



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)

JOINT VENTURE INTO FOOD WASTE AND ORGANIC SLUDGE TREATMENT BUSINESS

The Board of Directors of Leader Environmental Technologies Limited (“**Company**” or “**Leader**”, and together with its subsidiaries, “**Group**”) wishes to announce that the Company, via its wholly-owned subsidiary, United Greentech (Guangzhou) Co., Ltd. (“**UG GZ**”) has entered into a joint investment agreement with Mr. Yang Peng (“**YP**”). UG GZ and YP will establish a new joint venture company (“**JV Co**”) of which UG GZ will hold 51% of the equity interest in the JV Co while Chengdu Zhanlan Future Environmental Protection Co. Ltd (“**Chengdu Zhanlan**”) will hold the remaining 49%. The initial paid up capital for the JV Co is RMB10 million.

The principal activities of the JV Co are to provide Engineering, Procurement and Construction (“**EPC**”) and Operation and Maintenance (“**O&M**”) services to treat food waste and organic sludge.

Background of YP:

Mr. Yang Peng (“**YP**”) is an entrepreneur with over 15 years of leadership experience in the environmental industry. He is the founder of Chengdu Zhanlan, a company established in August 2014 which specialises in the treatment of sludge, food waste and other organic wastes to achieve resource recovery.

YP graduated with a Bachelor’s degree in Environmental Engineering from Sichuan University (2003) and went on to obtain a Master’s degree in Environmental Engineering (2004) through the prestigious joint program between Nanyang Technological University (“**NTU**”) and Stanford University (United States). From 2004 to 2009, YP was with the Institute of Environmental Science and Engineering (IESE) at NTU, where he was entrusted with driving business development in China, building partnerships between academia, industry, and other relevant stakeholders. After leaving NTU, he was appointed Chief Representative in China for the Lien Foundation, a leading philanthropic organization based in Singapore.

Key terms of Collaboration:

Under the joint investment agreement, the key terms are set out as below:

1. The JV Co shall acquire Chengdu Zhanlan's proprietary technologies for sludge, food waste and other organic wastes treatment (including all associated patents), with all intellectual property rights assigned to the JV Co.
2. The JV Co shall acquire the waste treatment facilities with the designed capacities of 80 ton/day sludge treatment and 50 ton/day wastewater to organic carbon source recovery.
3. The total sum for the 2 items above shall not exceed RMB10 million, and the proprietary technologies and the waste treatment facilities will be used as capital contribution towards the new JV Co.
4. Leader shall advance to YP a sum of RMB5 million ("Initial Consideration") in exchange for a 51% stake in the JV Co. No further startup capital will be injected by Leader into the JV Co pursuant to the joint investment agreement.
5. YP undertakes to lead and manage the JV Co with the objective of achieving profitability (i.e., net profit after taxation) on or before 31 December 2028 ("FY2028"), covering the period FY2026 to FY2028 ("Future Financial Years").
6. Should the JV Co fail to achieve profitability by FY2028, Leader shall have the right to (i) demand repayment of the RMB 5 million Initial Consideration from YP in full, and (ii) transfer its entire equity interest of 51% in the JV Co back to YP.
7. For each of the first three (3) Future Financial Years that the JV Co achieves a Net Profit After Tax (NPAT), Leader shall pay YP an Adjusted Consideration for that year, calculated as:
$$(10 \times \text{that specific year's NPAT}) \times 17\%$$
8. The total Adjusted Consideration payable to YP at the end of the Future Financial Years (i.e. FY2028) will be deducted against the Initial Consideration of RMB5 million previously advanced by Leader.

9. Leader shall have the sole discretion to determine the mode of payment of the Adjusted Consideration, whether by (i) cash, (ii) the issuance of new ordinary shares of Leader, or (iii) a combination of cash and new ordinary shares of Leader.

In the event that new shares are issued, the issue price shall be determined based on the volume weighted average price of Leader's shares for 30-days immediately preceding the settlement date, in accordance with the requirements of the SGX-ST Listing Manual.

Rationale for collaboration:

The rationale and synergies for the joint venture are as below:

1. Both Leader and YP have been deeply engaged in the waste treatment and resource recovery market. Leader owns Continuous Thermal Hydrolysis (CTH) drying technology, suitable for large-scale sludge treatment projects, but it has limited offerings due to the higher investment cost.

YP's carbon source production technology can convert food waste and sludge into organic carbon sources; Bio-iron flocculant is a highly efficient and low-cost chemical agent for wastewater treatment and sludge conditioning; the vacuum integrated drying machine uses only electricity as an energy source, offering high energy efficiency and low cost. Both Leader and YP's technical advantages are complementary, enabling the Group to provide potential customers with comprehensive solutions.

2. The integration of technical expertise and complementary resources will foster innovation in sludge and waste treatment, enhance project execution capabilities, unlock new market opportunities, and establish a stronger platform for long-term sustainable growth.

The Group's Initial Investment into the JV Co will be funded using the proceeds from the convertible bonds issued by the Company.

The aforesaid Investment is not, in itself, expected to have any material impact on the earnings and net tangible assets per share of the Group for the current financial year ending 31 December 2025.

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in any of the foregoing projects and/or investments as stated in this announcement, other than through their respective shareholdings in the Company and its subsidiaries.

BY ORDER OF THE BOARD OF DIRECTORS OF
LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED

Mr Ngoo Lin Fong
Executive Chairman
23 December 2025