater disposal net off working capital requirements. This increase is offset by inventories sold of RMB3.8 million and assets of disposal group derecognised of RMB40.0 million.

Total liabilities increased by RMB38.3 million, from RMB168.4 million in FY2024 to RMB206.7 million in FY2025, due to a higher current liabilities of RMB51.9 million offset by lower non-current liabilities of RMB13.6 million.

The increase in current liabilities of RMB51.9 million, from RMB137.1 million in FY2024 to RMB189.1 million in FY2025, was mainly due to accretion of convertible bond interest of RMB17.1 million, withholding tax provisions made of RMB34.4 million, income tax payable of RMB6.5 million and realisation of other liabilities reclassified to trade and other payables amounting to RMB6.1 million. The increase is offset by repayment of bank borrowings of RMB1.4 million and liabilities of disposal group derecognised on RMB10.8 million.

The decrease in non-current liabilities of RMB13.6 million, from RMB31.2 million in FY2024 to RMB17.6 million in FY2025, was mainly due to the recognition of deferred capital grant of RMB9.5 million into fixed asset upon the completion of the demonstration plant, decrease in deferred tax liabilities of RMB1.2 million and repayment of bank borrowings of RMB2.6 million.

Key liquidity ratios:

	<u>Group</u>	
	<u>FY2025</u>	<u>FY2024</u>
<u>After CB reclassification (Note 10):</u>		
<i>Net current liabilities</i>	(59,942)	(14,761)
<i>Current ratio (Current assets/current liabilities)</i>	(0.68)	(0.89)
<u>Before CB reclassification (Note 10):</u>		
<i>Net current assets</i>	48,148	76,220
<i>Current ratio (Current assets/current liabilities)</i>	1.59	2.65

Under the terms of the CB agreement, the two tranches of CB issued by the Group have an initial maturity date of 3 March 2026 and 31 July 2026 respectively. The Group has extended the maturity date of the CB for an additional period of 2 years of which the final maturity date will be 3 March 2028 and 31 July 2028 respectively.

As at the date of this announcement, the Group foresees that the CB maturity due in 2028 will not affect the Group's liquidity for the next 12 months.



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HALF-YEARLY REVENUE AND PROFIT CONTRIBUTION

Continuing & Discontinued Operations:

	<u>Group</u>		
	FY2025 RMB'000	FY2024 RMB'000	Increase (Decrease) %
Revenue:			
- 1 st Half 2025	17,675	8,520	107.4
- 2 nd Half 2025	12,257	21,950	(44.2)
	<u>29,932</u>	<u>30,470</u>	(1.8)
Profit (Loss) after taxation:			
- 1 st Half 2025	(34,795)	(14,002)	148.5
- 2 nd Half 2025	240,867	(48,316)	NM
	<u>206,072</u>	<u>(62,318)</u>	NM
Profit (Loss) attributable to Owners of the Company:			
- 1 st Half 2025	(31,905)	(11,223)	184.3
- 2 nd Half 2025	241,980	(46,555)	NM
	<u>210,075</u>	<u>(57,778)</u>	NM

NM: Not Meaningful

VARIANCE FROM PROSPECT STATEMENT

Not applicable as no prospect statement is given.



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PROSPECTS

Following a year of strategic realignment and portfolio optimisation, the Group enters 2026 with a clearer focus on its core sludge treatment and membrane technology businesses. A key strategic milestone was the successful divestment of our AIWater business segment, which delivered an exceptional return on investment of more than 13 times over its four-year development period. This divestment marks the successful conclusion of this venture and underscores the Group's disciplined approach to capital allocation, our ability to identify emerging opportunities, and our commitment to crystallising value at the appropriate time. The value realised from the divestment has strengthened the Group's financial position and supported the Board's decision to make a cash distribution of approximately S\$44.05 million in FY2025, back to the shareholders and bondholder.

The broader operating environment, particularly in China, remained subdued amid a sluggish economic recovery. Despite these headwinds, the Group made meaningful progress in securing new projects and strengthening our market position. We undertook a decisive realignment of our business priorities to reinforce our focus on the Group's core sludge and membrane businesses. While the projects secured in 2025 have yet to contribute positively to the financial results, we expect their financial impact to materialise progressively over the coming periods.

Our sludge treatment demonstration plant in Changi Water Reclamation Plant, Singapore, showcasing our proprietary Continuous Thermal Hydrolysis ("CTH") and Pyrolysis technology, was successfully completed in July 2025. The results validated that our integrated CTH-Pyrolysis processes can significantly reduce sludge volumes and mass, and improve energy efficiency, while maintaining continuous and stable operations. The CTH-Pyrolysis system offers clear advantages over conventional treatment methods. Notably, the system converts the sludge into biochar, creating potential pathways for value-added use in areas such as soil remediation, renewable fuel, construction materials, and also for odour and heavy metal control following the material's upgrading. Successful demonstration of our CTH-Pyrolysis process marks an important milestone in showcasing our technologies and strengthening our positioning within the sludge treatment solutions domain. With a clear value proposition, we are now well placed to pursue greater business opportunities in China, Singapore, and our surrounding regions.

Our membrane business continued to draw on the capabilities of our joint venture company, NTi Technology Pte. Ltd. ("NTi Tech"), to support the production of high-performance membranes. With manufacturing facilities in both Singapore and China, the Group is well positioned to serve a wider customer base. Building on the Group's strong technical expertise and synergy in both sludge treatment and advanced membrane technologies, we have developed an innovative membrane condenser system which can further enhance the existing CTH platform's performance. Supported by the Living Lab Grant from National Research Foundation, a demonstration plant will commence operation in 2026. This project enables the Group to demonstrate its membrane technology in a live operational environment, deepen system integration and application capabilities, and enhance the commercial readiness of the membrane division, supporting its longer-term growth prospects.

In 2025, we formed a consortium with Econ Technology Co. Ltd. ("Econ"), a subsidiary of Shandong Hi-Speed Co. Ltd., a state-owned enterprise listed on the Shanghai Stock Exchange. The consortium successfully secured contracts worth RMB143.3 million to provide municipal sludge treatment services in Tongxu and Tangying counties in Henan Province, China. The Group will supply its proprietary CTH technology and energy recovery system, with approximately RMB70 million apportioned to the Group.

With the joint venture company being formally established with Econ, this partnership underscores our commitment to an asset-light business model. By contributing our proprietary sludge treatment technology, along with our engineering expertise, the Group can participate in sizeable infrastructure projects without taking on significant debt or capital expenditure. The construction and financing of the treatment facilities will be undertaken by Econ and consortium members while the EPC and O&M services will be provided by the joint venture company.

In December 2025, the Group entered into a joint investment agreement with Mr Yang Peng ("YP") to provide EPC and Operation and Maintenance ("O&M") services to treat organic wastes and sludge. Mr YP's technologies comprise a carbon source production process that converts food waste and sludge into organic carbon sources; a bio-iron flocculant that is a highly efficient and cost-effective solution for wastewater treatment and sludge conditioning; and an integrated vacuum press drying system that operates on electricity, offering lower operating cost and higher energy efficiency. We believe that the integration of our combined technical expertise and complementary resources will enhance our project execution capabilities and unlock new market opportunities.

Looking ahead, the Group remains focused on leveraging innovative technologies to support sustainable growth. We will continue to deepen our presence in the environmental solutions sector through the ongoing identification, development and application of advanced technologies aimed at addressing practical environmental challenges across our core business segments.



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USE OF PROCEEDS FROM THE CONVERTIBLE BONDS & AIWATER DISPOSAL

The use of the net proceeds from the CB is as follows:

	S\$'000
Balance as at 1 January 2025	6,790
Net proceeds from AIWater Group disposal	15,537
<u>Net proceeds earmarked for business investments and acquisitions of environmental related business</u>	
Advance to membrane business segment	(1,293)
Investment into organic waste and sludge treatment business	(916)
Investment into project company for operation of sludge treatment plant	(417)
Cost relating to the demonstration sludge treatment demonstration plant	(124)
	<u>(2,750)</u>
<u>Re-designation of the balance net proceeds from business investments and acquisitions to capital commitment and working capital purposes</u>	
<u>Working capital</u>	
Directors' fees, remunerations, salaries and related costs	(2,410)
Professional fees and compliance costs	(773)
Repayment of secured bank loan	(989)
Rental and utilities	(77)
AGM related costs and investor relations expenses	(68)
Total working capital disbursements	<u>(4,317)</u>
Balance as at 31 December 2025	<u>15,260</u>

The proceeds from the convertible bonds are fully utilised.

If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

The Group has not obtained a general mandate from its shareholders for IPTs.



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Disclosure on Incorporation, Acquisition and Realisation of Shares pursuant to Rule 706A of the SGX-ST Listing Manual

In 2025:

#	Company Name	Place of Incorporation /registration	Issued and Paid-up Capital ('000)	Capital injections ('000)	Principal Activities	Effective interest held by the Group
1	Leader Investment Pte Ltd	Singapore	S\$1,600	S\$1,280	Investment holding company	80%
2	Kaifeng Kangrun Yunhe Technology Co., Ltd.	China	RMB16,294	RMB1,629	Operation of sludge treatment plant	10%
3	Tangyin County Kanglan Technology Co., Ltd.	China	RMB6,500	RMB650	Operation of sludge treatment plant	10%

Subsequent to year end:

On 20th January 2026, the Group injected RMB4,590,000 into a newly incorporated joint venture company (Kangdehong Low Carbon Technology (Yantai) Co., Ltd.), through our wholly owned subsidiary, United Greentech (Guangzhou) Co., Ltd. ("UG GZ")

The joint venture company ("JVC") will undertake Engineering, Procurement and Construction ("EPC") and Operations & Maintenance ("O&M") services for the Build-Operate-Transfer ("BOT") projects secured by the Consortium, comprising Econ Technology Co. Ltd, a subsidiary of Shandong Hi-Speed Co. Ltd.

UG GZ holds 10% shareholdings in the project companies of which the JVC will provide EPC & O&M services.

Report of persons occupying managerial positions who are related to a Director, Chief Executive Officer or substantial shareholder

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in Leader Environmental Technologies Limited ("Company") or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

Confirmation of issuer has procured undertakings from all its Directors and executive officers (in the format set out in Appendix 7.1) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.1 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD
Leader Environmental Technologies Limited

Ngoo Lin Fong
 Executive Chairman
 26 February 2026