LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED

SUSTAINABILITY IN PROGRESS

2024 • ANNUAL REPORT

CONTENTS

We are a
TECHNOLOGY-DRIVEN
environmental
solutions provider

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ngoo Lin Fong
Executive Chairman

Zhao Fu
Non-Independent Non-Executive Director

Lim Kuan Meng
Lead Independent Non-Executive Director

Lee Suan Hiang
Independent Non-Executive Director

Dr Ng Wun Jern
Independent Non-Executive Director

Ng Sook Zhen
Independent Non-Executive Director

AUDIT COMMITTEE
Lim Kuan Meng *(Chairman)*
Lee Suan Hiang
Dr Ng Wun Jern (Appointed on 26 February 2024)
Zhao Fu (Appointed on 1 August 2024)
Ng Sook Zhen (Appointed on 1 August 2024)

NOMINATING COMMITTEE
Lee Suan Hiang *(Chairman)*
Lim Kuan Meng
Ngoo Lin Fong
Dr Ng Wun Jern (Appointed on 26 February 2024)
Zhao Fu (Appointed on 1 August 2024)
Ng Sook Zhen (Appointed on 1 August 2024)

REMUNERATION COMMITTEE
Dr Ng Wun Jern *(Chairman)* (Appointed on 26 February 2024)
Lim Kuan Meng
Lee Suan Hiang
Zhao Fu (Appointed on 1 August 2024)
Ng Sook Zhen (Appointed on 1 August 2024)

PRINCIPAL PLACE OF BUSINESS AND CONTACT NUMBERS
41 Science Park Road #04-11
The Gemini Singapore 117610
Telephone: (65) 6950 7700

JOINT COMPANY SECRETARIES
Dominic Tan Wei Yao, CA, CPA (Aust.)
Maureen Low Mei Mei, ACS, ACG

REGISTERED OFFICE
38 Beach Road, South Beach Tower, #29-11
Singapore 189767

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
9 Raffles Place #26-01
Republic Plaza I
Singapore 048619

AUDITORS
Foo Kon Tan LLP
Public Accountants and Chartered Accountants
1 Raffles Place, #04-61 One Raffles Place
Tower 2, Singapore 048616
Partner-in-charge: Teo Soo Chuen
(Year of appointment: with effect from the financial year ended 31 Dec 2024)

PRINCIPAL BANKERS
Bank of China
Industrial and Commercial Bank of China
China Minsheng Bank
Development Bank of Singapore Limited
United Overseas Bank Limited
RHB Bank Berhad

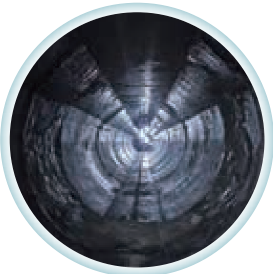
CORPORATE PROFILE

Leader focuses on 4 key business segments namely, municipal/oily sludge treatment, high performance membrane manufacturing, greentech investments and AIWater management system.

Leader is a high-tech environmental technology provider with strong competitive edge and offering a full spectrum of services including technical consulting, system integration, equipment and product supply, project investment and facility operation and maintenance.

Leader capitalizes on the technical expertise of our team and our technological assets to develop innovative concepts and advanced high-tech systems. We focus on integrating customers' requirements with our systems and delivering excellent service for all our customers.

OUR BUSINESS FOCUS



Municipal/Oily Sludge Treatment

- Supply integrated sludge solutions for municipal/oily sludge treatment using our proprietary technologies
- Innovative continuous thermal hydrolysis & pyrolysis processes and efficient energy recovery system to achieve closed-loop sludge treatment with zero-waste discharge and full resource recovery

High Performance Membrane

- Manufacturing of high-performance NanoTi-PVDF membrane products, mainly for water treatment to generate "clean" water for reuse
- High strength, high flux, anti-fouling and superior chemical tolerance membranes

Greentech Investments

- Equity investments in start-ups in emerging technologies, high-tech products & services for environment protection

AIWater Management System

- Integrated artificial intelligence (AI) technology and modeling for wastewater process data prediction and risk management
- Integrated concentration gradient theory, cross section control theory and intelligent expert system for wastewater process optimization, energy and chemical cost savings

CORPORATE PROFILE

SLUDGE TREATMENT

- Currently only a fraction of the sludge are adequately treated
- Majority of inadequately treated waste sludge is landfilled

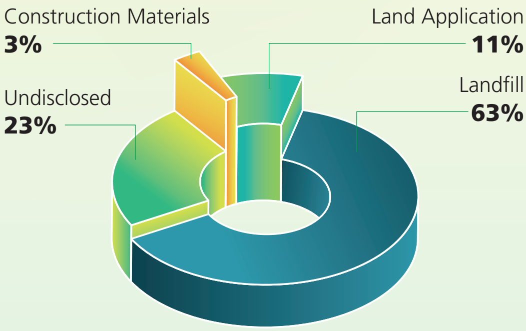
Number of Wastewater Treatment Plants (2024):
14,637

Wastewater Treatment Capacity:
335 million m³/d

Annual Sludge Produced:
>53 million tons

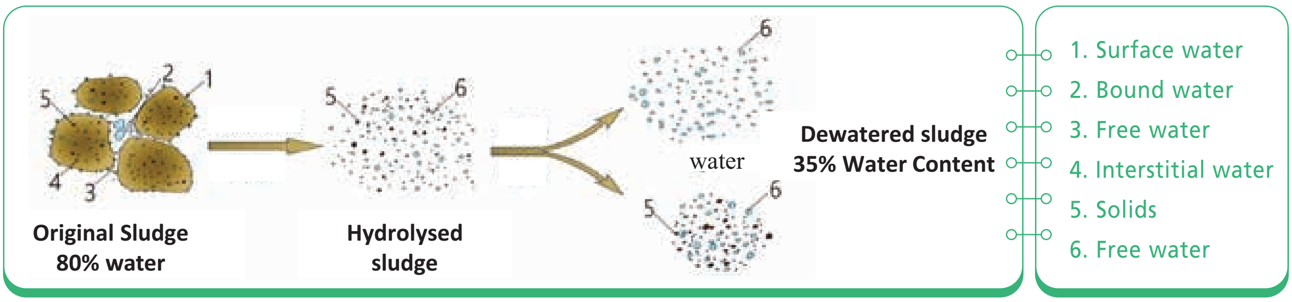
Forecasted Sludge Production by 2025
58 million tons

SLUDGE DISPOSAL METHOD



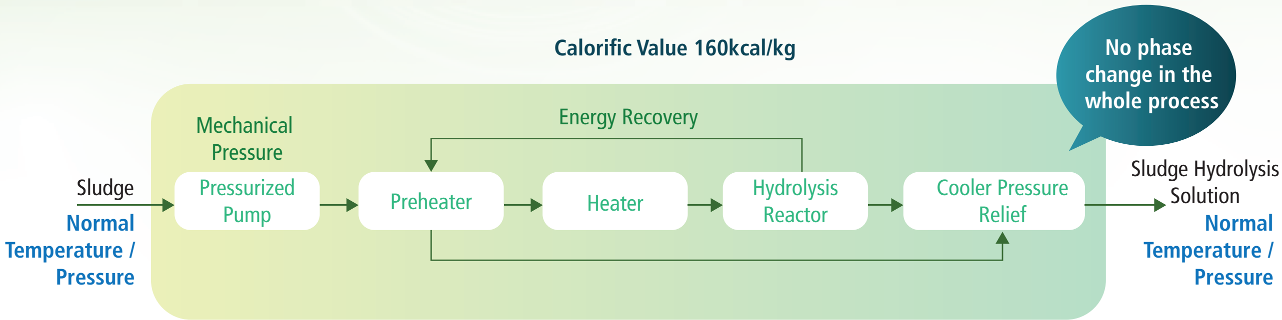
MORE THAN 14,000 WASTEWATER TREATMENT PLANTS IN CHINA

OUR PROPRIETARY TECHNOLOGY – CONTINUOUS THERMAL HYDROLYSIS



Conventional activated sludge process treats wastewater and generates excess sludge which contains large numbers of microbial cells. Extracellular polymeric substances (EPS) binding the cells in flocs results in interstitial water. This coupled with cellular water makes it difficult to dewater sludge by mechanical methods without chemicals. LET's CTH process disrupts the sludge and cellular structures at 220-240°C and 3-5 MPa and so releasing both waters. Sludge can then be dewatered to about 35% moisture without use of chemicals.

CORPORATE PROFILE



The **CTH process** begins and ends at room temperature and operates continuously for 24 hours. Sludge undergoes pressurization, heating and cooling. During this process, cells in the sludge are completely hydrolyzed, and properties changed fundamentally. Viscosity of the EPS is substantially reduced, resulting in a liquid with good flow characteristics and due to the pressure, water stays in a liquid state throughout the process, no phase change occurs and latent heat of vaporization is not consumed. The CTH and dehydration process requires **zero chemical addition coupled with low energy consumption**.

OILY SLUDGE TREATMENT

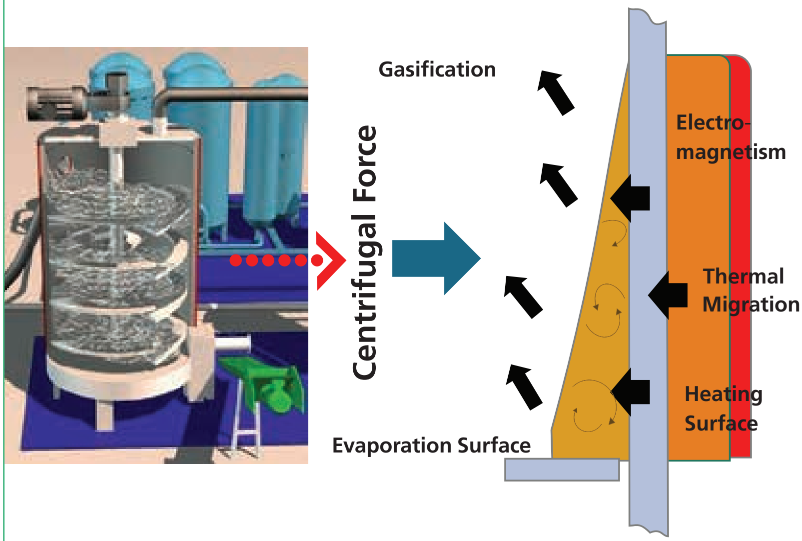
Thermal desorption technology refers to heating oily sludge under oxygen free conditions to a predetermined temperature, separating volatile hydrocarbons from other organic matter, and condensing the resulting gases into liquid hydrocarbons for recycling. The remaining solid residue is heated to a higher temperature to ensure that its oil content is less than 0.3%, and heavy metal components in the sludge are stabilised in the residue. Since the thermal desorption reaction occurs under oxygen free condition, no toxic or harmful substances such as dioxins are emitted.

Current mainstream thermal desorption technology uses fuel heating method, which is suitable for treatment stations for onshore oil and gas. However, this method requires a large equipment footprint, and the smoke from the open flame heating and combustion needs to be properly treated, which poses significant environmental and safety risks. Therefore, it is not suitable for use on offshore oil platforms, floating production and storage vessels.

In order to fully address the challenge of treatment and disposal of oily sludge during offshore oil exploration and development, Leader has independently developed an **Electromagnetic Induction Thermal** desorption device for oily sludge. This device has the significant advantages of being flexible in operation and scale, efficient, safe, and thorough, making it suitable for the treatment and disposal of oily sludge on offshore oil platforms and floating production and storage vessels. It provides a solution for **mass reduction, detoxification and disposal** of oily sludge from offshore oil facilities.

CORPORATE PROFILE

PRINCIPLE OF ELECTROMAGNETIC INDUCTION PYROLYSIS TECHNOLOGY



No Open Flame

Even Heating

Oil Recovery

Residue meet disposal standards

1. Oily sludge contacts with the heating surface of the vessel by centrifugal force
2. Oily sludge with high moisture content contacts with the heating surface first
3. Heat exchange efficiency is improved through rapid rotation and mixing by the blades
4. Intelligent Variable Frequency Control is used to accurately manipulate process conditions
5. Oxygen barrier analysis and desorption
6. There are almost none exhaust gases and pollutant emissions

HIGH PERFORMANCE MEMBRANE

Organic Polymer – PVDF

- Heat Resistance
- Chemical Stability
- Radiation Resistance
- Great Mechanical Property

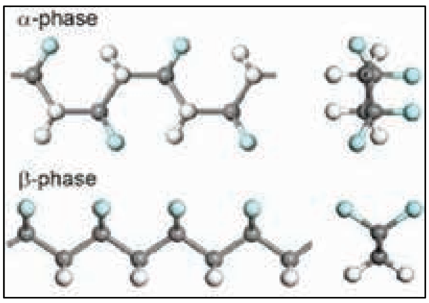
NTi

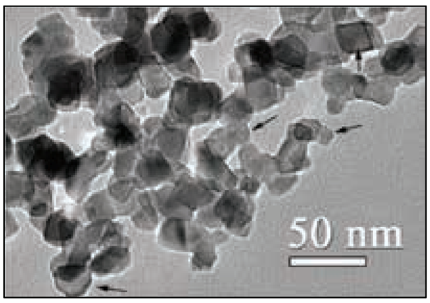
NanoTi-PVDF Membrane

NanoTi Crystal

- Permanent Hydrophilicity
- Anti-Oxidation
- Chemical Stability
- Catalyst of Free Radical Reaction

NanoTi-PVDF membrane obtains both the advantages of polymeric material PVDF and nano titanium crystal. NTi introduces titanium crystals on the membranes surfaces to obtain the excellent properties both from organic polymers and nano titanium crystals. The permanent hydrophilicity introduced by NanoTi crystals is the breakthrough for the bottleneck of the industry which is membrane performance decrease due to fouling.





CORPORATE PROFILE

AIWATER MANAGEMENT SYSTEM

Leveraging on vast experience and industry expertise of the technical and operation team in Wastewater Treatment Plant ("WWTP") operations, AIWater integrated **Concentration Gradient Concept, Machine Learning Model, Digital Twin with AI** and **Big Data** to develop the following proprietary solutions for WWTP management.

Physical Plant　Digital Twin　AI & Big Data

AI Sensing:
- High precision analysis of COD/TP/TN
- Single-step installation

1

AI Prediction:
- Big Data driven, LSTM model
- Mechanism, ML, Self-learning triple core

2

AI Control:
- Optimal Control by MPC System
- Compliant, Stable, Cost-effective Optimization

3

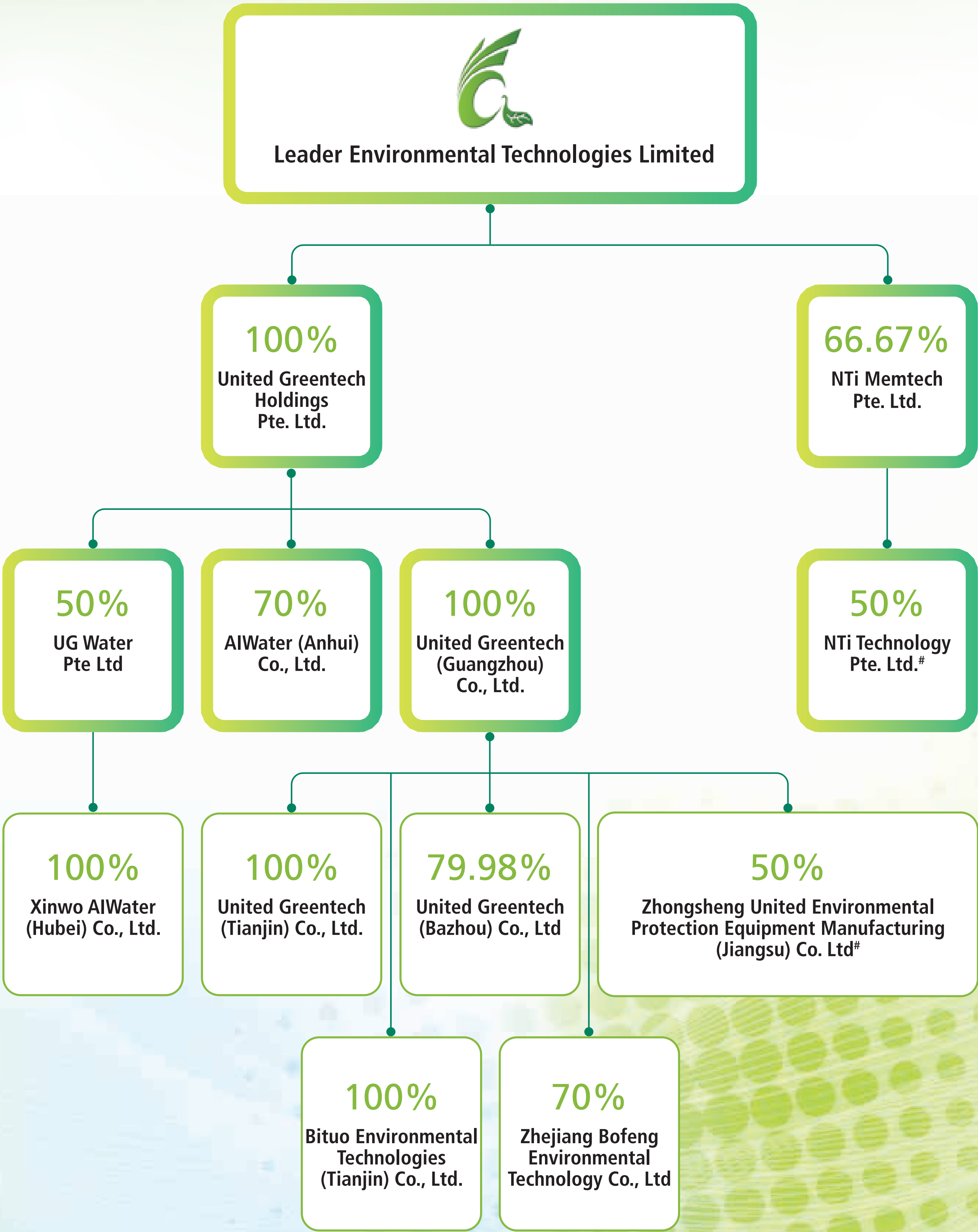
AI Equipment:
- Multi-source fusion analysis
- Abnormal, failure predictive maintenance

4

PROPRIETARY **TECHNOLOGIES**

Our focus on research and development activities to develop, improve and enhance competencies provides the foundation for sustainable growth.

GROUP STRUCTURE*



Associate

CHAIRMAN'S STATEMENT

NGOO LIN FONG
Executive Chairman

CHAIRMAN'S STATEMENT

2024 demonstrated the resilience of our business model and the cohesiveness of our people, who have worked tirelessly towards augmenting and enhancing marketability of our technologies despite a relatively lackluster macroeconomic environment.

Business trends today are largely driven by technology. The Company has made encouraging technological breakthroughs and market penetration progress in its sludge treatment, AIWater, and membrane business segments, notwithstanding certain challenges persist. Navigating China's sluggish economy recovery, and coping with escalating costs, while developing our technologies have dampened the financial performance of the Group.

Nonetheless, the initiatives taken to address the challenges in 2024 will prepare us for a recovering economy and to better position ourselves at the forefront to tap on the market potential. Structural changes were implemented for the Company to stay competitive and mitigate the challenging environment's impact. This momentum will set a solid foundation for growth. As we look forward to 2025, we are heartened that the team remains committed to progress and the mindset of fostering opportunities for transformative growth.

2024 RECAP

The Group is in the midst of commissioning our sludge treatment demonstration plant using our proprietary Continuous Thermal Hydrolysis ("CTH") and pyrolysis technologies. The demonstration plant can achieve a closed-loop sludge treatment to achieve zero-waste discharge and full resource recovery. The completion of the plant is expected in the second quarter of 2025 and will set the stage for the Group to extend our services to customers in ASEAN.

Our patented AIWater management system has helped our customers achieve stability in meeting the wastewater discharge standards while optimising operations to reduce energy and chemical costs. As of 31 December 2024, the Group had secured 21 Energy Management Contract ("EMC") projects with total treatment capacity of 2.4 million ton/day of municipal and industrial wastewater.

In October 2024, the Company's subsidiary, NTi Memtech Pte. Ltd. set up a joint venture company named NTi Technology Pte. Ltd. ("NTi Tech") with Innovamem Holdings Pte. Ltd., to carry out the business of high-performance membrane production. Headed by Dr. Ge Hailin, who has more than 40 years of experience in the fields of polymer, membrane materials and chemical engineering. This synergistic collaboration creates an optimized cost structure to establish a competitive edge in quality. By leveraging the combined resources of the joint venture, NTi Tech is set to become a global leader in advanced membrane technology, strengthening the Group's brand presence and expanding its market outreach.

ACCELERATING INTO 2025

We are raring to move forward and accelerate business growth. We entered 2025 with formation of the consortium with Econ Technology Co. Ltd, a subsidiary of Shandong Hi-Speed Co Ltd, a state-owned enterprise listed on the Shanghai Stock Exchange. The consortium has secured a

CHAIRMAN'S STATEMENT

contract worth RMB71.3 million to treat municipal sludge in Tongxu county, Henan province, China. The Group will be responsible for providing its proprietary technologies, namely the CTH coupled with its efficient energy recovery system for sludge treatment. The value apportioned to the Group is approximately RMB30 million.

In January 2025, to streamline our technologies and business portfolio, the Company entered into a conditional Share sale and purchase agreement for the proposed disposal of the AIWater group ("the Proposed Disposal"). Strategically, the Proposed Disposal will enable the Group to redirect resources into the sludge treatment and membrane manufacturing businesses and allow the Group to focus on achieving sustainable profitability and generating stronger returns for shareholders in the near term. The Proposed Disposal would be in the interests of the Company for the following reasons:

(a) Financial performance and cash flow concerns
The Group has experienced consecutive losses over the past three years and a high cash burn rate of approximately RMB50 million annually. This makes it challenging for the Group to support both the AIWater Group and the sludge treatment and membrane manufacturing business. The Proposed Disposal aims to reallocate resources to strengthen growth in the Group's sludge treatment and membrane manufacturing businesses.

(b) High capital outlay
The artificial intelligence business necessitates substantial capital investment for infrastructure and manpower. Pursuing additional fundraising exercises is difficult under the present economic conditions and will result in significant dilution of existing shareholder equity in the Company, which is not a sustainable approach towards the Group's growth strategy.

(c) Opportunity to maximise value for Shareholders
The Proposed Disposal will undergo an independent valuation and assessment by an independent financial adviser. This presents a compelling opportunity for Shareholders to realise value in a currently illiquid market, while still retaining their Shares to benefit from future growth in the Company's sludge treatment and membrane manufacturing businesses.

(d) Strategic realignment and focus on achieving profitability in the near term
Strategically, the Proposed Disposal will enable the Group to redirect resources into its existing business segments, namely sludge treatment and membrane manufacturing businesses, allowing the Group to focus on achieving sustainable profitability and generating stronger returns for shareholders in the near term.

APPRECIATION

On behalf of the Board of Directors and the Company, I wish to express our gratitude to Dr Lin Yucheng, who retired as Executive Chairman from 1 February 2025, for setting the benchmark for excellence and for his dedication and invaluable contribution to the Group in the past years. His leadership and compassion have left a lasting mark, and we look forward to his continued support in new capacities as the Group's Emeritus Chairman and Senior Advisor.

We are pleased to welcome Ms Ng Sook Zhen as our Independent Non-Executive director and Mr Zhao Fu as our Non-Independent, Non-Executive director. Ms Ng is a partner in Dentons Rodyk's Regional practice group, Head of the Japan desk and the business development lead for Philippines. Zhao Fu is the Founder and CEO of InnoVision and a 20-year veteran in the private equity industry. With their expertise and experience, their appointments complement and strengthen the Board's capacity.

No less importantly, we thank our shareholders, customers, management team and employees for their unwavering support. With the increased optimism for global market growth and improvement in the overall economy in 2025, our priority is to ensure a smooth leadership transition and for the Company to gear up and be ready to capitalize on the promising opportunities that arise.

Ngoo Lin Fong
Executive Chairman

BALANCING GROWTH WITH **STABILITY**

Through building
competencies in technologies
and our people,
coupled with deep
understanding of
the industry needs.

OPERATIONS & FINANCIAL **REVIEW**

During FY2024, the Group entered into a non-binding term sheet with WJL Holdings Pte Ltd ("Buyer") for the proposed disposal of AIWater (Anhui) Co., Ltd., UG Water Pte. Ltd. and Xinwo AIWater (Hubei) Co., Ltd. ("**AIWater Group**") which carried out Artificial Intelligence in Water Management System business. Strategically, the proposed disposal will generate cash flow to enable the Group to redirect resources into its other business segment, namely sludge treatment and membrane manufacturing businesses.

On 12 January 2025, the Group had executed the conditional share sale and purchase agreement with the Buyer in relation to the above for a total consideration of RMB370 million, subject to SGX-ST and independent shareholders' approval.

As the proposed disposal meets the criteria under SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations*, the comparative consolidated statement of profit or loss is re-presented as if the operation has been discontinued from the start of the comparative year. Accordingly, the Group analysed its operations and financial review in FY2024 based on continuing and discontinued operations as below.

REVENUE

Continuing operations
The Group's revenue decreased by RMB20.1 million and was mainly due to lower project activities in the engineering segment for FY2024 as compared to FY2023 when the Group supplied equipment to a sludge treatment project amounting to RMB22.5 million.

Discontinued operations
Revenue increased by RMB17.4 million in FY2024, from RMB6.0 million in FY2023 to RMB23.4 million in FY2024. The increase was due to additional AIWater operation & maintenance ("O&M") revenue generated for a new customer secured in FY2024.

PROFITABILITY

Continuing operations
Due to lower revenue generated in FY2024, the gross profit generated was only RMB1.76 million, a decrease of RMB4.4 million from FY2023. The gross profit margin increased, from 22.7% in FY2023 to 25.1% in FY2024, mainly due to better margin generated from technical services rendered as compared to lower margins generated from sale of equipment in FY2023.

Discontinued operations
Due to the additional O&M project secured, higher revenue resulted in a higher gross profit margin of RMB6.3 million generated from FY2023. The gross profit margin decreased, from 46.4% in FY2023 to 38.9% in FY2024, mainly due to a lower margin commanded by the project secured.

NON-OPERATING INCOME

Continuing operations
Finance income remained consistent at RMB1.6 million in FY2023 and FY2024.

Other income decreased from RMB1.2 million in FY2023 to RMB0.3 million in FY2024 mainly due to a gain on disposal of a subsidiary in 2023.

Fair value gain on convertible bonds ("CB"), decreased from RMB22.0 million in FY2023 to RMB13.6 million in FY2024 mainly due to a lower fair value gain from the revaluation of the embedded derivative in the CB.

The selling and distribution expenses decreased by RMB0.3 million, from RMB0.9 million in FY2023 to RMB0.6 million in FY2024 due to lower marketing expenses incurred for this segment by the Group.

OPERATING EXPENSES

Continuing operations
Administrative expenses decreased by RMB2.3 million, from RMB41.9 million in FY2023 to RMB39.6 million in FY2024, due to lower share option expenses and lower staff costs.

Finance costs increased by RMB5.9 million in FY2024, from RMB8.6 million in FY2023 to RMB14.5 million in FY2024, due to the full year effect of interest expenses recorded on the CB in FY2024 as compared to a partial effect in FY2023.

Impairment losses increased from RMB16.6 million from FY2023 to RMB21.3 million in FY2024, mainly due to the impairment losses of RMB20.8 million arising from Bazhou project's contract assets which were 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.

Other expenses (including impairment loss on property, plant and equipment) decreased by RMB3.9 million in FY2024, from RMB6.7 million in FY2023 to RMB2.8 million in FY2024. The decrease was mainly due to higher impairment loss of RMB6.5 million recognised on leasehold building, machineries and equipment in the membrane business segment in FY2023 as compared to RMB0.5 million impairment loss recorded in machineries and equipment in FY2024. The decrease is partially offset by higher foreign exchange losses arising from convertible bonds due to the appreciation of USD against RMB.

Discontinued operations
The selling and distribution expenses increased by RMB0.2 million in FY2024, from RMB0.7 million in FY2023 to RMB0.9 million in FY2024 due to higher marketing expenses to source for potential projects.

OPERATIONS & FINANCIAL **REVIEW**

Impairment losses increased by RMB0.2 million in FY2024 due to impairment losses recognised for certain contract assets using the Group's ECL model under SFRS(I) 9. There was no impairment losses in FY2023.

ASSOCIATES

Share of results of associates recorded a profit of RMB0.4 million in FY2024 as compared to a loss of RMB0.8 million in FY2023 due to positive result contributions from the associate and joint venture.

GROUP LOSS AFTER TAX

Continuing operations
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. In FY2023, the Group recorded income tax expenses of RMB0.3 million based on the chargeable income after adjusting for net non-deductible expenses of a subsidiary.

In view of above, the Group reported a loss after taxation of RMB58.3 million in FY2024 as compared to RMB45.0 million recorded in FY2023.

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

In view of the foregoing, the AIWater Group reported a loss after taxation of RMB3.9 million in FY2024 as compared to loss after taxation of RMB8.0 million in FY2023.

FINANCIAL POSITION

Total equity decreased by RMB54.1 million from RMB92.7 million in FY2023 to RMB38.6 million in FY2024, mainly due to total comprehensive loss of RMB57.8 million attributable to the owners of the Company during the financial year.

Total Group assets as at 31 December 2024 decreased by RMB47.4 million, from RMB254.4 million in FY2023 to RMB207.0 million in FY2024, due to higher non-current assets of RMB4.7 million and lower current assets of RMB52.1 million respectively.

The increase in non-current assets of RMB4.7 million from RMB79.9 million in FY2023 to RMB84.6 million in FY2024, were mainly due to the investment in an associate and joint venture of RMB11.6 million offset by routine depreciation and amortisation.

The decrease in currents assets of RMB52.1 million, from RMB174.6 million in FY2023 to RMB122.4 million in FY2024, was mainly due to lower bank balances used in the working capital requirements of the Group and additional impairment loss recognised for contract assets amounting to RMB21.3 million. The decrease was counterbalanced by the recognition of RMB15.4 million of property, plant and equipment and intangible assets under "assets classified as held for sale".

Total liabilities increased by RMB6.7 million, from RMB161.7 million in FY2023 to RMB168.4 million in FY2024, mainly due to RMB9.3 million capital grant received to partially finance the demonstration plant, offset by repayment of bank borrowings of RMB3.2 million.

CASH FLOW POSITION

Net cash used in operating activities was RMB30.5 million as compared with RMB50.8 million in the same period last year mainly due to recognition, realisation and collection of contract assets under billings for the year offset by other working capital requirements.

Net cash used in investing activities was RMB13.3 million due to acquisitions of property, plant and equipment of RMB11.7 million, acquisition of intangible assets of RMB1.3 million and a payment made for investment in an associate of RMB11.2 million. The cash outflow was partly offset by interest income of RMB1.6 million received during the year and proceeds from government grant of RMB9.3 million.

Net cash generated from financing activities was RMB1.1 million due to capital contributions from non-controlling shareholders of RMB6.7 million and decrease in bank deposits pledged of RMB0.4 million which is partly offset by net repayments of bank borrowings of RMB2.1 million, increase in restricted cash of RMB0.7 million, repayments of lease liabilities of RMB1.7 million and interest paid of RMB1.5 million.

BOARD OF DIRECTORS

NGOO LIN FONG

Executive Chairman

Mr Ngoo is a seasoned executive officer with over 20 years of experience in the environmental sector, distinguished by his leadership in multiple key roles throughout his career. Since joining the Group in 2020 as Deputy CEO, he has been instrumental in shaping the Group's financial strategy, strengthening risk management frameworks, and driving successful fundraising initiatives. In 2021, he was appointed to the Board as Executive Director/Finance Director, where he has played a pivotal role in steering the Group's growth and leading its transformation into a technology-driven organization.

Prior to joining the Group, Mr Ngoo served as Chief Financial Officer at CITIC Envirotech Ltd (CEL) for over 16 years, since its IPO in 2004. During his tenure, he oversaw all aspects of the company's financial operations, including structuring and executing complex debt and equity fundraising transactions. He also led corporate and asset acquisitions across China and Southeast Asia, positioning CEL as a billion-dollar market capitalization company supported by esteemed investors such as KKR and CITIC Limited.

Earlier in his career, Mr Ngoo developed a strong foundation in technical accounting and financial governance as an Audit Manager at Deloitte & Touche LLP, where he led audits for multinational corporations, listed companies, and due diligence engagements.

Mr Ngoo holds a Master's degree in Applied Finance and a Bachelor's degree in Business (Accountancy). He is a member of the Institute of Singapore Chartered Accountants and CPA Australia.

ZHAO FU

Non-Independent Non-Executive Director

Mr Zhao founded InnoVision Capital, the next-generation private equity firm in Asia, in 2016, and has been focusing on investing in the most promising future growth ESG space, primarily green energy/clean tech, food security and healthcare sectors in Asia for more than 20 years with strong and proven track records.

Since the founding of InnoVision Capital, Mr Zhao has invested in many successful companies with globally advanced technologies, strong product capabilities, and leading market positions both in China and internationally, e.g. Beike, JD Logistics, Lvkon, Eswin, Neurophth, Channel Soft, CATUG Biotechnology, iCamuno Biotherapeutics, 58 Group, Butel, Kedu Healthcare, China Securities, WuXi AppTec, Wanhua Chemical, Kuaishou Technology.

Mr Zhao worked at KKR from January 2006 to April 2016, where he was one of the founding stage members of KKR's Asia business and played a significant role in a number of successful investments, such as Far East Horizon, BeLLE, CICC, etc. Prior to joining KKR in January 2006, Mr Zhao worked at Morgan Stanley Private Equity Asia from July 2003 to December 2005.

BOARD OF DIRECTORS

LIM KUAN MENG

Lead Independent Non-Executive Director

Mr Lim is currently the Managing Partner of Pinnacle Partnership LLP and JB Chua & Co. Running 2 practices with a staff strength of 15 people, he manages a number of clients whose businesses include, manufacturing of printed circuit boards, wastewater treatment, distribution and trading of paper packaging products, and semiconductor assembly.

Mr Lim spent about 18 years in Deloitte & Touche LLP where he was admitted as Partner in 2007 and left the firm in end July 2013. He was part of the engagement team in getting Sound Global Limited, Sinomem Technology Limited, Sunpower Group Ltd and Keppel Infrastructure Trust listed on the Stock Exchange of Singapore. In his capacity as the partner, he overlooked some of the reputable listed companies on the SGX, notably Keppel Corporation Limited and Citic Envirotech Ltd.

Currently he is also an independent non-executive director of Triyards Holdings Ltd (in process of liquidation), serving in the post of Chairman of Audit Committee and an independent non-executive director of NauticAWT Limited (in process of liquidation) serving in the post of Chairman of Remuneration Committee. Mr Lim holds a Bachelor of Accountancy (Merit) from the Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants.

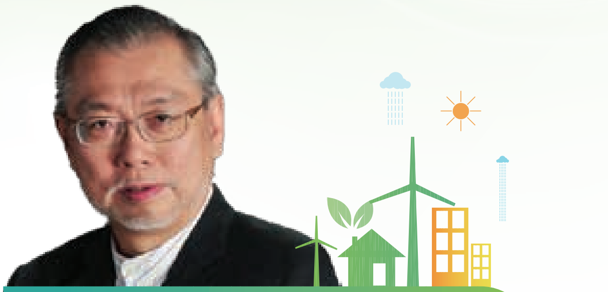
LEE SUAN HIANG

Independent Non-Executive Director

Mr Lee Suan Hiang had a varied career in both the public and private sectors, as Deputy Managing Director of the Economic Development Board and Chief Executive of SPRING Singapore, National Productivity Board, Singapore Institute of Standards and Industrial Research, National Arts Council and the Real Estate Developers' Association of Singapore. He was also Chairman of PSB Corporation, President of EDB Society, Deputy Chairman of the International Federation of Arts Councils and Cultural Agencies and Council Member of the International Standards Organisation.

He is currently Chairman of Global Cultural Alliance, Chairman of Anacle Systems Ltd and Independent Director of MindChamps PreSchool Ltd. He was awarded the National Day Public Administration Gold Medal in 1998 and Public Service Medal in 2019; World Academy of Productivity Science Fellowship Award in 2000; World SME Association Award in 2001; Japan External Trade Organisation Award in 2002; Asian Productivity Organisation Honorary Fellowship Award in 2004; Chevalier de l'Ordre des Arts et Lettres from Republic of France in 2010; and NTUC Friend of Labour Award in 2012 and Meritorious Service Award in 2020.

BOARD OF DIRECTORS



DR NG WUN JERN

Independent Non-Executive Director

Dr Ng Wun Jern was trained in Civil Engineering, Water Resources Engineering, Chemistry, and Biotreatment Processes. He is an Institute of Engineers fellow, chartered engineer, and registered professional engineer. Dr Ng was Dean of Engineering at the National University of Singapore and Nanyang Technological University, and Nanyang Environment & Water Research Institute (NEWRI) founding director.

Dr Ng's R&D and applications in wastewater treatment, sludge management, and energy recovery resulted in 600 publications including trade secrets and patents and 130 wastewater treatment facilities. Aside from spinoff companies, Dr Ng served as Chairman of a major consulting firm and as scientific advisor to multi-national, venture capital, PE funds, accelerator companies, Ministry of Sustainability & Environment, and the Singapore Government.

Dr Ng had been named among the top 25 environmental engineering thought leaders and top 2% research scientists worldwide. He had received the ASEAN Engineering, Outstanding University Researcher, and Chevalier dans l'Ordre des Palmes Academiques Awards before 2000, appointed Tan Chin Tuan Centennial Professor in 2008, and elected to Fellow Singapore Academy of Engineering in 2012. In 2017, he received the IES Prestigious Engineering, Singapore Energy, ASEAN Engineering Excellence, and President's Technology Awards. In 2018, he was among the top 100 scientists in Asia and received the Nanyang Award –Humanitarian Work. He was appointed President's Chair Professor in Civil & Environmental Engineering at NTU in 2019, Distinguished Professor at Universiti Kebangsaan Malaysia in 2020 and conferred Emeritus Professor at NTU in 2022.

MS NG SOOK ZHEN

Independent Non-Executive Director

Ms Ng Sook Zhen is currently a partner at Dentons Rodyk, where she is the Head of the Japan desk and the business development lead for Philippines there. Her legal practice focuses on Singapore, Japan and China.

Prior to joining Dentons Rodyk, Sook Zhen worked as a foreign legal associate with one of the largest Japanese law firms in Tokyo for more than two years. Over the years working as lawyer in Singapore and Japan, she enjoys an active civil/commercial practice and has advised and assisted Singaporean and Japanese clients in a wide variety of matters, including disputes and transactions involving banking and finance, employment and regulatory compliance as well as general commercial and corporate matters.

In 2021, she was recognized as one of Singapore's 18 most influential lawyers under 40 by Singapore Business Review. She is also on the panel of Arbitrators for Japan Commercial Arbitration Association and Beihai Asia International Arbitration Centre, and has been appointed as a specialist mediator at the Singapore International Mediation Centre.

KEY MANAGEMENT TEAM

MR LI LI

CEO

DR JERRY LIU JIANLIN

Deputy CEO

Mr Li Li joined the Company as Deputy Chief Executive Officer and was appointed as Chief Executive Officer (CEO) on 1 Sep 2021. He is responsible for the strategic planning, operations, engineering solution and business development of the Group.

After graduating from university, Mr Li was engaged in the design, construction and operation of water supply and drainage and environmental engineering projects. He was involved in various membrane-based industrial wastewater treatment projects in sludge and hazardous waste treatment in the past 31 years and has received many prestigious awards for his contribution. For the past decade, he served as Senior Deputy CEO of CITIC Envirotech Ltd.

Mr Li holds a Bachelor degree in Civil Engineering with specialty in Environmental Technology from Tianjin University, China and is a Singapore Permanent Resident. He is a registered Professional Engineer for water and wastewater treatment in China and has been awarded a number of China provincial and ministerial level scientific and technological progress awards and excellent engineering design awards.

Dr Jerry Liu is responsible for technology innovation, research & development, product deployment and technical services, as well as operation and company management.

Dr Liu majored in environmental engineering, obtaining Ph.D. from Nanyang Technological University, Singapore. He has over 30 years of work experience and profession in the water and environmental industry where he assumed various technical and leadership roles with large international company and state-owned company in manufacturing, asset management, engineering project and technology development.

Dr Liu has been granted more than 20 patents and received several awards for his outstanding contributions in technology development. He has published many papers in renowned literature journals and delivered speeches at international conferences such as IWA, IDA and SIWW.

KEY MANAGEMENT TEAM

MR OLIVER WU

Deputy CEO

Mr Oliver Wu spearheads the planning and management of the Group's business development and operations to optimize market share and profitability.

Mr Wu has more than 30 years of experience in the environmental industry. In his previous roles, he led a consortium for project bidding and business development in international markets including South America, Middle East and North America and has also directed the JV, M&A and strategic alliances with leading MNCS from USA, Canada and Korea, etc.

Mr Wu was an Assistant Professor and Consultant at the Environmental Engineering Institute of Zhejiang University, China for 11 years upon graduating with Masters and Bachelor of Chemical Engineering from Zhejiang University. He also holds an EMBA from Tsinghua University, China.

MR DOMINIC TAN

Group Financial Controller

Mr Dominic Tan oversees the functions of group finance, financial reporting and internal controls matters for the Group.

Mr Tan has more than 12 years of financial reporting & accounting experience and was previously with Deloitte & Touche LLP as a Senior Audit Manager. Prior to joining the Group, he was the Financial Controller of Wearnes Automotive Singapore overseeing the full spectrum of retail finance operations.

Mr Tan holds a Bachelor degree in Commerce (Accounting and Finance) from the University of Western Australia. He is a member of the Institute of Singapore Chartered Accountants and CPA Australia.

KEY MANAGEMENT TEAM

DR YAN HUAIGUO

CTO

As the Chief Technology Officer (CTO), Dr Yan Huaiguo is responsible for engineering design and implementation for projects, as well as technology applications.

Dr Yan with his expertise in sludge treatment, membrane-based industrial wastewater treatment has won numerous national and provincial excellent design awards. Having led in major projects with outstanding results, Dr Yan gained media coverage in China for his achievements in upgrading and expanding wastewater treatment with innovative technology.

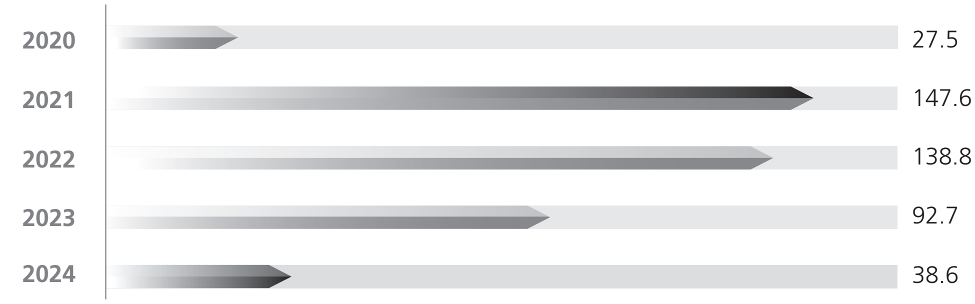
Dr Yan obtained his Ph.D. in Environmental Engineering from Tianjin University, China and previously worked at North China Municipal Engineering Design and Research Institute and CITIC Envirotech Ltd.

OUR PEOPLE

Building a diverse and inclusive workplace where our people can thrive and flourish to develop and actualize talent.

FINANCIAL HIGHLIGHTS

NET ASSETS (RMB' MILLION)



PROFIT/(LOSS) AFTER TAX (RMB' MILLION)

REVENUE (RMB' MILLION)

TOTAL

CORPORATE GOVERNANCE REPORT

The Board of Directors ("Board") and management ("Management") of Leader Environmental Technologies Limited ("Company") and its subsidiaries (collectively, "Group") recognise the importance of, and are committed to maintaining, a high standard of corporate governance. Good corporate governance provides the framework for an ethical and accountable corporate environment, which will protect the interests of the Company's shareholders and promote investor confidence. In addition, the Board also reckons that maintaining a high standard of corporate governance is essential to the long-term sustainability of the Group's business and performance.

As the Company's shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Company seeks to comply with the listing rules of the SGX-ST as prescribed in the Listing Manual of the SGX-ST ("Listing Rules") and is guided in its corporate governance practices by the revised Code of Corporate Governance issued in 2018 ("Code") and accompanying Practice Guidance issued in August 2018.

The Board is pleased to outline in this report the Company's corporate governance practices and structures in the financial year ended 31 December 2024 ("FY2024"), with specific reference made to each of the principles and provisions set out in the Code. Other than deviations which are explained in this report, the Company has generally adhered to the principles and guidelines set out in the Code.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: ***Every company should be headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.***

The Company is headed by an effective Board and its primary function is to protect shareholders' interests, establish policies for management, provide oversight of the Company's affairs, and making decisions about important issues that the Company faces.

During FY2024, apart from its statutory responsibilities, the Board also performed the following roles:

– to review and oversee the management of the Group's business affairs and financial controls, performance and resource allocation;

– to approve matters such as corporate strategy and business plans, corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets and major corporate policies on key areas of operations;

– to approve the release of the Group's half-year and full-year unaudited financial results and related party transactions of a material nature;

– to establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholder's interests and the Group's assets;

– to identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation; and

– to consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

CORPORATE GOVERNANCE REPORT

Provision 1.1 – Conflicts of Interest

Each Director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, as a result of any proposed transaction with the Group. Where a potential conflict of interest arises, the Director concerned should immediately declare his interest and highlight the conflict-related matter to the Board. He will not participate in the discussion so as to refrain him from exercising any influence over other members of the Board, unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he will abstain from voting on such conflict-related matters.

All Directors are expected to exercise due diligence and independent judgment, and make decisions objectively in the best interests of the Group.

Provision 1.2 – Director's Orientation and Training

On 1 August 2024, the Group appointed a new Independent Director, Ms Ng Sook Zhen and a new Non-Independent Non-Executive director, Mr Zhao Fu. On 26 February 2024, the Group appointed Dr Ng Wun Jern as an Independent Director.

It is the Company's policy to provide new Directors with induction, including meeting with key management personnel and an overview of their responsibilities.

Upon appointment to the Board, a newly-appointed director will receive a formal letter of appointment together with relevant information which includes director's duties and responsibilities, Board and Board committees' meeting schedule, the Company's latest annual report, constitution, respective Board committees' terms of reference, remuneration framework for directors, and code of conduct for dealing in securities by directors and employees of the Group. Directors are given appropriate briefings by Management on the business activities of the Group, its strategic directions, and the Company's corporate governance policies and practices when they are first appointed to the Board.

A first-time director with no prior experience as a director of a listed company will be required to attend certain specific modules of the Listed Entity Director ("LED") Programme conducted by the Singapore Institute of Directors ("SID") in order to acquire the relevant knowledge of what is expected of a listed company director, this being a mandatory requirement under the Listing Rules of the SGX-ST.

Board members have been and will be encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Group will work closely with professionals to provide its Directors with updates on changes to relevant laws, regulations and accounting standards. In addition, the Company will also make arrangements for Directors to attend seminars and technical updates for them to stay abreast of relevant business developments and outlook. The cost of such training will be borne by the Company.

During FY2024, the Directors were provided with updates by professionals at Board meetings on regulatory changes, continuing listing obligations and changes in financial reporting standards and issues which have a direct impact on financial statements. In addition, the Management regularly updates the Directors on the business activities and developments of the Group during Board and Board committee meetings.

CORPORATE GOVERNANCE REPORT

Provision 1.3 – Matters Requiring Board's Approval

The Group has adopted internal guidelines governing matters that require the Board's approval which has been clearly communicated to Management. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those prescribed limits to Board Committees and specific members of the key management via a structured Delegation of Authority matrix, which is reviewed on a regular basis and revised accordingly when necessary.

Matters that require the Board's decision and approval include but are not limited to the following:

i. material acquisition and disposal of assets/investments;

ii. incorporation of new entities;

iii. corporate/financial restructuring and corporate exercises;

iv. material financial/funding arrangements and capital expenditures;

v. revised delegation of authority matrix, policies and procedures;

vi. approval of significant payments of operating expenses, capital injections and investments;

vii. announcement of the Group's half-year unaudited condensed interim financial statements, full-year unaudited condensed financial statements and the release of the Annual Reports; and

viii. Sustainability Report.

The Board has delegated, but without abdicating its responsibility, the day-to-day management and running of the Group's business operations in China to Mr Li Li, who carries out the role of Chief Executive Officer ("CEO"). He shall discharge his duties and responsibilities at all times, and in the best interests of the Group. Dr Lin Yucheng, the Group's Executive Chairman, focuses on leading the Board and on strategic directions as well as overseeing the Group's business. He is assisted by Mr Ngoo Lin Fong, the Group's Executive Director/Finance Director. On 1 February 2025, Dr Lin Yucheng retired from the Board and will remain in the Group as Emeritus Chairman and Senior Advisor. Mr Ngoo Lin Fong is appointed as the Executive Chairman.

Provision 1.4 – Delegation to Board Committees
Provision 1.5 – Board and Board Committee Meetings and Attendance Records

To assist the Board in discharging its oversight functions and to enhance the Company's corporate governance framework, the Board has established three Board committees, namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"), all of which are chaired by Independent Directors and operate within clearly defined and written terms of reference and functional procedures, which are reviewed on a regular basis. Each of these committees reports its activities regularly to the Board. The Board will meet at least two times a year and as warranted by particular circumstances. In view that not every member of the Board may be present in Singapore at any particular time, and to facilitate the execution of the Board's responsibilities, the constitution of the Company ("Constitution") also provides for teleconference meetings.

CORPORATE GOVERNANCE REPORT

The number of meetings held, and the attendance at meetings, of the Board and Board committees and general meeting during the financial year under review are as follows:

	Board Committees				
	Board	Audit	Nominating	Remuneration	Annual General Meeting
Number of meetings held	4	4	1	2	1
Dr Lin Yucheng##	4	4*	1*	2*	1
Mr Ngoo Lin Fong	4	4*	1	2*	1
Mr Zhao Fu^	2	2	–	1	–
Mr Lim Kuan Meng	4	4	1	2	1
Mr Lee Suan Hiang	4	4	1	2	1
Dr Ng Wun Jern#	4	4	1	2	1
Ms Ng Sook Zhen^^	2	2	–	1	–

* By Invitation
^ Mr Zhao Fu, Non-Independent Non-Executive Director of the Company, was appointed on 1 August 2024.
^^ Ms Ng Sook Zhen, Independent Director of the Company, was appointed on 1 August 2024.
# Dr Ng Wun Jern was appointed on 26 February 2024.
Dr Lin Yucheng retired on 1 February 2025.

<u>Provision 1.6 – Access to Information</u>

Each member of the Board has complete access to such information regarding the Group as may be required for the discharge of his duties and responsibilities. Prior to each Board meeting, the members of the Board are each provided with all relevant materials and information (including background and explanatory statements, financial statements, budgets, forecasts and progress reports of the Group's business operations) necessary for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon. Directors are entitled to request from Management, and would be promptly provided with, such additional information as needed to make informed decisions.

As a general rule, notices are sent to the Directors at least one week in advance of Board meetings, followed by the Board papers, if any, in order for the Directors to be adequately prepared for the meetings. If necessary, arrangement will be made for key management personnel ("KMP") to attend board meetings to address queries from the Directors. The Directors also have unrestricted access to the Company's KMP. Requests for the Company's information by the Board are dealt with promptly.

Directors are also provided with insights into the Group's operational facilities and periodically meet with Management to gain a better understanding of the Group's business operations. The Board, as a whole, is updated on risks management and the key changes in the relevant regulatory provisions which have an important bearing on the Group and the Directors' obligations to the Group.

In FY2024, the Group did not enter into any other major transaction or business proposal outside of the ordinary course of business except for a conditional share sale and purchase agreement with WJL Holding Pte Ltd ("the Buyer") in relation to the proposed disposal of its equity interest of AIWater (Anhui) Co. Ltd., UG Water Pte Ltd and Xinwo AIWater (Hubei) Co. Ltd ("AIWater Group"). Refer to "**Material Contracts**" section for further details.

CORPORATE GOVERNANCE REPORT

Provision 1.7 – Access to Management and Company Secretary

The Directors have separate and independent access to the joint Company Secretaries. The joint Company Secretaries and/or her/his/their representatives attend/s all Board meetings and ensure/s that Board procedures and the provisions of applicable laws, the Companies Act, the Constitution and the Listing Rules are followed. The joint Company Secretaries also assist with the circulation of Board papers, update the Directors on changes in laws and regulations relevant to the Company as well as advise the Board on all governance matters. The appointment and removal of the Company Secretary are subject to the Board's approval. The Board (whether as individual members or as a group) has direct access to independent professional advisers, where so requested by the Board, at the expense of the Group.

During FY2024, Ms Lai Foon Kuen (from TMF Singapore H Pte. Ltd.) resigned as one of the joint Company Secretaries and she was replaced by Ms Low Mei Mei, Maureen (from TMF Singapore H Pte. Ltd). Following this, the Joint Company Secretaries of the Company will be Dominic Tan Wei Yao (Group Financial Controller) and Ms Low Mei Mei, Maureen.

Principle 2: Board Composition and Guidance

As at the date of this report, the Board comprises six members, one of whom hold executive position:

Mr Ngoo Lin Fong	Executive Chairman
Mr Zhao Fu	Non-Independent Non-Executive Director (Appointed on 1 August 2024)
Mr Lim Kuan Meng	Lead Independent Non-Executive Director
Mr Lee Suan Hiang	Independent Non-Executive Director
Dr Ng Wun Jern	Independent Non-Executive Director (Appointed on 26 February 2024)
Ms Ng Sook Zhen	Independent Non-Executive Director (Appointed on 1 August 2024)

Provision 2.1 – Board Independence

The Group endeavours to maintain a strong and independent element on the Board. Where the Chairman is not independent, the requirement of the Code is that at least the independent directors make up a majority of the Board. During FY2024, the Board comprised four Independent Non-Executive Directors, one Non-Independent Non-Executive Director and one Executive Director. The foregoing compositions demonstrate compliance with the independence requirements by the Board since Independent Non-Executive Directors make up a majority of the Board. The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, officers, or its substantial shareholders with shareholdings of 5% or more voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of the Group.

The Nominating Committee has reviewed and determined, according to the Code's definition of "Independent Director" and relevant guidance, that (i) for FY2024, each of Mr Lim Kuan Meng, Mr Lee Suan Hiang, Dr Ng Wun Jern and Ms Ng Sook Zhen is non-executive and independent; and (ii) as at the date of this report, each of Mr Lim Kuan Meng, Mr Lee Suan Hiang, Dr Ng Wun Jern and Ms Ng Sook Zhen is non-executive and independent. As at the date of this report, each of Mr Lim Kuang Meng and Mr Lee Suan Hiang have vested interest in the Company's shares and/or share options (as applicable) during their tenure as director, but will abstain from discussion or voting on any conflict-related matter due to their vested interest in the Company.

CORPORATE GOVERNANCE REPORT

Provision 2.2 – Composition of Independent Directors on the Board
Provision 2.3 – Proportion of Independent Non-Executive Directors
Provision 2.4 – Board Composition and Board Diversity

The Board has examined its size and is satisfied that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board committees. The Nominating Committee is of the view that no individual or small group of individuals dominates the Board's decision-making process. Non-executive directors also made up a majority of the Board. In compliance with Listing Rule 210(5)(c), the Board has at least two non-executive directors who are independent and free of any material business or financial connection with the Company.

The Board periodically examines its size to ensure that it is of an appropriate number for effective decision-making, taking into account the scope and nature of the operations of the Group.

Board Diversity Policy

The Company recognises and embraces the benefits of diversity of experience, age, skill sets, gender and ethnicity on the Board ("Board Diversity") and views Board Diversity as an essential element to the attainment of its strategic objectives and sustainable development.

In line with the SGX-ST's requirement on board diversity disclosures, the written board diversity policy, which took into consideration its diversity targets, plans, timelines and progress, was tabled to the NC and approved in November 2022. In terms of gender, age and ethnic diversity, the Company is of the view that this is largely dependent on the Company's business requirements and needs. Nonetheless, it is committed to promoting boardroom diversity, with the key objective of working towards strengthening the Board as a whole.

On 1 August 2024, the Company appointed Ms Ng Sook Zhen as an independent director. Ms Ng Sook Zhen is currently a partner at Dentons Rodyk, where she is the Head of the Japan desk and the business development lead for Philippines there. Her legal practice focuses on Singapore, Japan and China. Prior to joining Dentons Rodyk, Sook Zhen worked as a foreign legal associate with one of the largest Japanese law firms in Tokyo for more than two years. Over the years working as lawyer in Singapore and Japan, she enjoys an active civil/commercial practice and has advised and assisted Singaporean and Japanese clients in a wide variety of matters, including disputes and transactions involving banking and finance, employment and regulatory compliance as well as general commercial and corporate matters. In 2021, she was recognized as one of Singapore's 18 most influential lawyers under 40 by Singapore Business Review. She is also on the panel of Arbitrators for Japan Commercial Arbitration Association and Beihai Asia International Arbitration Centre, and has been appointed as a specialist mediator at the Singapore International Mediation Centre.

With Ms Ng Sook Zhen's appointment, the existing Board strengthened its commitment to Board diversity as per Provision 2.4 of the Code.

Provision 2.5 – Meeting of Independent Directors without Management

The Independent Non-Executive Directors have constructively challenged and assisted with the development of business proposals and strategies. They have also assisted with the review of Management's performance against agreed goals and objectives. If the need arises, the Independent Non-Executive Directors would arrange to meet among themselves without the presence of Management for discussion. The feedback and views expressed by the independent directors would be communicated directly to the Executive Chairman after the meeting, as appropriate.

In addition, the Independent Non-Executive Directors are free to request for further clarification, and have independent access to the Management. If necessary, they may initiate meetings to address any specific matter involving the Company or any member of the Management.

CORPORATE GOVERNANCE REPORT

Executive Chairman and Chief Executive Officer ("CEO")

Principle 3: ***There should be a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

Provision 3.1 – Separation of the Role of Chairman and the CEO

Provision 3.1 of the Code requires the separation of the role of Chairman and the CEO so that there is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Company had adopted the recommendation by the Code to separate the role of the Executive Chairman and Chief Executive Officer. This is to ensure clear distinction of responsibilities, appropriate balance of power and increased accountability.

During FY2024, Dr Lin Yucheng was the Group's Executive Chairman while Mr Li Li was the Group's CEO who reported to the Board led by the Executive Chairman. On 1 February 2025, Dr Lin Yucheng retired from the Board and will remain in the Group as Emeritus Chairman and Senior Advisor. Mr Ngoo Lin Fong is appointed as the Executive Chairman.

All major proposals and decisions made by the Executive Chairman and CEO are discussed and reviewed by the Audit Committee.

Their performance, and appointment are reviewed periodically by the Nominating Committee ("NC") and their remuneration packages are reviewed periodically by the Remuneration Committee ("RC"). As the Audit Committee ("AC"), NC and RC consist of mainly independent directors and Mr Li Li is not a member of the Board, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Provision 3.2 – Role of Executive Chairman and CEO

Dr Lin Yucheng, the Group's Executive Chairman, focuses on leading the Board in the review of the Group's strategy to transform itself into a technology driven company, specialising in its core sludge and oil sludge treatment businesses as well as artificial intelligence ("AI") in water management and membrane technology. Dr Lin Yucheng provides guidance in the Group's executions of its transformation plans and business strategies. As Chairman of the Board, Dr Lin Yucheng will lead and ensure the effectiveness of the Board, including: (a) promoting a culture of openness and debate at the Board; (b) facilitating the effective contribution of all Directors; and (c) promoting high standards of corporate governance. Externally, the Chairman is the face of the Board, and Dr Lin Yucheng will ensure effective communication with shareholders and other stakeholders. Within the Company, he will ensure appropriate relations within the Board, and between the Board and Management, in particular, between the Board and the CEO. On 1 February 2025, Dr Lin Yucheng retired from the Board and will remain in the Group as Emeritus Chairman and Senior Advisor. Mr Ngoo Lin Fong is appointed as the Executive Chairman.

Mr Li Li, the Group's CEO, devotes majority of his time in China, and he spearheads the Group's business operations in China to drive the Group's future growth.

CORPORATE GOVERNANCE REPORT

Provision 3.3 – Appointment of Lead Independent Director

Taking into consideration that the Chairman of the Board plays an executive role in the Company and thus, not independent, the Board has designated Mr Lim Kuan Meng as the Lead Independent Non-Executive Director. Currently, he is also the Chairman of the AC. To uphold the spirit of corporate governance and in accordance with the Code, Mr Lim Kuan Meng will be available to shareholders where they have concerns and for which contact through the normal channels of the Executive Chairman or CEO has failed to resolve or is inappropriate. In FY2024, there were no queries or requests received on any matters which requires the Lead Independent Director's attention.

The Independent Non-Executive Directors will meet or discuss with one another without the presence of the other Executive Directors, as and when necessary, and then provide the feedback to the Chairman for consideration or further discussion.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provisions 4.1 and 4.2 – NC composition and terms of reference

The NC comprises six directors, the majority of whom, including the Chairman, are non-executive and independent:

Mr Lee Suan Hiang	Chairman
Mr Lim Kuan Meng	Member
Dr Ng Wun Jern	Member
Mr Zhao Fu	Member
Ms Ng Sook Zhen	Member
Mr Ngoo Lin Fong	Member

The principal roles and functions of the NC are as follows:

– to make recommendations to the Board on all board appointments, including re-nominations, having regard to the Directors' contribution and performance (for example, attendance, preparedness, participation and candour);

– to determine annually whether or not a Director is independent;

– in respect of a Director who has multiple board representations on various companies, deciding whether or not such Director is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards;

– to decide how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers and addresses how the Board has enhanced long term shareholders' value;

– to assess the performance of the Board and contribution of each Director to the effectiveness of the Board;

– to review board succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel; and

– to review the training and professional development programmes for the Board and its directors.

CORPORATE GOVERNANCE REPORT

Provision 4.3 – Selection, appointment and re-appointment process for directors

The NC has put in place a formal and transparent process for all appointments to the Board. It has adopted written terms of reference defining its membership, administration and duties.

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new directors. When the need for a new director arises, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new director. The NC then meets with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for appointment as director.

Regulation 104 of the Constitution requires one-third of the Directors to retire from office at least once every three years at an Annual General Meeting ("AGM"). Regulation 114 of the Constitution provides for the appointment of a new Director to fill a casual vacancy to the Board and this Director so appointed shall hold office only until the next annual general meeting of the Company, and shall be eligible for re-election. The NC recommended to the Board that Mr Ngoo Lin Fong (under Regulation 104), Mr Lee Suan Hiang (under Regulation 104), Mr Zhao Fu (under Regulation 114) and Ms Ng Sook Zhen (under Regulation 114) be nominated for re-election at the forthcoming AGM. The four nominated Directors have consented to offer themselves for re-election. Mr Ngoo Lin Fong will, upon re-election as the Executive Chairman and remain as a member of the NC, while Mr Lee Suan Hiang will, upon re-election as an Independent Non-Executive Director, remain as Chairman of the NC, and member of the RC and the AC; Mr Zhao Fu will, upon re-election as an Non-Independent Non-Executive Director, remain as a member of the AC, RC and NC; Ms Ng Sook Zhen will, upon re-election as an Independent Non-Executive Director, remain as a member of the AC, RC and NC.

In making the recommendations, the NC has considered the Directors' overall contributions and performances. None of the Directors had participated in reviewing, recommending and approving his own re-election. Currently, there are no alternate directors on the Board.

Directors seeking re-election and information required pursuant to Rule 720(6) of the SGX-ST Listing Manual are stipulated in the table below:

Name of Director	Ngoo Lin Fong	Lee Suan Hiang	Mr Zhao Fu	Ms Ng Sook Zhen
Date of Appointment	15 November 2021	16 July 2020	1 August 2024	1 August 2024
Date of last re-appointment (if applicable)	28 April 2022	27 April 2023	N.A.	N.A.
Age	52	74	44	37
Country of principal residence	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	After assessing Mr Ngoo's contribution and performance, the NC has recommended that he be re-elected as Director of the Company and Executive Chairman of the Group.	After assessing Mr Lee's contribution and performance, the NC has recommended that he be re-elected as Director of the Company.	After assessing Mr Zhao's contribution and performance, the NC has recommended that he be re-elected as Director of the Company.	After assessing Ms Ng's contribution and performance, the NC has recommended that she be re-elected as Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive appointment.	Non-executive appointment.	Non-executive appointment.	Non-executive appointment.
Job title (e.g. Lead ID, AC Chairman, AC Member etc)	Executive Chairman/ Executive Director, Member of NC	Independent Non-Executive Director, Chairman of the NC, Member of RC and AC	Non-Independent Non-Executive Director, Member of AC, RC and NC	Independent Non-Executive Director, Member of AC, RC and NC

CORPORATE GOVERNANCE REPORT

Name of Director	Ngoo Lin Fong	Lee Suan Hiang	Mr Zhao Fu	Ms Ng Sook Zhen
Professional qualification	Master of Applied Finance Bachelor of Business degree, major in Accountancy Member of Australia CPA and Institute of Singapore Chartered Accountants	Bachelor of Arts (Honours) Degree in Industrial Design (Engineering) from Manchester Polytechnic, UK, a graduate of the Advanced Management Programme at Harvard University (USA), the International Executive Programme at INSEAD (France) and the Leaders in Administration Programme at the Singapore Civil Service College	Bachelor of Science in Physics, Basic Science Experimental Class (Mathematics and Physics Direction), Tsinghua University	Bachelor of Law (Honours) from the National University of Singapore and is a member of the Singapore Bar
Working experience and occupation(s) during the past 10 years	2020 – Jan 2025 Executive Director/ Finance Director Leader Environmental Technologies Limited June 2004 – Aug 2020 Chief Financial Officer, CITIC Envirotech Ltd	2011 – 2016 Chief Executive Officer of Real Estate Developers' Association of Singapore	2016 – Present Founder and CEO, InnoVision Capital 2006 – 2016 Director, KKR (Kohlberg Kravis Roberts) 2003 – 2005 Senior Associate, Morgan Stanley Private Equity Asia	2017 – Present Partner (Regional Practice Group), Dentons Rodyk & Davidson LLP 2014 – 2017 Foreign Legal Associate, Anderson Mori & Tomotsune 2011 – 2014 Associate, Drew and Napier
Shareholding interest in the listed issuer and its subsidiaries	18,717,000 ordinary shares in the listed issuer (Direct Interest) 4,000,000 stock options awarded under Leader Environmental Technologies Share Option Scheme	5,000,000 ordinary shares in the listed issuer (Direct Interest) 3,000,000 ordinary shares in the listed issuer (Deemed Interest) 600,000 stock options awarded under Leader Environmental Technologies Share Option Scheme	NIL shareholding interest except for the US$15 million Convertible Bonds issued to InnoVision Super Aqua Limited, a subsidiary of InnoVision Capital, of which Mr Zhao Fu is the Founder and CEO.	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Yes, Dr Lin Yucheng, who is the Director & Executive Chairman of the issuer, is one of the Limited Partner of InnoVision USD Fund I LP which invested into InnoVision Super Aqua Limited which holds the Convertible Bond of the issuer.	Nil

CORPORATE GOVERNANCE REPORT

Name of Director	Ngoo Lin Fong	Lee Suan Hiang	Mr Zhao Fu	Ms Ng Sook Zhen
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Nil	Yes	Yes
Other Principal Commitments Including Directorships – (for the last 5 years)	Past 5 years: 1. United Envirotech Water Resources Pte Ltd, 2. Singapore Envirotech Accelerator Pte Ltd, 3. United Envirotech (Hong Kong) Company Limited 4. UE Novo (Malaysia) Sdn Bhd, 5. Dataran Tenaga (Malaysia) Sdn Bhd, 6. PT CITIC Envirotech Indonesia	Past 5 years: 1. Viking Offshore and Marine Limited 2. Perennial Real Estate Holdings Ltd 3. United Engineers Ltd 4. CITIC Envirotech Ltd	Past 5 years: 1. Wuhan Neurophth Biotech Limited	Nil
Other Principal Commitments Including Directorships – (present)	Present: 1. United Greentech Holdings Pte. Ltd. 2. NTi Memtech Pte. Ltd. 3. UG Water Pte. Ltd. 4. Leader Investment Pte. Ltd. 5. Sunpower Group Ltd.	Present: 1. Anacle Systems Limited 2. MindChamps PreSchool Limited	Present: 1. Hengji Limagrain Seed Limited Company 2. Guizhou Railway Development Fund 3. Catug Biotechnology Inc. 4. Icamuno Biotherapeutics Ltd.	Nil
Disclose the following matters concerning the appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.				
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Ngoo Lin Fong	Lee Suan Hiang	Mr Zhao Fu	Ms Ng Sook Zhen
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being partnership) of which he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Ngoo Lin Fong	Lee Suan Hiang	Mr Zhao Fu	Ms Ng Sook Zhen
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Ngoo Lin Fong	Lee Suan Hiang	Mr Zhao Fu	Ms Ng Sook Zhen
(j) Whether he has ever, to his knowledge, been concerned with the management of conduct, in Singapore or elsewhere, of the affairs of:–				
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business in trusts in Singapore or elsewhere; or	No	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Ngoo Lin Fong	Lee Suan Hiang	Mr Zhao Fu	Ms Ng Sook Zhen
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	In May 2015, he received a supervisory warning by the MAS in respect of his failure to notify a listed corporation (of which he was a director) of changes in his interest in the securities of the corporation within two business days of his acquisition of an interest, as required under section 133 of the SFA. In the letter issued by the MAS, the MAS indicated its position not to take further regulatory action in respect of this matter.	No	No
Disclosure applicable to appointment of Director only				
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No)	This relates to re-appointment of Director.	This relates to re-appointment of Director.	This relates to re-appointment of Director.	No
If yes, please provide details of prior experience.	Yes Please refer to the past and present directorships and "Provision 4.5 – Multiple Directorships and Directors' Time Commitments".	Yes Please refer to the past and present directorships and "Provision 4.5 – Multiple Directorships and Directors' Time Commitments".	Yes Please refer to the past and present directorships and "Provision 4.5 – Multiple Directorships and Directors' Time Commitments".	N.A.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange	N.A.	N.A.	N.A.	Ms Ng Sook Zhen has attended the Director's training conducted by SID.
Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.	N.A.

CORPORATE GOVERNANCE REPORT

Provision 4.4 – Continuous Review of Directors' Independence

For re-appointment of Directors to the Board, the NC will determine annually whether a Director with multiple board representations and principal commitments is able to and has adequately discharged his duties as a Director of the Company.

The NC deliberates annually, and as and when circumstances require, in determining the independence of a Director, bearing in mind the salient factors set out in the Code as well as all other relevant circumstances and facts. Under the Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporation, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. No member of the NC should participate in the deliberation in respect of his own status as an Independent Director. The NC has confirmed the independence of all the Independent Non-Executive Directors based on the results of the annual assessment.

Based on the confirmation of independence submitted by the Independent Non-Executive Directors, the NC was of the view that each Independent Non-Executive Director is independent in accordance with Listing Rule 210(5)(d) as the Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past three financial years; and (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the Remuneration Committee.

Messrs Ngoo Lin Fong, Lee Suan Hiang, Zhao Fu and Ms Ng Sook Zhen have been nominated for re-election at the forthcoming AGM, and their details are set out in the section above entitled "Provision 4.3 – Selection, appointment and re-appointment process for directors" and in the section below entitled "Provision 4.5 – Multiple Directorships and Directors' Time Commitments".

Provision 4.5 – Multiple Directorships and Directors' Time Commitments

In assessing the performance of each individual Director, the NC considers whether he has multiple board representations and other principal commitments, and is able to and has adequately carried out his duties as a Director notwithstanding such commitments. The NC is satisfied that sufficient time and attention to the affairs of the Company has been given by those Directors who have multiple board representations.

To address the competing time commitments that are faced when Directors serve on multiple boards, the NC has reviewed and the Board has determined and set that as a general rule, the maximum number of listed company board appointments be not more than six companies.

However, any Directors may hold more than six listed company board representations should the NC be satisfied and is of the view that such Directors are able to devote sufficient time and attention to the affairs of the Company after taking into account their individual circumstances, contributions, responsibilities and other principal commitments. Non-Executive Directors may consult the Chairman of the NC before accepting any appointments as Directors. Currently, none of the Directors holds more than six directorships in listed companies.

CORPORATE GOVERNANCE REPORT

Key information on the Directors is set out below:

Name	Appointment	Date of initial Appointment	Date of last re-election	Directorship in other listed companies
Ngoo Lin Fong Age: 52	Executive Director/ Executive Chairman	15 November 2021	28 April 2022	**Present Directorship** Sunpower Group Ltd.
Lim Kuan Meng Age: 55	Lead Independent Non-Executive Director	8 June 2020	29 April 2024	**Present Directorship** Triyards Holdings Limited (in process of liquidation) NauticAWT Limited (in process of liquidation)
Lee Suan Hiang Age: 74	Independent Non-Executive Director	16 July 2020	27 April 2023	**Present Directorships** Anacle Systems Limited MindChamps PreSchool Limited **Past Directorships (in the last three preceding years)** Viking Offshore and Marine Limited
Dr Ng Wun Jern Age: 71	Independent Non-Executive Director	26 February 2024	29 April 2024	Nil
Mr Zhao Fu Age: 44	Non-Independent Non-Executive Director	1 August 2024	Nil	Nil
Ms Ng Sook Zhen Age: 37	Independent Non-Executive Director	1 August 2024	Nil	Nil

Key information on the individual directors in the Company is set out under the section “Board of Directors” of this Annual report.

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5: ***There should be a formal assessment of the effectiveness of the board as a whole and its board committees and the contribution of each director to the effectiveness of the board.***

Provisions 5.1 and 5.2 – Board Evaluation Process, Board Performance Criteria and Individual Director Evaluation

The NC had adopted processes for the evaluation of the Board's performance and effectiveness as a whole and the performance of the Board committees and the individual Directors, based on performance criteria set by the Board. For the evaluation of the performance of the Board and the Board committees, the assessment criteria include return on assets, return on equity and the Company's share price performance. Such indicators allow the Company to make comparisons with its industry peers and are linked to long-term shareholder value.

The assessment process involves and includes inputs from Board members, applying the performance criteria of the NC and approved by the Board. These inputs are collated by the Company Secretary and reviewed by the Chairman of the NC, who presents a summary of the overall assessment to the NC for review. Areas where the Board's performance and effectiveness could be enhanced and recommendations for improvements are then submitted to the Board for discussions and, where appropriate, approval for implementation. No external facilitator had been engaged by the Board for this purpose.

The individual performance criteria include qualitative and quantitative factors such as performance of principal functions and fiduciary duties, level of participation at meetings and attendance record.

The NC has assessed the current Board's performance to date and is of the view that the performance of the Board as a whole was satisfactory.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: ***There should be a formal and transparent procedure for developing policies on director and executive remuneration and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.***

Provisions 6.1 and 6.2
RC Composition and Terms of Reference

The RC of the Company comprises four Independent Non-Executive Directors, and one Non-Independent, Non-Executive Director:

Dr Ng Wun Jern	Chairman
Mr Lim Kuan Meng	Member
Mr Lee Suan Hiang	Member
Mr Zhao Fu	Member
Ms Ng Sook Zhen	Member

The RC has in place written terms of reference which clearly set out its authority and duties.

CORPORATE GOVERNANCE REPORT

The responsibilities of the RC are:

– to recommend to the Board a framework of remuneration for the Board and key management personnel, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits in kind;

– to recommend specific remuneration packages for each director, including the Chairman;

– to review the remuneration of key management personnel;

– to perform an annual review of the remuneration of employees related to the Directors and substantial Shareholders (if any) to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scope and level of responsibilities;

– to review the level and structure of remuneration to align with the long-term interest and risk policies of the Company in order to attract, retain and motivate the Directors and key management personnel;

– to review, approve and administer the shares awarded for each Director and employees under the Company's performance share scheme;

– to review and approve the remuneration packages for the Board and key management personnel; and

– to review the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Provision 6.3 – Developing Remuneration Framework

The RC has reviewed the general framework of remuneration for the Directors and key management personnel. The recommendations of the RC are made in consultation with the Executive Chairman, the Executive Director/Finance Director and the CEO, and submitted for endorsement by the entire Board. In the course of the review work, the RC will ensure that the existing remuneration frameworks attract, retain and motivate Directors and KMP (or executive of equivalent rank) of the Company still remain relevant.

Each member of the RC shall abstain from voting on any resolution in respect of his remuneration package and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package.

Provision 6.4 – RC's Access to Advice on Remuneration Matters

The members of the RC possess general knowledge in the field of executive remuneration and/or compensation and if necessary, the RC will seek external professional advice on matters relating to remuneration. The objective is to ensure competitive compensation is in place to build and retain capable and committed Management.

The RC reviews the Company's obligations arising in the event of termination of the Executive Directors and KMP's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC also aims to be fair and avoid rewarding poor performance.

During FY2024, the RC did not see the need to engage and appoint any remuneration consultant to advise on the Company's remuneration matters.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 7: ***The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.***

Provision 7.1 Remuneration of Directors and Key Management Personnel

The Company advocates a performance-based remuneration system that is flexible and responsive to the market, comparable to the industry and market practices, the performance of the Group's businesses and individual employees. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is transparent, competitive, relevant and appropriate in finding a balance between the current and longer term objectives of the Company so as to be able to attract, retain and motivate talents without being excessive, thereby maximise value for shareholders and promotes the long-term success of the company.

On 8 June 2020, the Company has entered into a service agreement with Dr Lin Yucheng. Dr Lin Yucheng was appointed the Executive Chairman and CEO of the Company on 1 January 2021. His service agreement is valid for an initial period of three years with effect from 8 June 2020. Upon the expiry of the initial period of three years, the aforesaid service agreement of Dr Lin Yucheng will be automatically renewed on a year-to-year basis on such terms and conditions as agreed by the parties. During the continuance of the service agreement, either party may terminate the service agreement at any time by giving to the other party not less than three months' prior notice in writing, or in lieu of notice, payment of an amount equivalent to three months' salary. On 30 August 2021, Dr Lin Yucheng relinquished his CEO role to Mr Li Li and his existing service agreement signed on 8 June 2020 will remain in force in FY2024 and until the next review by the RC.

There are also service agreements entered into with the Group's CEO, Mr Li Li, and the Executive Director, Mr Ngoo Lin Fong, on 1 September 2021 and 10 November 2021 respectively. Their service agreements are valid for an initial period of three years. Upon the expiry of the initial period of three years, the aforesaid service agreements of Mr Li Li and Mr Ngoo Lin Fong will be automatically renewed on a year-to-year basis on such terms and conditions as agreed by the parties. During the continuance of the service agreement, either party may terminate the service agreement at any time by giving to the other party not less than three months' prior notice in writing, or in lieu of notice, payment of an amount equivalent to three months' salary.

On 1 February 2025, Dr Lin Yucheng retired from the Board and will remain in the Group as Emeritus Chairman and Senior Advisor. Mr Ngoo Lin Fong is appointed as the Executive Chairman.

Provision 7.2 Remuneration of Non-Executive Directors

When reviewing the structure and level of director's fees for the Non-Executive Directors, the RC takes into consideration the directors' respective roles and responsibilities in the Board and Board committees and the frequency of Board and Board committee meetings.

CORPORATE GOVERNANCE REPORT

Each of the Non-Executive Directors receives a base director's fee and will receive additional fee if they hold an additional chairmanship role. The fees for Independent Non-Executive Directors are based on the effort, time spent and responsibilities of the Independent Non-Executive Directors and are subject to approval at AGMs. No Director is involved in deciding his own remuneration. The remuneration of the Board is as set out below:

Annual Director Fees	Chairman	Member
1. Board	–	S$50,000
2. Audit Committee	S$20,000	–
3. Nominating Committee	S$20,000	–
4. Remuneration Committee	S$20,000	–

Mr. Zhao Fu, who is a Non-Independent Non-Executive Director of the Company, has waived his director fees for FY2024.

Provision 7.3 – Long Term Incentive Plan to Provide Good Stewardship of the Company and Key Management Personnel

The Company has made substantial progress in its efforts to become a high-technology company, specialising in sludge, oil sludge treatments, AI wastewater treatment, and membrane technology. In order to attract and retain key management personnel and talents, Management has devised a new set of incentive schemes to better recognise, reward, motivate and retain its employees, key management personnel as well as its Executive Directors, CEO and Independent Directors who have made positive contributions to the Company. The Leader Environmental Technologies Share Option Scheme and Share Award Plan as approved by the shareholders during an Extraordinary General Meeting held on 23 December 2021 will replace the previous Leader Environmental Performance Share Scheme.

Disclosure on remuneration

Principle 8: ***The Company is transparent on its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, and the relationship, performance and value creation.***

Provision 8.1 – Remuneration of Directors and KMP
Provision 8.2 – Employee Related to Substantial Shareholders, Directors or
Provision 8.2 – Details of All Forms of Remuneration and Other Payments and Benefits Paid to Directors and Key Management Personnel

The RC reviews and recommends to the Board remuneration packages for the Board, Executive Chairman, Chief Executive Officer, Executive Director and KMP to ensure that the remuneration structure is competitive and sufficient to attract, retain and motivate Directors and KMP to run the Company successfully in order to maximize shareholder value. The recommendations of the RC on the remuneration of Directors and KMP have been submitted for endorsement by the Board. The members of the RC do not participate in any decisions concerning their own remuneration.

The remunerations for the Executive Directors and the CEO are based on the terms as set out in their respective service contracts entered into with the Company. Based on the terms of the service contract which were applicable for FY2024, Dr Lin Yucheng joined the Board as an Executive Director on 8 June 2020, and was appointed the Executive Chairman and CEO of the Company on 1 January 2021, and subsequently as the Executive Chairman on 1 September 2021. He was remunerated with a basic monthly salary and a 13th month annual wage supplement for his services rendered in FY2024. In addition, the CEO, Mr Li Li, and Executive Director, Mr Ngoo Lin Fong, were each remunerated with a basic salary and a 13th month annual wage supplement for their services rendered in FY2024.

CORPORATE GOVERNANCE REPORT

Since 2022, an incentive structure to reward the Executive Directors and the CEO was approved by the RC. The Executive Directors and CEO are also entitled, in each financial year of the Company, to a performance bonus in such sum as the RC may in its absolute discretion determine provided that such performance bonus shall not exceed five percent of the audited consolidated or combined net profit of the Company (after taxation and minority interest and the payment of any such bonuses, but before extraordinary items) in respect of that financial year.

The performance conditions were benchmarked closely to market practice and the quantum of the reward is comparable to companies of the same size. No variable or performance bonuses were paid to Dr Lin Yucheng, Mr Li Li and Mr Ngoo Lin Fong in FY2024.

The Executive Directors, Non Executive Directors (including Independent Directors) and CEO are also entitled to participate in the current Leader Environmental Technologies Share Option Scheme and Share Award Plan. The selection of participants and the number of share options to be granted under the Leader Environmental Technologies Share Option Scheme shall be determined at the absolute discretion of the RC, which shall take into account criteria such as the person's rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and, if applicable, the extent of effort to achieve the performance target(s) within the performance period.

Under the Leader Environmental Technologies Share Award Plan, the size of the award granted to a participant will be determined based on, among others, his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group as determined by the RC prior to the date of grant. The performance period here is a forward-looking period for which performance conditions and targets are set and measured over the performance period. The final award is determined by the performance achievement over the performance period. The performance period, vesting period and other conditions will be determined by the RC administering the Leader Environmental Technologies Share Options Scheme and Share Award Plan.

The Leader Environmental Technologies Share Option Scheme and Share Award Plan offer additional tools for the Group to craft a more balanced and innovative remuneration package that will link the Executive Directors' total remuneration to the performance of the Group. The share option or share award to be granted to the Executive Chairman will be subject to shareholders' approval.

There were no share options awarded to Mr Li Li, Mr Ngoo Lin Fong, one Non Independent Non-Executive Director and the four Independent Non-Executive Directors under the Leader Environmental Technologies Share Option Scheme in FY2024.

There were no performance shares awarded under the Leader Environmental Technologies Share Award Plan to Mr Li Li, Mr Ngoo Lin Fong, one Non Independent Non-Executive Director and the four Independent Non-Executive Directors.

No share options and performance shares were awarded to Dr Lin Yucheng, in FY2024.

CORPORATE GOVERNANCE REPORT

Remuneration of the Directors CEO and KMP

A breakdown showing the level and mix of each individual Director's remuneration for the financial year ended 31 December 2024 is set out below:

Remuneration band (in %)/ Name of Director/CEO	Salary	Fees*	Bonus[1]	Fair value of share-based incentives[2,4]	Other Benefits[3]	Total
	%	%	%	%	%	S$
>S$250,000 but <S$500,000						
Dr Lin Yucheng[#]	89.6	–	7.4	–	3.0	401,865
Mr Li Li	74.5	–	6.2	15.6	3.7	403,351
Mr Ngoo Lin Fong	75.0	–	6.3	13.3	5.4	319,823
Below S$100,000						
Mr Lim Kuan Meng	–	97.4	–	2.6	–	71,846
Mr Lee Suan Hiang	–	97.4	–	2.6	–	71,846
Dr Ng Wun Jern	–	100.0	–	–	–	58,333
Ms Ng Sook Zhen	–	100.0	–	–	–	20,833
Mr Zhao Fu	–	–	–	–	–	–

1 Bonus relates to the 13th month annual wage supplement.
2 There were no stock options granted for the financial year ended 31 December 2024.
3 Other benefits include contributions to defined contribution plans.
4 Accounting treatment for fair value of share-based incentives relates to stock options issued in FY2022 and FY2023.
Dr Lin Yucheng retired from the Board on 1 February 2025 and will remain in the Group as Emeritus Chairman and Senior Advisor.

The remunerations of KMP generally comprise a basic salary component, contributions to defined contribution plans, and one month of annual wage supplement or variable bonuses, depending on the performance of the Company and the Group as a whole and individual performance.

Similarly, the KMP are entitled to participate in the current Leader Environmental Technologies Share Option Scheme and Share Award Plan. Selection of participants in the Leader Environmental Technologies Share Option Scheme is at the absolute discretion of the RC, which shall take into account criteria mentioned above. Awards under the Leader Environmental Technologies Share Award Plan are based on the fulfilment of certain specified performances or key performance indicators over a specific timeframe as set by the various department heads and approved by the RC.

CORPORATE GOVERNANCE REPORT

The breakdown of total remuneration of the top five key management personnel of the Group (who are not directors and CEO) for the year ended 31 December 2024 is set out below:–

Remuneration band (in %)/ Name of KMP[4]	Salary & allowances	Bonus[1]	Fair value of Share-based incentives[2,4]	Other benefits[3]
	%	%	%	%
>S$250,000 but <S$500,000				
Dr Jerry Liu Jianlin	87.5	7.3	–	5.2
Below S$250,000				
Oliver Wu	93.9	6.1	–	–
Dominic Tan	82.4	6.8	–	10.8
Dr Yan Huaiguo	78.6	4.3	8.2	9.0
Dr Hu Zhongqiao	83.1	6.9	–	10.0

1 The bonus relates to 13th month annual wage supplement or variable bonuses paid or payable in FY2024.
2 There were no stock options granted for the financial year ended 31 December 2024.
3 Other benefits include contributions to defined contribution plans.
4 Accounting treatment for fair value of share-based incentives relates to stock options issued in FY2022 and FY2023.

The annual aggregate remunerations (inclusive of CPF contributions) paid to the top five KMP of the Company (who are not Directors or the Executive Chairman and CEO) for FY2024 was approximately S$1,024,000 (RMB5,503,000).

No employee who is an immediate family member of a Director was paid more than S$100,000 during FY2024. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister, and parent of such person.

The Company has not disclosed exact details of the remunerations of its Executive Directors, CEO, Independent Non-Executive Directors and KMP which deviated from Provision 8.1 of the Code. The Board is of the view that it is not in the best interests of the Company and the directors/employees to disclose such details due to the sensitive nature of such information and as our industry is highly competitive in respect of the recruitment of experienced executives.

The disclosure of the indicative range of the Executive Directors' and CEO's (above S$250,000 but less than S$500,000) and KMPs' remunerations (below S$250,000) as well as the composition of the remunerations into fixed salary, fees, bonus, fair values of stock options granted and other benefits do provide a reasonable and meaningful amount of information on the Company's remuneration framework for shareholders to understand the link between the Company's performance and the remunerations of the Directors, CEO and KMP. In addition, the Group also disclosed the aggregate remunerations paid to five KMP of the Company (who are not Directors or the CEO) for FY2024 and any employees who are related to substantial shareholders or directors, and are paid more than S$100,000 annually.

The fees paid to the Independent Non-Executive Directors do not have variable components and are subject to shareholders' approval at the Company's Annual General Meeting. The Board therefore believes that the Company's practices are consistent with the intent of Provision 8.1 of the Code.

CORPORATE GOVERNANCE REPORT

Leader Environmental Technologies Share Option Scheme (adopted in FY2021)
Leader Environmental Technologies Share Award Plan (adopted in FY2021)

The RC was tasked to administer the Leader Environmental Technologies Share Option Scheme and the Leader Environmental Technologies Share Award Plan, by determining the eligibility of Executive Chairman, Chief Executive Officer, Executive Director/Finance Director, full-time employees and Independent Non-Executive Directors of the Company to participate in the new schemes and the number of options or award of shares to be offered to each participant, in accordance with the approved guidelines of the Leader Environmental Share Option Scheme and Share Award Plan. No member of the RC shall be involved in any deliberations in respect of any options and award of shares granted to him.

The controlling shareholders of the Company or their associates are allowed to participate in the Leader Environmental Share Option Scheme and Leader Environmental Share Award Plan. A separate resolution must be passed for each of the controlling shareholders and their associates (if any), where applicable. The Independent Non-Executive Directors are also eligible to participate in the Leader Environmental Share Option Scheme and Leader Environmental Share Award Plan. The number of stock options and/or share awards to be granted to the Independent Non-Executive Directors pursuant to both of the schemes will be nominal. It is the intention that any options or share awards granted will be measured and balanced against considerations such that if it could interfere or be reasonably perceived to interfere with their exercise of independent business judgement.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 9: Board's governance of risk management system and internal controls.

Provision 9.1 – Significant Risks, Objectives and Value Creation

The Board is responsible for conducting a thorough assessment of the Group's performance, position and prospects, including interim and other price-sensitive public reports, and reports to regulators (if required). Information is presented to shareholders on a timely basis through SGXNet and/or the press.

The Group's material risks can be broadly classified as follows:

Business/Operational Risks

This relates to operations and includes security threats, occupational health and safety of employees, product qualities and efficiencies of the technological and AI systems relating to sludge, oil sludge treatments, AI water management, employee attribution, increased competition. Owners of such risks such as the departmental heads would monitor such risks.

Compliance Risks

Compliance with local laws and regulations in various geographical locations are monitored by the Group Financial Controller ("GFC"), and local finance team in China and Singapore.

The Board is also responsible for ensuring compliance with legislative and regulatory requirements, including requirements under the Listing Rules. In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to shareholders on the Company's announcement of unaudited condensed interim financial statement for the six months ended of each financial year, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. In addition, the Company also completes and submits compliance checklists to SGX-ST (if applicable and when required) to ensure that all announcements, circulars or letters to shareholders comply with the requirements set out in the SGX-ST Listing Manual.

CORPORATE GOVERNANCE REPORT

Notwithstanding that the Company is exempted by the SGX-ST from the quarterly reporting of its financial results, Management still regularly (and as and when requested) presents the Board with the Group's quarterly financial results, business developments and updates to enable the Board to discharge its duties and responsibilities. When there are major developments in the Group's businesses, Board members may arrange to visit the subsidiaries' offices, plants and project sites to obtain updates and also to gain further understanding of the Group's latest businesses and operating environments. Through the above, Management regularly provides the Board with a well-balanced assessment of the Group's performance, position and prospects.

During FY2024, two of the Independent Directors, namely Mr Lee Suan Hiang and Ms Ng Sook Zhen, went to AIWater's head office and their projects in Hefei, China while the Lead Independent Director, Mr Lim Kuan Meng, visited the Tianjin head office of the Group. In addition, in January 2025, the Board also conducted a local visit to our sludge treatment demonstration plant in Singapore.

Financial Risks

These risks such as credit risks, foreign exchange risks, liquidity risks and interest rate risks are set out in the notes to the financial statements. Generally, the Group is conservative in its financial dealings and does not engage in speculative instruments or investments that would expose the Group to unnecessary financial risks.

Sanctions-related Risks, Subject or Activity

The Board and AC will be responsible for (a) monitoring the Group's risks of becoming subject to, or violating, any sanctions law; and (b) ensuring timely and accurate disclosures to SGX and other relevant authorities in respect of sanctions-related risks, subject or activity. Currently, the Group has no exposure or nexus to sanctions-related risks, subject or activity.

Provision 9.2 – Assurance from Chief Executive Officer, Chief Financial Officer and Other Responsible Key Management Personnel

The AC reviewed and assessed the adequacy and effectiveness of the Group's internal controls that address the Group's financial, operational, compliance and information technology risks, with the assistance of the internal and external auditors and Management.

For the financial year under review:–

(i) written assurance was received from the CEO and the Group Financial Controller that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(ii) written assurance was received from the CEO and the Group Financial Controller that the Group's risk management and internal controls systems in place were adequate and effective to address the financial, operational, compliance and information technology risks in the context of the current scope of the Group's business operations.

Board's commentary on adequacy and effectiveness of internal controls and risk management systems

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Concurrence of the AC on the adequacy and effectiveness of internal controls and risk management systems

The Board acknowledges that it is responsible for ensuring a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The following sets out the work performed which serves as the basis for the Board to form an opinion with regard to the adequacy of the Group's internal controls:

(i) The Executive Chairman and the Group Finance Controller currently assume the responsibilities of the risk management function. They will regularly assess and review the Company's business and operational environment in order to identify areas of significant business and financial risks, such as credit risks, foreign exchange risks, liquidity risks and interest rate risks, as well as adopt appropriate measures to control and mitigate these risks. This is part of the ongoing efforts by Management to continually strengthen the existing internal controls already put in place.

(ii) The AC has met with Management and external auditors once during FY2024 to discuss the specific risk areas for the forthcoming audit and the audit work to be performed. The audit plans were subsequently circulated and presented by the audit partner to the Board members. In addition, as part of the annual statutory audit on financial statements, certain internal control weaknesses that the external auditors identified during their audit have been communicated to the AC in the form of a management letter. Management will either follow up on the external auditors' recommendations to strengthen the Group's internal audit systems or explain to the external auditors the type of internal controls already in place to mitigate these risks so that the external auditors can perform additional verification works to satisfy themselves that such controls are adequate to allay their concerns.

(iii) The Board of Directors has also received assurance from the Executive Chairman and the Group Financial Controller (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances for the year ended 31 December 2024; and (b) regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

(iv) With the consent obtained from the AC, the Group appointed NLA Risk Consulting Pte Ltd on 7 August 2024 to review the internal controls in respect of the Company's corporate disclosure and Board approval, procurement and payment processes. The internal audit review report was presented to the Board during the AC meeting on 12 November 2024. Based on the findings from the internal audit, the review did not highlight any significant internal controls lapses or deficiencies that warrant immediate actions by the Board. However, there were controls improvement recommendations proposed by the internal auditors, which Management has responded with remedial actions plans to further strengthen the internal controls.

Based on the work performed, the AC, in making the assessment on the Group's internal controls, has taken into account the internal controls established and maintained by the Group; work performed and audit findings by the independent external and internal auditors, regular reviews undertaken by Management and the AC, additional internal controls instituted by the Executive Chairman as well as the aforementioned assurance received from the Executive Chairman and Group Financial Controller.

Thus, based on the above said factors, the AC concurs with the Board and agreed that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2024.

The AC will continue to monitor the effectiveness of these controls and augment them with new controls implementation to ensure the controls remain relevant and adequate in our ever-changing operational and business landscape. Going forward, the AC will continue to engage the internal auditors to perform periodic reviews on the Group's internal controls.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 10: The board has an AC which discharges its duties objectively.

Provisions 10.1, 10.2 and 10.3 – AC Composition and Terms of Reference

The AC comprises 4 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director:

Mr Lim Kuan Meng	Chairman
Mr Lee Suan Hiang	Member
Dr Ng Wun Jern	Member
Mr Zhao Fu	Member
Ms Ng Sook Zhen	Member

No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as there has been any financial interest in the auditing firm or auditing corporation.

The AC has adopted written terms of reference defining its membership, administration and duties. The principal roles and functions of the AC are as follows:

– reviewing the audit plans of the external auditors and the internal auditors, including the results of the external and internal auditors' review and evaluation of the system of internal controls;

– reviewing the annual consolidated financial statements and the external auditors' report on those financial statements, and discussing any significant adjustments, major risk areas, changes in accounting policies, compliance with international financial reporting standards, concerns and issues arising from their audits, including any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to the Board for approval;

– reviewing the periodic consolidated financial statements comprising the profit and loss statements and the balance sheets and such other information required by the Listing Manual, before submission to the Board for approval;

– reviewing and discussing with external and internal auditors (if any), any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position and the Management's response;

– reviewing the co-operation given by the Management to the external auditors;

– reviewing the adequacy, effectiveness, independence, scope and results of the Company's external audit and internal audit function;

– considering the appointment and re-appointment of the internal and external auditors and matters relating to resignation or dismissal thereof;

– reviewing, approving and ratifying any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

– reviewing the guidelines and review procedures relating to interested person transactions and potential conflicts of interest and future interested person transactions, if any;

– reviewing any potential conflicts of interest;

– reviewing the adequacy and supervision of the finance and accounting team on an on-going basis;

– reviewing the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensuring that there are arrangements in place for independent investigation and follow-up actions in relation thereto;

– undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;

– undertaking generally such other functions and duties as may be required by law or the Listing Rules, and by such amendments made thereto from time to time; and

– assessing whether there is a need to obtain independent legal advice or appoint a compliance adviser in relation to sanctions-related risks applicable to the Group; and continuously monitor the validity of information in respect of sanctions-related risks, subject or activity provided to shareholders and SGX.

The AC meets on a quarterly basis to perform independent reviews of the Company's quarterly and full-year results, SGXNet announcements and all related disclosures to shareholders before submission to the Board for approval. In the process, during FY2024, the AC had reviewed the key areas of Management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials.

The Chairman of the AC, Mr Lim Kuan Meng, is a Chartered Accountant, has acquired the relevant accounting, auditing and risk management experience. The other members of the AC have many years of experience in the legal profession and in business management. The Board is of the view that the Chairman and members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

Provision 10.4 – Financial Reporting Matters

Provided below is an overview of the matters which were identified as Key Audit Matters ("KAM") in the Independent Auditor's Report on the consolidated financial statements of the Group for FY2024. These KAM were discussed with the AC, Management and the external auditors and in the review carried out by the Audit Committee:

CORPORATE GOVERNANCE REPORT

The AC has identified and discussed the following KAM identified by the external auditors for FY2024:

Matters considered	**Action**
Revenue recognition for contracts	During the presentation of FY2024's audit findings, the external auditors communicated to the Board that they have reviewed and evaluated the Group's revenue recognition policy in accordance to the Singapore Financial Reporting Standards (International) 15 ("SFRS(I) 15"). Their audit findings were corroborated by the performance of system walkthrough on the revenue cycle, control testing on project costings and substantive testing on major cost components. No irregularities or exceptions were highlighted in the audit findings. Audit procedures were also performed by the auditors to assess the reasonableness of the progress billings on the technical services rendered; evaluation of the competency, capabilities and objectivity of the management experts such as the use of in-house engineers. Reviewed for consistent application of revenue recognition policy in relation to the respective revenue streams and the terms and conditions in the sale agreements. Taking into account the above procedures, coupled with the quarterly reviews performed on the financial position of the Group as at 31 December 2024, the AC concurs with Management that the Group's revenue recognition is in line with the accounting standard on revenue recognition and allowance for foreseeable losses on the projects is sufficient. This understanding is consistent with and supported by the audit findings from the external auditors during the year-end audit.
Impairment assessment of property, plant and equipment ("PPE") including right-of-use ("ROU") assets	The AC has performed quarterly reviews of the financial statements and discussed with Management on the impairment assessment for the Group's PPE and ROU assets. Indicators of impairment were followed up closely at every quarterly Board meeting with the Management. Apart from the discussion with the GFC, the AC also reviewed the audit findings to understand the approach taken and the relevance of the assumptions applied with regards to the Group's PPE and ROU assets as at 31 December 2024. Audit procedures performed by the auditors include the review of NTi Memtech Pte Ltd's ("NTi") PPE and evaluated the necessary competence, capabilities and objectivity of the independent valuer engaged by management to carry out the valuation of NTi's PPE as at 31 December 2024. The auditor's review include reviewing the adequacy of work performed by the independent valuer such as the significant judgement areas, estimates and assumptions used by management in deriving the valuation amounts and the corresponding impairment loss recognised. No significant exceptions were noted. Based on the above work performed, the AC concurs with Management on the impairment loss of of RMB0.5 million recorded for the Group's PPE.

CORPORATE GOVERNANCE REPORT

Matters considered	Action
Classification and carrying amount of disposal group held-for-sale and discontinued operations	In September 2024, the board of directors approved the proposed disposal of AIWater Group. On 12 November 2024, the Company announced that it has entered into a non-binding termsheet for the proposed disposal of AIWater Group and further announced on 13 January 2025 that its wholly-owned subsidiary, UG Holdings Pte. Ltd. has entered into Sale and Purchase Agreements ("SPAs") with the Buyer for the proposed disposal of AIWater Group for an aggregate consideration of RMB370 million. The auditors focused on the accounting treatment of disposal group classified as held-for-sale as at 31 December 2024 and the presentation of the AIWater Group's operations regarded as discontinued operations for the financial year ended 31 December 2024 due to the significant judgement involved in determining whether the criteria of SFRS(I) 5 – *Non-current Assets Held for Sale and Discontinued Operations* were met as at the reporting date. The auditors review covered the following procedures, amongst others: – obtained and reviewed the salient terms of the termsheet, SPAs and reviewed the minutes of Directors' meetings in relation to the proposed disposal of the AIWater Group; – held discussions with the management and assessed the criteria applied by the management in the classification of the AIWater Group as disposal group held-for-sale as at the reporting date; – evaluated the management's assessment of whether the sale is highly probable and the likelihood of completing the sale within one year; – assessed whether the disposal group was available for immediate sale in its present condition and whether the necessary approvals to sell had been obtained; – assessed the measurement of disposal group held-for-sale under SFRS(I) 5 at the lower of the carrying amount and fair value less costs to sell; – considered the adequacy of the disclosures in the financial statements regarding the disposal group held-for-sale and discontinued operations as to the key judgements and assumptions made by management. – reviewed the process over related and interested party transactions to ensure they were appropriately authorised and disclosed; Taking into account the above procedures and sequence of events leading up to the date of this report, the AC concurs with Management that AIWater Group has met the criteria of SFRS(I) 5. This understanding is consistent with and supported by the audit findings from the external auditors during the year-end audit.

CORPORATE GOVERNANCE REPORT

Matters considered	Action
Going concern	The Group reported loss before taxation from continuing operations of RMB61.1 million (2023 – RMB44.7 million) and negative operating cash flows from operations of RMB30.5 million (2023 – RMB50.8 million) for the financial year ended 31 December 2024. As at 31 December 2024, the Group and the Company has net current liabilities of RMB14.8 million (2023 – net current assets of RMB35.9 million) and RMB62.4 million (2023 – RMB24.6 million) respectively. The above conditions give rise to concerns about whether the Group has sufficient cash flows to meet its obligations as and when they fall due as well as to the current economic conditions in the PRC environment and the government initiatives in PRC. The auditors review covered the following procedures, amongst others: – noted the circular submission to SGX-ST in relation to the disposal of the AIWater Group on 28 February 2025; – obtained the confirmation dated 27 February 2025 signed by the Bondholder for the extension option of its convertible bonds (“CB”) totalling RMB91.0 million as at 31 December 2024. The original maturity dates of both CB tranches which were 3 March 2026 and 31 July 2026 are now extended to final maturity dates of 3 March 2028 and 31 July 2028 respectively; – reviewed the reasonableness of the key assumptions used in the 15-month cash flows forecast of the Group which the cash flows are mainly forecasted to be generated by the sludge business and considering opportunities for its membrane businesses based on secured sales value and forecasted revenue; – assessed the assumptions as to the costs within the forecast, with reference to previous costs incurred in operations; – assessed the reasonableness of the scenario analysis performed by management and stress tested the scenarios with reference to the revenue and cost assumptions, including the timing of the proceeds from the proposed disposal of the AIWater Group; and – considered the adequacy of the Group’s disclosures made to the financial statements in relation to going concern basis. Based on the above procedures, the auditor identified a key audit matter related to going concern due to the significant judgements involved and concluded the use of the going concern assumption is appropriate.

With respect to the other KAMs highlighted by the auditors, the AC has concurred on the approach adopted by management, which was similar to that of the auditors, as part of the Group’s internal review process that is done on a quarterly basis.

CORPORATE GOVERNANCE REPORT

External Audit

The AC is also responsible for conducting an annual review of the volume of audit and non-audit services provided by the external auditors to ensure that such services will not prejudice the independence and objectivity of the external auditors. For FY2024, the aggregate amount of audit fees paid and/or payable to the external auditors was approximately RMB1,155,000 (FY2023 – RMB1,349,000).

The fees paid and/or payable to other independent auditors from Singapore and China amounted to approximately RMB94,000 (FY2023 – RMB139,000) during the financial year. In FY2024, there were also tax services and valuation review work performed of RMB93,000 in aggregate (FY2023 – RMB100,000).

The Company complies with Rule 712 and Rule 715 of the Listing Rules of the SGX-ST in engaging Foo Kon Tan LLP, a firm registered with the Accounting and Corporate Regulatory Authority ("ACRA"), as the external auditors of the Company. Ms. Teo Soo Chuen ("Ms Teo") is the audit partner of the Group and has been in charge of the Group's audit since FY2024 due to mandatory rotation for Mr Yeo Boon Chye who had been in charge of the Group's audit for the past 5 years since 2019. Ms Teo had not been subject to ACRA's Practice Monitoring Programme review and did not receive any previous regulatory or enforcement actions from any regulatory body.

Foo Kon Tan LLP is the external auditors of the Company and audits its PRC subsidiaries for consolidation purposes. On an ongoing basis, the AC reviews the adequacy, effectiveness, independence, scope and results of the external auditors annually, taking into account the following:

(i) the audit planning level in respect on qualification and experience of engagement team involved, key audit areas identified and audit scope covered;

(ii) overall audit report presented, together with the discussion with the auditors with regards to significant matters in relation to the financial statements, accounting principles applied and judgement involved in the preparation of the financial statements, the audit quality indicator of the engagement team level, and at firm level taking into consideration of the Audit Quality Indicators Disclosure Framework published by the ACRA when involved in carrying out the audit; and

(iii) assesses the independence of the external auditors annually based on factors such as performance, skills and independence and is satisfied that the non-audit services provided by the external auditors in FY2024 did not affect the independence or objectivity of the external auditors.

On the above basis and with the concurrence of the Board, the AC has recommended Foo Kon Tan LLP be nominated for re-election as external auditors at the forthcoming AGM.

Internal Audit

The primary role of internal audit is to assist the Board to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Group, review the internal controls of the Group to ensure prompt and accurate recording of transactions and proper safeguarding of assets and review that the Group complies with the relevant laws, regulations and policies established. The internal audit function plans its internal audit schedule in consultation with, but independent of Management, and the internal auditors report directly to the AC Chairman. The AC reviews the internal audit plan and determines the scope of audit examination. It also oversees the implementation of the improvements required on internal control weaknesses identified and ensures that Management provides the necessary co-operation to enable the internal auditors to perform its function.

CORPORATE GOVERNANCE REPORT

The Company currently does not have a separate internal audit function. The AC will, as and when necessary, make an assessment and then recommend to the Board the appointment of internal audit professionals (with the requisite qualifications and experience) to undertake the internal audit function of the Group for the relevant financial years. In view of this, the AC concurs with the Board that the internal audit function is independent as the Company's internal audit function is independent of the external audit and it reports primarily to the AC.

In addition to the above, the AC also affirms and concurs with the Board that the internal audit function is adequately resourced as it was staffed by suitably qualified and experienced independent professionals with the relevant experience to perform its function effectively, and the appointed internal audit professionals shall have unfettered access to all the company's documents, records, properties and personnel, including access to the AC. The AC also noted that the necessary co-operation was provided by Management to enable the internal auditor to perform its function. Taking the above into consideration, the AC concurs with the Board that the overall internal audit function is effective for FY2024.

Since FY2022, the internal audit function was outsourced to NLA Risk Consulting Pte. Ltd. which is part of NLA DFK, a group of accounting and advisory firms with a history in Singapore since 1948. NLA DFK is a member firm of DFK International, a top 10 international association of independent accounting firms and business advisers. NLA Risk Consulting Pte Ltd is a suitably appointed qualified firm of risk consultants (including Certified Internal Auditors), with its processes guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The firm currently maintains an outsourced internal audit portfolio of about 20 companies listed on the SGX-ST in various industries, including construction, property development, manufacturing, healthcare, logistics, engineering services and trading. The engagement team comprises a Director, a Manager and is supported by a team of trained internal auditors. The Director, Mr Gary Ng, has over 20 years of relevant experience and is a Certified Internal Auditor whilst the Manager has more than 10 years of relevant experience and also a Certified Internal Auditor.

Whistle blowing Policy

The Company has put in place a whistle-blowing policy, where the AC has oversight and monitors the said policy, which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to the Independent Non-Executive Directors of the Company, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action. The policy protects the complainant from detrimental or unfair treatment or victimization when he/she raises any concern in good faith and without malice.

All such investigations will be undertaken by the AC Chairman and the identity of the complainant is kept confidential.

During FY2024, there were no complaints, concerns or other matters received from the channel established under the whistle-blowing policy.

Provision 10.5 – Independent Meeting with External and Internal Auditors

The AC has explicit authority to investigate any matter within the terms of reference which are necessary to enable it to discharge the functions properly. The AC meets with the external and internal auditors separately, at least once a year, without the presence of Management to discuss the reasonableness of the financial reporting process, and to review the adequacy of audit arrangements, with particular emphasis on the observations and recommendations of the external auditors, the scope and quality of their audits and the independence and objectivity of the external auditors.

CORPORATE GOVERNANCE REPORT

Principle 11: ***Companies should treat all shareholders fairly and equitably, in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

Provision 11.1 – Providing Opportunity for Shareholders to Participate and Vote at General Meetings

The Company is committed to treating all shareholders fairly and equitably. It recognises, protects and facilitates the exercise of shareholders' rights, and continually reviews and updates its governance arrangements.

Shareholders are entitled to attend the general meetings and are given the opportunity to participate effectively in and vote at the general meetings of the Company.

Resolutions tabled at general meetings are passed through a process of voting by poll whereby the procedures are clearly explained by the scrutineers at the beginning of the voting in such general meetings.

Pursuant to the provisions in the Company's constitution, shareholders who are not relevant intermediaries may appoint up to two proxies, during his/her absence, to attend, speak, vote on his/her behalf at general meetings. Shareholders who are relevant intermediaries such as banks, capital market services licence holders which provide custodial services for securities and the Central Provident Fund Board ("CPF"), are allowed to appoint more than two proxies. This is to facilitate indirect shareholders including CPF investors to participate in general meetings. Such indirect shareholders where so appointed as proxy, will have the same rights as direct shareholders to attend, speak and vote at general meetings.

In order to have a valid registration of proxy, an instrument appointing a proxy must be deposited at such place or places specified in the notice convening the general meetings at least 48 hours before the time appointed for the general meetings.

The Company conducted poll voting for all resolutions passed at its 2024 AGM held. An independent professional firm was appointed as the scrutineer to conduct the polling process at the 2024 AGM. The results of the poll voting on each resolution tabled at the 2024 AGM, including the total number of votes cast for or against each resolution, were also announced after the meeting via SGXNet.

Provision 11.2 – Separate Resolutions at General Meetings

The Board ensures that separate resolutions are proposed for approval on each distinct issue at general meetings. There is no bundling of the resolutions as they are not interdependent and linked to each other. Detailed explanatory notes on each item of the agenda are also provided in the notice of general meeting.

AGM – April 2025

The forthcoming 2025 AGM will be held in a wholly physical format. There will be no option for shareholders to participate virtually. Arrangements relating to attendance at the 2025 AGM and voting at the 2025 AGM by shareholders or their duly appointed proxy(ies), are set out in a separate announcement released on the Company's website and SGXNet on 29 April 2025.

Provision 11.3 – Attendees at General Meetings

At general meetings, shareholders are strongly encouraged to ask the Directors and Management questions pertinent to the Company and the Group.

The Executive Chairman, all the directors (including the Chairmen of the AC, RC and NC), the external auditors, Foo Kon Tan LLP, and the Company's secretary were present physically at the Company's 2024 AGM. They will make themselves available at the forthcoming AGM which will be held physically on 29 April 2025.

CORPORATE GOVERNANCE REPORT

Provision 11.4 – Absentia voting at General Meetings

Voting in absentia such as voting via mail, electronic mail or facsimile at the general meetings may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised.

Provision 11.5 – Minutes of General Meeting

Resolutions are, as far as possible, structured separately and may be voted upon independently during the AGM. The Company will put all resolutions to vote by poll to be in line with Rule 730(A)(2) of the Listing Manual. The detailed results setting out the breakdown of all valid votes cast at the general meeting in the format provided in the Listing Manual will be announced via SGXNet after the conclusion of the general meetings. The minutes of the general meetings will be provided to shareholders upon their written request. Going forward, the Company will also publish the minutes of general meetings of shareholders on its corporate website (www.leaderet.com) as soon as practicable.

Provision 11.6 – Dividend Policy

The Company does not have a fixed dividend policy and did not pay any dividend in FY2024 as the Group needs to preserve its cash for working capital requirements. Furthermore, pursuant to the Companies Act 1967, the Company is unable to pay dividends due to its accumulated losses position unless it starts to generate profits out of which it can use for dividend payments.

The payment of future dividend will continue to be hampered by the rule until the Group turn profitable going forward. The Group will, however, evaluate other available options to reward shareholders should the Group continue to perform well. For any dividends to be paid in the future, the form, frequency and amount of dividends will depend on the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the directors may deem appropriate. Any proposal for the declaration of dividends will be clearly communicated to shareholders via SGXNet.

Principle 12: Regular communication with shareholders and facilitation of shareholders' participation at general meetings.

Provisions 12.1 and 12.2 – Communication with Shareholders

The Company is also committed to regular and proactive communication with its shareholders in line with continuous disclosure obligations of the Company under the Listing Rules. The Company does not practice selective disclosure as the relevant material and price-sensitive information are released to SGX-ST through SGXNet in a timely and fair manner. Pertinent information has been disclosed or communicated to shareholders in a timely, fair and equitable manner to enable shareholders to make informed decision. The Company is looking to building confidence and strengthening its relationship with shareholders going forward. Apart from the release of material and price sensitive information relating to the Company on the SGXNet, the Company maintains a corporate website at http://www.leaderet.com, where the public can readily access information relating to the Company and the Group.

On 7 February 2020, SGX RegCo adopted a risk-based approach to quarterly reporting. Most listed companies, unless otherwise required by the SGX, report their unaudited results semi-annually. The Company had on 14 August 2020 moved to semi-annual reporting of its financial performance. Apart from financial information, the Company may consider providing voluntary business updates to shareholders in between its half-yearly financial reports so that shareholders are kept informed of the Company's development and progress.

Apart from the above communication channels, the Executive Chairman, Mr Ngoo Lin Fong, is also entrusted with the responsibility of meeting up institutional investors, analysts and the media who are keen to seek a better understanding of the Company's business operations.

CORPORATE GOVERNANCE REPORT

Provision 12.3 – Investor Relations Practices

The Executive Chairman, Mr Ngoo Lin Fong, has undertaken the responsibility of managing and maintaining communications with institutional investors, analysts and the media on a regular basis. He will assist in addressing their queries or concerns and providing updates to the investors of the Group's corporate business developments and financial performance.

Principle 13: Managing stakeholder relationships, balancing the needs and interests of material stakeholders for the Company's best interests.

Provisions 13.1, 13.2 – Managing Stakeholder Relationships

In FY2024, as part of the Group's sustainability efforts, it has reported sustainability performance in accordance with the SGX Sustainability Report Guide, with reference to the core option of the Global Reporting Initiatives (GRI) framework. The Company has appropriate channels in place to identify and engage with its material stakeholder groups to build a sustainable growth and businesses. It recognises the importance of having intimate knowledge of its business and regular interactions with its stakeholders to determine material issues for its business.

The material stakeholders of the Group identified include shareholders, customers, suppliers, employees and regulators. The sustainability report released to the SGX-ST provides more details about the strategy and key areas of focus in relation to the management of stakeholder relationships which include:

– Playing a pivotal role in supporting customers by offering solutions in the treatment of sludge and industrial wastewater;

– Adoption of safety measures or practices to ensure the project sites are free from accidents;

– Safeguarding the health and safety of employees so as to provide a conducive working environment on the project sites and workplace; and

– Providing learning opportunities for employees and invest in human capital and support employee development to meet changing business needs.

The Company's approach to stakeholder engagement and materiality assessment can be found under the Sustainability Report 2024 which is available in electronic format via SGXNet.

Provision 13.3 – Corporate Website

The Company will make disclosure of all material information to shareholders. All material information on the performance and development of the Group and of the Company are disclosed in a timely, accurate and comprehensive manner through SGXNet and the Company maintains a corporate website at http://www.leaderet.com. The Company has engaged professionals to set up the Company's corporate website so that it can better communicate and engage with all stakeholders. The website will be updated regularly, and serve as an important resource for investors and stakeholders. The Company regularly reviews ways to enhance its corporate reporting process and the ease of access to information released.

DEALINGS IN SECURITIES

In compliance with Rule 1207(19) of the Listing Rules on best practices on dealing in securities, the Company has put in place an internal compliance policy which prohibits the directors, KMP of the Group and their connected persons from dealing in the Company's shares during the "black-out" period which is one month immediately preceding the release of half yearly results and full-year results.

CORPORATE GOVERNANCE REPORT

The Company has reminded its Directors and Executive Officers that it is an offence under the Securities and Futures Act 2001 for a listed issuer or its officers to deal in the listed issuer's securities as well as securities of other listed issuers when the officers are in possession of unpublished material price-sensitive information in relation to those securities. Directors and Executive Officers are reminded and expected to observe insider trading laws at all times even when dealing in securities within permitted trading periods. Employees who attend management committee meetings have to observe the "closed window" periods.

The Directors, Chief Executive Officer, Executive Officers and staff will continue to observe and comply with the code of conduct when dealing in the Company's securities after they have attended a training session on confidentiality obligations and insider training in the previous year.

The Directors and Executive Officers are discouraged from trading in the Company's securities based on short-term considerations. Any purchase and sale of the Company's shares, the Company secretary will be notified of any change in his interest in the Company's shares within two business days of the change. With the additional measures implemented, the Board confirms that, for FY2024, the Company has complied with Rule 1207(19) of the Listing Rules.

MATERIAL CONTRACTS

There are no material contracts entered into by the Group and Company and its subsidiaries during FY2024 or still subsisting as at 31 December 2024 which involved the interests of any of the Directors or controlling shareholders of the Group and Company except for the proposed disposal of the AIWater Group.

A summary of the proposed transaction is set out below:

(a) United Greentech, being a wholly-owned subsidiary of the Company, intends to dispose all its interests in AIWater and UG Water (being the AIWater Group) ("**Proposed Disposal**") to the Buyer for the aggregate consideration of RMB370 million (equivalent to approximately S$68.3 million).

(b) Prior to completion of the Proposed Disposal ("**Completion**"), the Buyer, WJL Holding Pte Ltd, 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%).

    Feynman is 50% held by each of Dr Lin and Ms Pan, who in turn hold Shares in the Company, comprising approximately 27.02% and 10.96% of its issued Shares, respectively. InnoVision SAL is the sole holder ("**Bondholder**") of redeemable zero-coupon convertible bonds in the aggregate principal amount of US$15 million issued by the Company ("**Bonds**").

(c) Subject to Completion, and to reward Shareholders and the Bondholder for their support, the Company proposes to make a proposed conditional aggregate distribution of the S$ equivalent of up to RMB248,650,294, based on the prevailing RMB:S$ conversion rate on the Capital Reduction Record Date (the "**Applicable Exchange Rate**") to Shareholders, which will amount to approximately S$0.03 for each Share held by the Shareholders or on their behalf as at the Capital Reduction Record Date (subject to any adjustments based on the Applicable Exchange Rate) based on the total number of 1,534,878,360 issued Shares ("**Proposed Distribution**") via a capital reduction exercise ("**Proposed Capital Reduction**"), and in connection with the Proposed Distribution, a sum of the S$ 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**").

    The aggregate amount to be paid to each Shareholder and the Bondholder pursuant to the Proposed Distribution and Relevant Payment will be based on the Applicable Exchange Rate as at the Capital Reduction Record Date.

CORPORATE GOVERNANCE REPORT

(d) For efficacy, the Company and United Greentech have entered into an agreement ("**Set Off Agreement**") with the Buyer, Dr Lin, Ms Pan, Feynman and InnoVision SAL to set out the parties' arrangements in relation to the Consideration. Under the Set Off Agreement, the Disposal Consideration 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 Distribution and Relevant Payment.

In this regard, the following will be implemented ("**Set Off Arrangements**"):

(i) The Consortium Members will subscribe for shares in the capital of the Consortium ("**Consortium Shares**") to fund the Disposal Consideration in cash, save that Feynman and InnoVision SAL will subscribe for their Consortium Shares by assigning and issuing (as the case may be) promissory notes (the "**Promissory Notes**").

(ii) The Consortium will assign its rights under the Promissory Notes to the Buyer (being a wholly-owned subsidiary of the Consortium).

(iii) At Completion, the Disposal Consideration payable by the Buyer to United Greentech will be satisfied by way of a combination of cash and by way of assignment of the Promissory Notes to United Greentech.

(iv) As at the Latest Practicable Date, United Greentech is in the process of a capital reduction exercise ("**UGH Capital Reduction**") to cancel such amount of the share capital of United Greentech, to write off the amount of the accumulated losses of United Greentech.

(v) At Completion, United Greentech will declare a dividend of the sum of RMB360.0 million payable to the Company, and pursuant to which, distribute the Promissory Notes in specie, to the Company in partial satisfaction of such dividend.

(vi) The Company will assign its rights under the Promissory Notes to each of Dr Lin, Ms Pan and InnoVision SAL, in satisfaction of their Entitlements pursuant to the Proposed Distribution and Relevant Payment, thereby constituting full and final discharge of the Company's obligations to Dr Lin, Ms Pan and InnoVision SAL vis-à-vis their Entitlements pursuant to the Proposed Distribution and Relevant Payment.

Completion under the AIWater SPA and the UG Water SPA will in turn take place contemporaneously on the same day, and the Proposed Capital Reduction and the UGH Capital Reduction shall also take effect on the same day. The Company will convene an extraordinary general meeting ("**EGM**") to seek independent shareholders' approval for the following proposals:

(a) the Proposed Disposal as an ordinary resolution; and

(b) the capital reduction exercise to be undertaken by the Company pursuant to Section 78A read with Section 78C of the Companies Act (the "**Proposed Capital Reduction**") to return to Shareholders approximately S$0.03, subject to any adjustments based on the Applicable Exchange Rate, in cash for each Share held by Shareholders or on their behalf as at the Capital Reduction Record Date, amounting to an aggregate distribution of the S$ equivalent of up to RMB248,650,294, based on the Applicable Exchange Rate (the "**Proposed Distribution**"), as a special resolution.

The ordinary resolution for the Proposed Disposal and the special resolution for the Proposed Capital Reduction will be inter-conditional upon one another. This means that if one resolution is not approved, the other resolution will not be passed.

CORPORATE GOVERNANCE REPORT

On 2 April 2025, the Company obtained clearance from SGX-ST on the circular. On 7 April 2025, the Company had dispatched the Notice of EGM, Proxy Forms and the Circular to shareholders for the EGM to be convened on 29 April 2025. The EGM will be held physically at Novotel Singapore on Stevens, Draco Room, 28 Stevens Road, Singapore 257878 (or as soon thereafter following the conclusion of the AGM of the Company to be held on the same day and at the same place).

INTERESTED PERSON TRANSACTIONS

The Board meets quarterly to review whether there will be any interested person transactions to be entered. If the Company is intending to enter into an interested person transaction, the AC and the Board will ensure that the transaction is carried out fairly and at arm's length based on normal commercial terms and will not be prejudicial to the interest of the Company and its non-controlling shareholders. IPT declarations are also signed off by the board of directors on a bi-annual basis.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST. There are no interested person transactions entered into by the Group during FY2024 under review in accordance with Rule 907 of the Listing Rules except for the disposal of AIWater Group as described under "**Material Contracts**" in the preceding section.

USE OF CONVERTIBLE BOND ("CB") PROCEEDS

The use of the net proceeds from the CB issued in 2023 are as follows:

Balance of CB as at 1 January 2024	13,721
95% of the net proceeds earmarked for business investments and acquisitions of environmental related business	
Advance to membrane business segment	(850)
Capital injection into membrane business segment	(1,334)
Capital injection into AIWater	(1,373)
Capital injection into sludge business segment	(108)
Cost relating to the demonstration sludge treatment plant	(2,873)
Investment in equipment for oil sludge business segment	(393)
Total disbursements	(6,931)
Balance of CB as at 31 December 2024	6,790

DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2024 and the statement of financial position of the Company as at 31 December 2024.

In the opinion of the directors,

(a) the accompanying financial statements of the Group and of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, having regards to the information as disclosed in Note 2(a) to the financial statements, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Name of directors

The directors of the Company in office at the date of this statement are:

Ngoo Lin Fong (Executive Chairman)
Lim Kuan Meng
Lee Suan Hiang
Dr Ng Wun Jern (appointed on 26 February 2024)
Zhao Fu (appointed on 1 August 2024)
Ng Sook Zhen (appointed on 1 August 2024)

Arrangements to enable directors to acquire benefits by means of the acquisition of shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed in this statement.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Number of ordinary shares					
	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
	As at 1.1.2024	As at 31.12.2024	As at 21.1.2025	As at 1.1.2024	As at 31.12.2024	As at 21.1.2025
The Company – Leader Environmental Technologies Limited						
Dr Lin Yucheng	414,779,500	**414,779,500**	**414,779,500**	–	**–**	**–**
Ngoo Lin Fong	18,717,000	**18,717,000**	**18,717,000**	–	**–**	**–**
Lee Suan Hiang	5,000,000	**5,000,000**	**5,000,000**	3,000,000	**3,000,000**	**3,000,000**

By virtue of the provisions of Section 7 of the Act, Dr Lin Yucheng is deemed to have interests in the whole of the share capital of the wholly-owned subsidiaries of Leader Environmental Technologies Limited. Dr Lin Yucheng retired from the Board on 1 February 2025 and remains in the Group as Emeritus Chairman and Senior Advisor.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

Share options

The Company's Leader Environmental Technologies Share Option Scheme (the "Scheme") was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 23 December 2021.

The Scheme is administered by the Remuneration Committee (the "Committee"), comprising five directors, and are as follows:

Dr Ng Wun Jern (Chairman) (appointed on 26 February 2024)
Lim Kuan Meng
Lee Suan Hiang
Zhao Fu (appointed on 1 August 2024)
Ng Sook Zhen (appointed on 1 August 2024)

The Scheme aims to strengthen the Company's competitiveness in attracting, retaining and motivating talented key senior management and senior executives, to reward good performance and sustainable growth, and to align the interests of participants and shareholders.

Under the Scheme, the ordinary shares of the Company (the "Shares") under option may be exercised in full or a multiple thereof, on the payment of the exercise price. Under the Scheme, there are no fixed periods for the grant of options. As such, offers for the grant of options may be made at any time from time to time at the discretion of the Committee. The Scheme shall continue in operation at the discretion of the Committee, subject to a maximum duration of 10 years and may be continued for any further period thereafter with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities may then be required.

Unissued shares under option

The exercise price is based on the price that is equivalent to the Market Price for the Independent Non-Executive Directors; and a price that is set at a discount to the Market Price for the employees and Executive Director (formerly also the Finance Director) of the Company at a 20% discount to price which is equal to the average of the last dealt Market Price. The option period for the employees is 10 years from the grant date and for the Independent Non-Executive Directors of the Company is 5 years from the grant date. Options granted will lapse when the option holder ceases to be a full-time employee or director of the Company or any company in the Group subject to certain exceptions at the discretion of the Committee. The consideration upon the acceptance of the letter of offer for the options is SGD1.00.

Details of the options granted to the directors during the financial year are as follows:

Name of director	Options granted during the financial year ended 31.12.2024	Aggregate options granted since commencement of the Scheme to 31.12.2024	Aggregate options exercised since commencement of the Scheme to 31.12.2024	Aggregate options forfeited since commencement of the Scheme to 31.12.2024	Aggregate options outstanding as at 31.12.2024
Ngoo Lin Fong	–	4,000,000	–	–	4,000,000
Lim Kuan Meng	–	600,000	–	–	600,000
Lee Suan Hiang	–	600,000	–	–	600,000
Mak Yen-Chen Andrew*	–	600,000	–	(600,000)	–

* retired on 29 April 2024

DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

Share options (Cont'd)

Unissued shares under option (Cont'd)

The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company.

Since commencement of the Scheme, there have been no options granted to controlling shareholders of the Company and their associates (as defined in the SGX Listing Manual).

No participants under the Scheme have received 5% or more of the total number of options available under the Scheme since its commencement, other than Ngoo Lin Fong as disclosed above.

Details of the options granted under the Scheme on unissued ordinary shares of the Company at the end of the financial year are as follows:

	Date of options granted	Balance at 1.1.2024	Granted/ (forfeited) during the year	Balance at 31.12.2024	Exercise price per share SGD	Number of option holders at 31.12.2024	Exercisable period
Tranche 1[1]	4 March 2022	11,100,000	(100,000)	11,000,000	0.052	14	4 March 2024 to 4 March 2032
Tranche 2	4 March 2022	750,000	(250,000)	500,000	0.065	2	4 March 2024 to 4 March 2027
		11,850,000	(350,000)	11,500,000			
Tranche 1[1]	13 March 2023	15,000,000	(500,000)	14,500,000	0.058	18	13 March 2025 to 13 March 2033
Tranche 2	13 March 2023	1,050,000	(350,000)	700,000	0.072	2	13 March 2024 to 13 March 2028
		16,050,000	(850,000)	15,200,000			
	Total	27,900,000	(1,200,000)	26,700,000			

[1] A total of 6.0 million share options were granted to the Chief Executive Officer, Mr Li Li, under Tranche 1, of which 3.0 million share options on 4 March 2022 and 3.0 million share options on 13 March 2023.

Particulars of the options granted in 2023 under the Scheme were stated in the Directors' Statement for the previous financial year ended 31 December 2023.

No shares were issued by virtue of the exercise of options to take up unissued shares of the subsidiaries during the financial year. There were no unissued shares of the subsidiaries under option at the end of the financial year.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

Audit committee

The Audit Committee during the financial year and at the date of this statement comprises the following members, all of whom are independent and non-executive directors of the Company:

Lim Kuan Meng (Chairman)
Lee Suan Hiang
Dr Ng Wun Jern (appointed on 26 February 2024)
Zhao Fu (appointed on 1 August 2024)
Ng Sook Zhen (appointed on 1 August 2024)

The Audit Committee performs the functions set out in Section 201B(5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the adequacy and effectiveness of the Company's internal control systems, including financial, operational, compliance and information technology internal controls via reviews carried out by the internal auditors;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the periodic financial information and the statement of financial position of the Company as at 31 December 2024 and the consolidated financial statements of the Group for the financial year ended 31 December 2024 as well as the independent auditor's report thereon; and

(iv) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer, and the internal and external auditors, to attend its meetings.

The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees. The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the external auditor, Foo Kon Tan LLP, is to be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Committee are provided in the "Corporate Governance Report" section of the annual report.

In appointing our auditors for the Company, the subsidiaries and the significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....

NGOO LIN FONG

....

LIM KUAN MENG

Dated: 21 March 2025

INDEPENDENT AUDITOR'S REPORT

To the members of Leader Environmental Technologies Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Leader Environmental Technologies Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statement, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

To the members of Leader Environmental Technologies Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	**Our responses and work performed**
<u>Revenue recognition for contracts</u> The Group is primarily involved in the business of design and installation of environmental protection systems, primarily for sludge and wastewater treatments. Engineering revenue from continuing operations was approximately 18% (2023 – 81%) and treatment and operation and maintenance ("O&M") services revenue from discontinued operations was approximately 70% (2023 – 16%) of the Group's revenue for the year ended 31 December 2024. We focused on the accuracy and timing of revenue for the technical services rendered including O&M services. The Group also supplies equipment upon configuration for use in specific projects which involves significant management judgement and use of estimates. The Group's disclosures of material accounting policy information which relates to revenue recognition, contract assets and contract liabilities used by management are included in Notes 2(f) and 7 to the financial statements. We have identified revenue recognition for engineering revenue and technical services rendered including O&M services as a KAM under SSA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, and because the Group operates in engineering and project-based industry, which is more susceptible to misstatement.	Our procedures are designed to assess the recognition of engineering, treatment and operation and maintenance services. These procedures included, amongst others: – we obtained an understanding of on-going contracts through discussions with management and examination of contract documentation; – we reviewed and evaluated the material accounting policy on revenue recognition, taking into account the performance obligations stipulated in the sales transactions; – we performed walkthroughs of the revenue control process, and performed test of details for all major projects due to the extent of the projects carried out; – we compared the contract revenue against the estimated contract costs to determine project profit for the supply of equipment for the specific project, where payment is made upon delivery of goods, if any; – we evaluated the competency, capabilities and objectivity of management's expert (i.e. in-house engineers) with reference to past experience; – we reconciled confirmed accounts receivable balances to contract assets; and – we considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates.

INDEPENDENT AUDITOR'S REPORT

To the members of Leader Environmental Technologies Limited

Key Audit Matters (Cont'd)

Key audit matters	**Our responses and work performed**
Impairment of contract assets In so far as to the contract assets, the credit risk exposure is limited to the residual amount as disclosed in Note 7. The Group has contract assets (net of expected credit losses) of RMB11.5 million (2023 – RMB53.8 million) (Note 7). The Group's contract assets are subject to credit risk which involve significant judgement and accounting estimates used in determining the recoverability and expected credit losses ("ECL") as disclosed in Note 2(e) to the financial statements. The Group's disclosures of impairment of contract assets and the material accounting policy information are included in Notes 2(f) and 7 to the financial statements.	Our review of the impairment assessment included the following procedures, amongst others: – we circularised confirmations for significant contract assets as to the extent of work; – we performed alternative procedures by checking to subsequent invoices and to receipts for confirmations not received; – we discussed with management regarding the recoverability of contract assets, along with the consistency and appropriateness with reference to cash flows from contract assets. Amongst others, we have considered the Group's previous experience of the individual counterparty credit risk in light of current economic conditions; – we tested these balances on a sample basis through agreement to post period end invoicing, post period end cash receipt or agreement to the terms of the contract in place, as appropriate; – we considered the consistency of judgements regarding the recoverability of contract assets made year on year through discussion with management on their rationale and obtaining evidence to support judgement areas; and – we considered the adequacy of the disclosures in relation to contract assets in the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of Leader Environmental Technologies Limited

Key Audit Matters (Cont'd)

Key audit matters	**Our responses and work performed**
Impairment assessment of property, plant and equipment (including right-of-use assets) The carrying amount of the property, plant and equipment (including right-of-use assets) of the Group as at 31 December 2024 was RMB71.8 million (2023 – RMB75.6 million) (Note 3) and represented 85% (2023 – 95%) of total non-current assets of the Group. The Group reported losses before taxation from continuing operations of RMB61.1 million (2023 – RMB44.7 million) and losses net of taxation from discontinued operations of RMB3.9 million (2023 – RMB8.0 million) for the financial year ended 31 December 2024 caused by the uncertain global economic environment. There is a higher inherent risk relating to the impairment of non-financial assets. Management judgement is involved in the identification of any impairment indicators or indications for reversal of impairment losses recognised in prior period as well as the assessment of the recoverable amounts of these assets. The management has determined the recoverable amounts of these non-financial assets at the higher of value-in-use and fair value less costs of disposal. The estimated fair value of leasehold land and building and leasehold improvements was based on selling price of comparable properties in similar locations adjusted for property size and costs of disposal and the fair value of machinery and equipment was based on depreciated replacement cost approach (Note 3). We have determined the impairment assessment of property, plant and equipment to be a key audit matter as the impairment assessment involved significant judgements and critical assumptions applied by management in their assessment of the recoverable amounts of property, plant and equipment (including right-of-use assets). The Group's disclosures of property, plant and equipment (including right-of-use assets) and the critical accounting estimates, assumptions and judgements used by management are included in Notes 2(e) and 3 to the financial statements.	Our review of the impairment assessment included the following procedures, amongst others: – we have assessed the appropriateness of the management's identification of cash-generating unit ("CGU") and impairment indicators of assets of the respective subsidiaries; – we evaluated the reasonableness of management's key assumptions underlying the fair value less costs of disposal such as market comparable information; – we assessed and evaluated whether the management's expert has the necessary competence, capability and objectivity for the required purposes; – we reviewed the auditor's expert in assessing the appropriateness of the valuation methodologies, assumptions and reasonableness of estimates used by the management's expert; – we performed sensitivity analysis over the assumptions, estimates and its measurement against source data and appropriate external sources, where appropriate; – we assessed the competency, capability and objectivity of the auditor's expert; and – we also considered the adequacy of the Group's disclosures made to the financial statements in relation to the impairment of property, plant and equipment and right-of-use assets.

INDEPENDENT AUDITOR'S REPORT

To the members of Leader Environmental Technologies Limited

Key Audit Matters (Cont'd)

<table>
<tr><th>Key audit matters</th><th>Our responses and work performed</th></tr>
<tr><td>
<u>Classification and carrying amount of disposal group held-for-sale and discontinued operations</u>

– <u>Disposal group classified as held-for-sale and discontinued operations</u>

In September 2024, the board of directors approved the proposed disposal of AIWater Group. As disclosed in Note 12 to the financial statements, the Company announced on 12 November 2024 that it has entered into a non-binding termsheet for the proposed disposal of AIWater Group on that day. The Company further announced on 13 January 2025 that its wholly-owned subsidiary, United Greentech Holdings Pte. Ltd. has entered into Sale and Purchase Agreements ("SPAs") with the Buyer for the proposed disposal of AIWater Group for an aggregate consideration of RMB370 million.

We focused on the accounting treatment of disposal group classified as held-for-sale (Note 12) as at 31 December 2024 and the presentation of the AIWater Group's operations regarded as discontinued operations for the financial year ended 31 December 2024 due to the significant judgement involved in determining whether the criteria of SFRS(I) 105 – Non-current Assets Held for Sale and Discontinued Operations were met as at the reporting date.

The classification of a disposal group as held-for-sale requires management to make significant judgements and assumptions, particularly around the likelihood and timing of the sale, and whether the disposal group is available for immediate sale in its present condition.

The AIWater Group is considered to be a component of the Group as its operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entities in the Group. The operating results are regularly reported and reviewed by the chief of decision making.

We considered this area to be a key audit matter as there is significant judgement involved in classifying the disposal group held-for-sale as at the reporting date and the financial results of the AIWater Group is presented as discontinued operations for the financial year ended 31 December 2024.
</td><td>
Our review of the classification and carrying amount of disposal group held-for-sale and discontinued operations included the following procedures, amongst others:

– we obtained and reviewed the salient terms of the termsheet, SPAs and reviewed the minutes of Directors' meetings in relation to the proposed disposal of the AIWater Group;

– we reviewed the process over related and interested party transactions to ensure they were appropriately authorised and disclosed;

– we held discussions with the management and assessed the criteria applied by the management in the classification of the AIWater Group as disposal group held-for-sale as at the reporting date:

  – we evaluated the management's assessment of whether the sale is highly probable and the likelihood of completing the sale within one year;

  – we assessed whether the disposal group was available for immediate sale in its present condition and whether the necessary approvals to sell had been obtained;

– we assessed the criteria applied by the Group to present the results of the AIWater Group under discontinued operations; and

– we considered the adequacy of the disclosures in the financial statements regarding the disposal group held-for-sale and discontinued operations as to the key judgements and assumptions made by management.
</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT

To the members of Leader Environmental Technologies Limited

Key Audit Matters (Cont'd)

Key audit matters	**Our responses and work performed**
Classification and carrying amount of disposal group held-for-sale and discontinued operations (Cont'd) – Carrying amount of disposal group held-for-sale Included in the disposal group held-for-sale as at 31 December 2024 are: (i) plant and equipment (including right-of-use asset) and intangible assets totalled RMB15.4 million, representing 38% of assets of disposal group classified as held-for-sale (Note 12); and (ii) contract assets relating to work which had been carried out and services had been rendered but not yet billed of RMB11.5 million, representing 29% of assets of disposal group classified as held-for-sale (Note 12). We identified the carrying amount of these assets included in the assets of disposal group held-for-sale as a key audit matter because significant management's judgement and estimates were involved in assessing the recoverable amounts of the plant and equipment (including right-of-use assets) and intangible assets; and estimating the expected credit losses of the contract assets and trade and other receivables balances. The Group's disclosures of disposal group classified as held-for-sale and discontinued operations and the critical accounting judgements used by management are included in Notes 2(e) and 12 to the financial statements.	– we assessed the measurement of disposal group held-for-sale under SFRS(I) 5 at the lower of the carrying amount and fair value less costs of disposal; – we carried out the procedures as mentioned in the key audit matters for "Impairment of property, plant and equipment" and "Impairment of contract assets" as mentioned herein in this report; and – we considered the adequacy of the disclosures in the financial statements regarding the measurement of the disposal group held-for-sale.

INDEPENDENT AUDITOR'S REPORT

To the members of Leader Environmental Technologies Limited

Key Audit Matters (Cont'd)

Key audit matters	**Our responses and work performed**

Going concern
 	
The Group reported loss before taxation from continuing operations of RMB61.1 million (2023 – RMB44.7 million) and negative operating cash flows from operations of RMB30.5 million (2023 – RMB50.8 million) for the financial year ended 31 December 2024. As at 31 December 2024, the Group and the Company has net current liabilities of RMB14.8 million (2023 – RMB35.9 million) and RMB62.4 million (2023 – RMB24.6 million) respectively.
 	
The above conditions cast significant doubts about whether the Group has sufficient cash flows to meet its obligations as and when they fall due as well as to the current economic conditions in the PRC environment and the government initiatives in PRC. The mitigating factors include the following:
 	
(i) On 12 November 2024 and 13 January 2025, the Company announced that the Group intends to dispose of a major segment of business, AIWater Group (Notes 12 and 40) for an aggregate consideration of RMB370 million to interested parties.
 	
(ii) On 28 February 2025, the Company announced that the Company has proposed to make a conditional aggregate distribution of up to RMB248.7 million via a capital reduction exercise and a sum of up to RMB34.7 million will be payable to the Bondholder pursuant to the terms and conditions of the convertible bonds (Note 19).
 	
(iii) As announced by the Company on 28 February 2025, the Company expects the completion of the disposal of the AIWater Group to record an estimated net gain of approximately RMB318.1 million for the financial year ending 31 December 2025. The gain on disposal is derived by deducting the net asset value of the AIWater Group of entities as at 31 December 2024 against the net sales proceeds to be received by the Group.
	Our review of the going concern included the following procedures, amongst others:
	
	– we understand that the Company has submitted the circular in relation to the disposal of the AIWater Group to SGX on 28 February 2025. In so far as the circular is concerned, based on our enquiry with management, we have not been made aware of any matters which management may express concern over the approval process;
	
	– we obtained the confirmation dated 27 February 2025 duly signed by the Bondholder for the extension option of its convertible bonds ("CB") totalling RMB91.0 million as at 31 December 2024. The original maturity dates of both CB tranches which were 3 March 2026 and 31 July 2026 are now extended to final maturity dates of 3 March 2028 and 31 July 2028 respectively;
	
	– we considered the reasonableness of the key assumptions used in the 15-month cash flows forecast of the Group which the cash flows are mainly forecasted to be generated by the sludge business and considering opportunities for its membrane businesses;
	
	– we held discussions with the management and challenged the revenue assumptions, which included the following:
	
	  – assessed the reasonableness of the Group's forecasted revenue;
	
	  – agreed a secured sales value of RMB30 million to the signed Memorandum of Understanding ("MOU");
	
	– we challenged the assumptions as to the costs within the forecast, with reference to previous costs incurred in operations;

INDEPENDENT AUDITOR'S REPORT

To the members of Leader Environmental Technologies Limited

Key Audit Matters (Cont'd)

Key audit matters	**Our responses and work performed**
Going concern (Cont'd) (iv) The management of the Group has undertaken to revamp the business model to focus on the provision of technical services, including O&M services which the Group expects to limit cashflows requirements for its sludge treatment operations. In assessing whether the financial statements should be prepared on the going concern basis, the directors are required to consider all available information about the future for a period of at least 12 months from the date of approval of the financial statements. In conducting their assessment, the directors are of the view that it is appropriate to prepare the Group's financial statements on a going concern as the Group will be able to generate sufficient cash flows from its remaining operations in sludge and opportunities for membrane businesses to finance its operations and to meet its financial obligations as and when they fall due over this 12 month period. The directors have reflected in the forecasts to take into account, the proposed disposal of the AIWater Group, when materialised, and the conditional distribution payout to shareholders and Bondholder (Note 40). As at the date of this report, the proposed disposal of the AIWater Group is subject to the shareholders' approval. The management is of the view that the disposal of AIWater Group is highly probable. There is significant judgement and estimates involved in the directors' assessment to the length of time over which the impact on financial performance and cash inflows of its remaining sludge and membrane businesses might be realised. We identified a key audit matter related to going concern due to the significant judgements involved in assessing the going concern. The Group's disclosures on going concern are included in Note 2(a) to the financial statements.	– we challenged the reasonableness of the scenario analysis performed by management and stress tested the scenarios with reference to the revenue and cost assumptions, including the timing of the proceeds from the proposed disposal of the AIWater Group; and – we also considered the adequacy of the Group's disclosures made to the financial statements in relation to going concern basis.

INDEPENDENT AUDITOR'S REPORT

To the members of Leader Environmental Technologies Limited

Key Audit Matters (Cont'd)

Key audit matters	**Our responses and work performed**
Impairment of investment in subsidiaries As at 31 December 2024, the Company has investment in subsidiaries of RMB108.5 million (2023 – RMB112.7 million). Investment in subsidiaries are tested for impairment whenever there are events or changes in circumstances indicating that the carrying amount may not be recoverable. An impairment loss of RMB25.0 million (2023 – RMB15.8 million) has been recognised for the year ended 31 December 2024 as the carrying amounts of certain investment in subsidiaries exceeded its recoverable amount. The recoverable amounts of the investment in subsidiaries are estimated using the "fair value less costs of disposal" or "value-in-use" approach as appropriate. We have identified the impairment assessment of investment in subsidiaries as key audit mater as management's impairment assessment involves significant judgement and estimates. The Company's disclosures for impairment of investment in subsidiaries and the critical accounting estimates, assumptions and judgements used by management are included in Notes 2(e) and 5 to the financial statements.	Our review of the impairment assessment of investment in subsidiaries of the Company included the following procedures, amongst others: – we reviewed for indications of impairment for the investments in subsidiaries; – we assessed if the recoverable amount of investment in subsidiaries is measured as the higher of "fair value less costs of disposal" and "value-in-use"; – we assessed the competency, capability and objectivity of the management's expert and appropriateness of the valuation methodologies, assumptions and reasonableness of estimates used by the management's expert; and – we assessed the adequacy of the related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of Leader Environmental Technologies Limited

Key Audit Matters (Cont'd)

Key audit matters	**Our responses and work performed**
Valuation of foreign currency convertible bonds ("Bonds") The Company issued foreign currency convertible bonds ("Bonds") for USD15 million at SGD0.10 per conversion share not exceeding 214.26 million shares to be converted in the financial year ended 31 December 2023. Prior to three year period on the issuance date with another two years of extension period, the Company cannot redeem the bonds which attract a yield to maturity of 8% per annum compounded annually. The said bonds are classified as a financial liability as it fails the "fixed-for-fixed" criteria and have embedded derivative component recognised separately from the host liability. Management has accounted for the bonds where the proceeds are allocated between the embedded derivative component and the host liability component. The embedded derivatives which comprise equity conversion option and extension option, are recognised at its fair value. The host liability component is recognised as the difference between total proceeds and the fair value of the embedded derivatives. The valuations of the bonds are carried out by an independent third party valuer, Cushman & Wakefield VHS Pte. Ltd. ("management expert"). We have identified the valuation of the bonds as a Key Audit Matter as it involves significant estimation uncertainty arising from unobservable inputs in the valuations which could result in material misstatement. The Group's disclosures of convertible bonds and the critical accounting estimates and assumptions used by the management are included in Notes 2(e) and 19 to the financial statements.	Our review of the value of bonds of the Company included the following procedures, amongst others: – we evaluated the competence, capabilities and objectivity of management expert; – we obtained an understanding of the work of management expert and evaluated the appropriateness of that management expert's work by involving our own valuation expert as audit evidence for the relevant assertion; – we evaluated whether our auditor expert has the necessary competence, capabilities and objectivity for our purpose; and – we have assessed the adequacy of the Group's disclosures relating to the assumptions and key estimates used in determining the fair value of the embedded derivative component of the convertible bonds using the Binomial Option Pricing Model.

INDEPENDENT AUDITOR'S REPORT

To the members of Leader Environmental Technologies Limited

Other information

Management is responsible for the other information. The other information comprises the "Directors' Statement", "Chairman's Statement", "Corporate Governance Report", "Operations and Financial Review" and "Financial Highlights" sections of the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of Leader Environmental Technologies Limited

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

To the members of Leader Environmental Technologies Limited

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Teo Soo Chuen.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 21 March 2025

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2024

	Note	The Group 2024 RMB'000	The Group 2023 RMB'000 (Restated)	The Company 2024 RMB'000	The Company 2023 RMB'000 (Restated)
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	**71,759**	75,577	**18,387**	11,464
Intangible assets	4	**1,287**	4,282	**–**	–
Investment in subsidiaries	5	**–**	–	**108,521**	112,652
Investment in associates	6	**11,556**	–	**–**	–
		84,602	79,859	**126,908**	124,116
Current Assets					
Contract assets	7	**11,494**	53,789	**–**	–
Inventories	8	**6,358**	6,504	**–**	–
Trade and other receivables	9	**14,164**	15,209	**22,897**	15,313
Prepayments	10	**404**	580	**54**	46
Cash and bank balances	11	**50,007**	98,505	**20,562**	68,244
		82,427	174,587	**43,513**	83,603
Assets of disposal group classified as held-for-sale	12	**39,977**	–	**–**	–
		122,404	174,587	**43,513**	83,603
Total assets		**207,006**	254,446	**170,421**	207,719
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	13	**375,049**	375,049	**375,049**	375,049
PRC statutory common reserve	14	**1,168**	1,168	**–**	–
Merger reserve	15	**–**	–	**–**	–
Currency translation reserve	16	**2,484**	2,573	**–**	–
Share option reserve	30	**4,102**	2,636	**4,102**	2,636
Capital reserves	17	**–**	–	**–**	–
Accumulated losses		**(360,883)**	(303,194)	**(324,470)**	(278,121)
Equity attributable to owners of the Company		**21,920**	78,232	**54,681**	99,564
Non-controlling interests		**16,718**	14,504	**–**	–
Total equity		**38,638**	92,736	**54,681**	99,564
Non-Current Liabilities					
Bank borrowings	18	**18,936**	21,879	**–**	–
Lease liabilities	20	**1,031**	425	**535**	–
Provision for restoration costs	21	**529**	518	**–**	–
Other liabilities	24	**9,493**	238	**9,324**	–
Deferred tax liabilities	22	**1,214**	–	**–**	–
		31,203	23,060	**9,859**	–
Current Liabilities					
Bank borrowings	18	**7,376**	6,610	**–**	–
Convertible bonds	19	**90,981**	88,800	**90,981**	88,800
Lease liabilities	20	**827**	1,388	**367**	132
Contract liabilities	7	**469**	–	**–**	–
Trade and other payables	23	**8,850**	10,809	**12,665**	17,641
Other liabilities	24	**17,911**	26,970	**1,868**	1,582
Income tax payable		**–**	4,073	**–**	–
		126,414	138,650	**105,881**	108,155
Liabilities directly associated with disposal group classified as held-for-sale	12	**10,751**	–	**–**	–
		137,165	138,650	**105,881**	108,155
Total liabilities		**168,368**	161,710	**115,740**	108,155
Total equity and liabilities		**207,006**	254,446	**170,421**	207,719

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2024

The Group	Note	2024 RMB'000	2023 RMB'000
Continuing operations			
Revenue	25	**7,028**	27,075
Cost of sales		**(5,264)**	(20,921)
Gross profit		**1,764**	6,154
Finance income	26(a)	**1,641**	1,544
Other income	26(b)	**297**	1,179
Fair value gain of embedded derivatives on convertible bonds	26(e)	**13,629**	22,005
Selling and distribution expenses		**(621)**	(885)
Administrative expenses	26(c)	**(39,598)**	(41,941)
Impairment loss on financial assets and contract assets, net	26(e)	**(21,270)**	(16,619)
Finance costs	26(a)	**(14,502)**	(8,609)
Other expenses	26(d)	**(2,799)**	(6,740)
Share of results of associates, net of tax	6	**349**	(812)
Loss from continuing operations, before taxation	26(e)	**(61,110)**	(44,724)
Taxation	27	**2,837**	(298)
Loss from continuing operations, net of taxation		**(58,273)**	(45,022)
Loss from discontinued operations, net of taxation	12	**(3,865)**	(7,994)
Loss for the year		**(62,138)**	(53,016)
Other comprehensive (loss)/income after taxation			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**(89)**	923
Items that will not be reclassified subsequently to profit or loss			
Currency translation differences	16	**(44)**	576
Other comprehensive (loss)/income after taxation	16	**(133)**	1,499
Total comprehensive loss for the year		**(62,271)**	(51,517)
Loss attributable to:			
Owners of the Company		**(57,689)**	(41,806)
Non-controlling interests		**(4,449)**	(11,210)
		(62,138)	(53,016)
Total comprehensive loss attributable to:			
Owners of the Company		**(57,778)**	(40,883)
Non-controlling interests		**(4,493)**	(10,634)
		(62,271)	(51,517)
Loss per share			
Continuing operations			
– Basic (RMB cents)	28	**(3.475)**	(2.359)
– Diluted (RMB cents)	28	**(3.475)**	(2.941)
Discontinued operations			
– Basic (RMB cents)	28	**(0.284)**	(0.365)
– Diluted (RMB cents)	28	**(0.284)**	(0.365)
Continuing and discontinued operations			
– Basic (RMB cents)	28	**(3.759)**	(2.724)
– Diluted (RMB cents)	28	**(3.759)**	(3.261)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2024

	Attributable to owners of the Company									
The Group	**Share capital RMB'000**	**PRC statutory common reserve RMB'000**	**Merger reserve RMB'000**	**Currency translation reserve RMB'000**	**Share option reserve RMB'000**	**Capital reserves RMB'000**	**Accumulated losses RMB'000**	**Total attributable to owners the Company RMB'000**	**Non-controlling interests RMB'000**	**Total equity RMB'000**
At 1 January 2023	375,049	32,917	(454)	1,650	663	21	(291,739)	118,107	20,742	138,849
Loss for the year	–	–	–	–	–	–	(41,806)	(41,806)	(11,210)	(53,016)
Other comprehensive income	–	–	–	923	–	–	–	923	576	1,499
Total comprehensive income/(loss) for the year	–	–	–	923	–	–	(41,806)	(40,883)	(10,634)	(51,517)
Capital contributions from non-controlling shareholders of subsidiaries (Note 5)	–	–	–	–	–	–	–	–	3,942	3,942
Recognition of share-based payments (Note 30)	–	–	–	–	1,973	–	–	1,973	–	1,973
Increase of interest in a subsidiary [Note 5(a)]	–	–	–	–	–	–	(965)	(965)	965	–
Derecognition of non-controlling interest upon deregistration of a subsidiary	–	–	–	–	–	–	–	–	(511)	(511)
Reclassification of PRC statutory common reserve related to disposal of a subsidiary in PRC	–	(31,749)	454	–	–	(21)	31,316	–	–	–
Total transactions with owners	–	(31,749)	454	–	1,973	(21)	30,351	1,008	4,396	5,404
At 31 December 2023	**375,049**	**1,168**	**–**	**2,573**	**2,636**	**–**	**(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)**
Issuance of new shares to non-controlling interests of subsidiaries (Note 5)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,707**	**6,707**
Recognition of share-based payments (Note 30)	**–**	**–**	**–**	**–**	**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**	**–**	**2,484**	**4,102**	**–**	**(360,883)**	**21,920**	**16,718**	**38,638**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

The Group	Note	2024 RMB'000	2023 RMB'000
Cash Flows from Operating Activities			
Loss before taxation from continuing operations		**(61,110)**	(44,724)
Loss before taxation from discontinued operations	12(b)	**(2,071)**	(7,994)
Loss before taxation		**(63,181)**	(52,718)
Adjustments for:			
Depreciation of property, plant and equipment	3	**7,661**	7,895
Amortisation of intangible assets	4	**252**	252
Share-based payment expenses	30	**1,466**	1,973
Loss on dissolution of an associate	6	**–**	4
Loss on deregistration of a subsidiary	5(c)(ii)	**–**	76
Gain on disposal of a subsidiary	5(b)	**–**	(688)
Inventories written off	8	**236**	–
Property, plant and equipment written off	26(e)	**56**	24
Impairment loss on financial assets and contract assets, net	26(e)	**21,457**	16,619
Impairment loss on property, plant and equipment	3	**541**	6,535
Fair value gain of embedded derivatives on convertible bonds	19	**(13,629)**	(22,005)
Exchange loss on convertible bonds	19	**2,914**	544
Gain on early termination of lease liabilities	26(e)	**(52)**	(6)
Government grant income – amortised	24(a)	**(68)**	(33)
Share of results of associates, net of tax	6	**(349)**	812
Finance costs		**14,510**	8,620
Finance income		**(1,658)**	(1,583)
Operating loss before working capital changes		**(29,844)**	(33,679)
Decrease/(increase) in contract assets		**9,244**	(11,930)
Increase in inventories		**(825)**	(558)
Increase in trade and other receivables		**(4,999)**	(11,015)
Decrease/(increase) in prepayments		**31**	(442)
Decrease in contract liabilities		**469**	–
Increase in trade and other payables		**3,494**	8,718
Decrease in other liabilities		**(8,043)**	(1,837)
Cash used in operations		**(30,473)**	(50,743)
Income tax paid – net of tax refunds		**(22)**	(30)
Net cash used in operating activities		**(30,495)**	(50,773)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	A	**(11,770)**	(10,504)
Proceeds from government grant for property, plant and equipment	3(c)	**9,324**	332
Additions to intangible assets	4, B	**(1,303)**	(143)
Interest income received		**1,658**	1,448
Investment in associates	6	**(11,207)**	–
Proceeds from dissolution of an associate	6	**–**	5,000
Cash outflow arising from disposal of a subsidiary – net	5(b)	**–**	(202)
Net cash used in investing activities		**(13,298)**	(4,069)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

The Group	Note	2024 RMB'000	2023 RMB'000
Cash Flows from Financing Activities			
Capital contributions from non-controlling shareholders of subsidiaries	5	**6,707**	3,942
Proceeds from issuance of convertible bonds	C	**–**	105,787
Proceeds from bank borrowings	C	**4,538**	9,534
Repayments of bank borrowings	C	**(6,617)**	(10,853)
Repayments of lease liabilities	C	**(1,723)**	(1,771)
Return of capital contribution to non-controlling shareholder after deregistration of a subsidiary		**–**	(587)
Interest paid	C	**(1,476)**	(1,688)
Decrease/(increase) in bank deposits pledged	C	**364**	(972)
Increase in restricted cash	C	**(690)**	–
Net cash generated from financing activities		**1,103**	103,392
Net (decrease)/increase in cash and cash equivalents		**(42,690)**	48,550
Effect of foreign exchange rate changes on balances held in foreign currencies		**16**	(86)
Cash and cash equivalents at beginning of year		**91,767**	43,303
Cash and cash equivalents at end of year	11	**49,093**	91,767

NOTE:

A Property, plant and equipment and right-of-use assets

In financial year ended 31 December 2024, the Group acquired property, plant and equipment with an aggregate cost of RMB14,494,000 (2023 – RMB18,828,000) (Note 3).

There were non-cash additions of rights-of-use-assets of RMB865,000 (2023 – Nil) (Note 20) and outstanding balances of RMB1,859,000 (2023 – RMB3,067,000) and Nil (2023 – RMB5,257,000) payable to contractors of property, plant and equipment recorded under "Other payables" and "Other liabilities" respectively as at 31 December 2024.

The Group made cash payments of RMB11,770,000 (2023 – RMB10,504,000) to acquire property, plant and equipment.

B Intangible assets

In financial year ended 31 December 2024, the Group acquired intangible assets with an aggregate cost of RMB1,303,000 (2023 – RMB369,000) and there is no outstanding balance payable to supplier of intangible assets (2023 – RMB226,000) under "Other liabilities" as at the reporting date.

The Group made cash payments of RMB1,303,000 (2023 – RMB143,000) to acquire intangible assets.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

NOTE:

C Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of items for which cash flows have been, or would be, classified as financing activities, excluding equity items:

		Non-cash movements					Cash flows			
	1 January 2024 RMB'000	Addition during the year/transaction costs adjustments RMB'000	Fair value gain of embedded derivatives on convertible bonds RMB'000	Derecognition due to early termination of lease RMB'000	Foreign exchange movement RMB'000	Interest expense RMB'000	Interest paid RMB'000	Repayments/ pledged RMB'000	Proceeds RMB'000	31 December 2024 RMB'000
Bank borrowings	**28,489**	**–**	**–**	**–**	**(98)**	**1,476**	**(1,476)**	**(6,617)**	**4,538**	**26,312**
Convertible bonds	**88,800**	**–**	**(13,629)**	**–**	**2,914**	**12,896**	**–**	**–**	**–**	**90,981**
Lease liabilities	**1,813**	**2,657**	**–**	**(403)**	**–**	**119**	**–**	**(1,723)**	**–**	**2,463**
Bank deposits pledged	**(6,738)**				**18**			**364**		**(6,356)**
Restricted cash	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(690)**	**–**	**(690)**

		Non-cash movements					Cash flows			
	1 January 2023 RMB'000	Addition during the year/transaction costs adjustments RMB'000	Fair value gain of embedded derivatives on convertible bonds RMB'000	Derecognition due to early termination of lease/disposal of a subsidiary RMB'000	Foreign exchange movement RMB'000	Interest expense RMB'000	Interest paid RMB'000	Repayments/ pledged RMB'000	Proceeds RMB'000	31 December 2023 RMB'000
Bank borrowings	28,730	–	–	–	1,078	1,688	(1,688)	(10,853)	9,534	28,489
Convertible bonds	–	(2,294)	(22,005)	–	544	6,768	–	–	105,787	88,800
Lease liabilities	3,797	–	–	(365)	–	152	–	(1,771)	–	1,813
Bank deposits pledged	(5,604)	–	–	–	(162)	–	–	(972)	–	(6,738)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

1 GENERAL INFORMATION

The Company was incorporated as a limited liability company and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company is located at 38 Beach Road, #29-11 South Beach Tower, Singapore 189767, and the principal place of business of the Group is located at 41 Science Park Road, #04-11, The Gemini, Singapore 117610.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

The consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' statement.

2(a) GOING CONCERN

The Group reported loss before taxation from continuing operations of RMB61.1 million (2023 – RMB44.7 million) and negative operating cash flows from operations of RMB30.5 million (2023 – RMB50.8 million) for the financial year ended 31 December 2024. As at 31 December 2024, the Group and the Company has net current liabilities of RMB14.8 million (2023 – RMB35.9 million) and RMB62.4 million (2023 – RMB24.6 million) respectively. These conditions cast significant doubts as to whether the Group has sufficient cash flows to meet its obligations as and when they fall due.

The management has prepared a 15-month projected cashflows forecast from 1 January 2025 to review the appropriateness of the going concern and the directors are of the view that the use of going concern assumption to prepare the financial statements is appropriate on the following bases:

(a) the Company has submitted the circular in relation to the disposal of the AIWater Group to SGX on 28 February 2025. There are no matters which management may express concern over the approval process;

(b) the Company has received the duly signed confirmation dated 27 February 2025 from the Bondholder for the extension option of its convertible bonds ("CB") totalling RMB91.0 million as at 31 December 2024. The original maturity dates of both CB tranches which were 3 March 2026 and 31 July 2026 are now extended to final maturity dates of 3 March 2028 and 31 July 2028 respectively;

(c) the Company expects the completion of the disposal of the AIWater Group to record an estimated net gain of approximately RMB318.1 million for the financial year ending 31 December 2025. The gain on disposal is derived by deducting the net asset value of the AIWater Group of entities as at 31 December 2024 against the net sales proceeds to be received by the Group. The Group expects that the net proceeds from the disposal of AIWater business segment, if materialised, will be able to provide sufficient working capital to meet the requirements for its sludge and membrane business segments;

(d) the management of the Group has undertaken to revamp the business model to focus on the provision of technical services, including operation and maintenance services which the Group expects to limit cashflows requirements for its sludge treatment operations; redirecting its resources into its existing business segments, namely its core proprietary technologies such as continuous thermal hydrolysis and efficient energy recovery system in sludge treatment and membrane manufacturing businesses to generate cash flows sufficiently for its operations;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(a) GOING CONCERN (CONT'D)

(e) the impact on the government spending and general market sentiments in the PRC will have some constraints on cash flows where the timing of receipt will be longer than expected for which management of the Group will take steps to monitor closely collections from debtors; and

(f) 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.

In view of the foregoing, the management consider that it is appropriate to prepare the financial statements of the Group on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of the recorded assets, or the amounts and classification of liabilities that may be necessary.

2(b) BASIS OF PREPARATION

These financial statements have been prepared in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand ("RMB'000"), unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2(c) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2024

On 1 January 2024, the Group and the Company have adopted the new and amended SFRS(I), where applicable, that are mandatory for application for the current financial year. This includes the following:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to:		
SFRS(I) 1-1	*Classification of Liabilities as Current or Non-current*	1 January 2024
SFRS(I) 1-1	*Non-current Liabilities with Covenants*	1 January 2024
SFRS(I) 16	*Lease Liability in a Sale and Leaseback*	1 January 2024
SFRS(I) 1-7 and SFRS(I) 7	*Supplier Finance Arrangements*	1 January 2024

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(c) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2024 (CONT'D)

The adoption of these new and amended SFRS(I) did not result in substantial changes to the Group and the Company's accounting policies and had no material effect on the amounts or the disclosures reported for the current or prior financial years, except as discussed below:

Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

This resulted in a change in the accounting policy for the classification of liabilities that can be settled in a Group entity's own shares (e.g. convertible bonds issued by a Group entity). Previously, the Group ignored all counterparty conversion options when classifying the related liabilities as current or non-current. Under the new policy, when a liability includes a counterparty conversion option whereby the liability may be settled by a transfer of a Group entity's own shares, the Group takes into account the conversion option in classifying the host liability as current or non-current unless the option is classified as equity under SFRS(I) 1-32.

There is retrospective impact on the comparative statements of financial position, as the Company and the Group had outstanding convertible bonds as at 31 December 2023. The convertible bonds have conversion options that are classified as liabilities. As such, these convertible bonds are impacted by the revised policy. The related liabilities are classified as current at 31 December 2024 because the conversion option can be exercised by the bondholder within 12 months after the reporting period (in this case at any time) ie. the Company and the Group do not have the right to defer settlement for at least 12 months after the reporting date (see Note 19).

2(d) NEW AND REVISED SFRS(I) IN ISSUE BUT NOT YET EFFECTIVE

The following are the new or amended SFRS(I) issued that are not yet effective but may be early adopted for the current financial year, where applicable:

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 18	*Presentation and Disclosure in Financial Statements*	1 January 2027
SFRS(I) 19	*Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to:		
SFRS(I) 1-21, SFRS(I) 1	*Lack of Exchangeability*	1 January 2025
SFRS(I) 9, SFRS(I) 7	*Classification and Measurement of Financial Instruments*	1 January 2026
Various	*Annual Improvements to SFRS(I)s – Volume 11*	1 January 2026
SFRS(I) 9, SFRS(I) 7	*Contracts Referencing Nature – dependent Electricity*	1 January 2026
SFRS(I) 10, SFRS(I) 1-28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(d) NEW AND REVISED SFRS(I) IN ISSUE BUT NOT YET EFFECTIVE (CONT'D)

The directors expect that the adoption of the standards and amendments above, where applicable, will have no material impact on the financial statements in the period of initial application, except as disclosed below.

SFRS(I) 18 *Presentation and Disclosure in Financial Statements*

SFRS(I) 18 replaces SFRS(I) 1-1 *Presentation of Financial Statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users.

SFRS(I) 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. In particular, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations. In addition, SFRS(I) 18 requires disclosure of newly prescribed management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes to the financial statements.

Furthermore, narrow scope amendments are made to SFRS(I) 1-7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. There are also amendments to several other standards.

SFRS(I) 18, and the consequential amendments to the other standards, is effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted. SFRS(I) 18 is applied retrospectively with specific transition provisions.

It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the financial statements in the period of initial application.

2(e) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period in which the estimate is revised and in any future reporting periods affected.

The areas involving significant judgement and critical accounting estimates and assumptions used are described below.

Significant judgement used in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(e) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Significant judgement used in applying accounting policies (Cont'd)

Income tax (Notes 22 and 27)

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Disposal group classified as held-for-sale and discontinued operations (Note 12)

As at the reporting date, the directors are of the view that, other than being subject only to terms that are usual and customary for sale of such disposal group, the AIWater Group is available for immediate sale in its present condition and the proposed disposal is highly probable. The directors believed that the management has committed to a formal plan to the proposed disposal, and this plan has been approved by the board of directors in September 2024. The negotiations have reached to an advanced stage by the year-end where the salient terms of the proposed disposal are likely to materialise. The directors believed that there is a reasonable expectation that the transaction will be completed within the next 12 months.

The AIWater Group of operations is a major line of business that the Group reported under the AIWater segment's operating results, in so far as to the SGX announcements of financial results and in its financial statements. The operating results are regularly reported and reviewed by the chief of decision making. Following the proposed disposal of the AIWater Group classified as disposal group held-for-sale, the management has assessed and presented the financial results of the AIWater Group of entities as discontinued operations in the consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2024.

To the extent of all the criteria required under SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the management believed that they have met the conditions required to classify the proposed disposal as disposal group held-for-sale as at 31 December 2024 and reported as discontinued operations for the financial year ended 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(e) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Significant judgement used in applying accounting policies (Cont'd)

Control of UG Water Pte. Ltd. ("UG Water") and its wholly-own subsidiary, Xinwo AIWater (Hubei) Co., Ltd. ("Xinwo AI") (Note 5)

The Group determines if it has control, or not, over an investee based on whether the Group has the practical ability to direct the relevant activities significantly affecting the investee's returns. The Group owns 50% of the ownership interest and voting rights in UG Water and Xinwo AI. Management has determined that the Group has control over UG Water and Xinwo AI because the Group has the power to govern the financial and operating policies of these entities.

This control is primarily derived from the composition of the board of directors, where the Group is able to appoint a majority of members, thereby influencing key decisions. Additionally, the Group has the ability to direct and design the relevant activities, such as operational strategy and capital allocation, through existing shareholder agreements and contractual rights, giving the Group the practical ability to dictate the outcomes that significantly affect the returns of these entities.

Significant influence over an associate, Zhongsheng United Environmental Protection Equipment Manufacturing (Jiangsu) Co., Ltd. ("Zhongsheng") (Note 6)

The Group determines if it has significant influence, or not, over an investee based on whether the Group has the ability to participate in the financial and operating policy decisions of the investee without having control or joint control. The Group owns 50% of the ownership interest and voting rights in Zhongsheng. Management has determined that the Group has significant influence over Zhongsheng, rather than control, because it does not have the ability to unilaterally direct the relevant activities or policies of Zhongsheng. The Group's influence is exercised through its voting rights, which allow participation in key decisions, such as the appointment of directors and strategic direction, but without the power to dictate outcomes. There is no evidence of joint control or control by the Group over the day-to-day operations or financial policies of Zhongsheng.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

Impairment of property, plant and equipment (including right-of-use ("ROU") assets) (Note 3) and intangible assets (Note 4)

The Group and the Company assess annually whether property, plant and equipment (including the ROU assets) and intangible assets have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment, ROU assets and intangible assets have been determined based on the higher of the value-in-use of the asset and the fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the asset based on such estimates. The fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incidental costs for disposing of the asset. These calculations require the use of judgement and estimates.

The carrying amounts of the property, plant and equipment (including ROU assets) and intangible assets are disclosed in Notes 3 and 4 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(e) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (Cont'd)

Impairment of investment in subsidiaries (Note 5)

Investment in subsidiaries are tested for impairment when there are indicators that the carrying amounts may not be recoverable or indications that an impairment loss recognised in prior periods may no longer exist or may have decreased as at the end of the reporting period. Recoverable amount is defined as the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value-in-use.

Determining whether investment in subsidiaries are impaired require an estimation to the recoverable amounts of the investment in subsidiaries. The recoverable amounts of the investment in subsidiaries are estimated using the "fair value less costs of disposal" or "value-in-use" approach as appropriate. For fair value less costs of disposal approach, fair value is based on the revalued net assets of subsidiaries. In deriving the revalued net assets of these subsidiaries, the fair values of the underlying assets are estimated based on their expected selling prices and the fair values of the underlying liabilities are based on the estimated cash outflows to settle the obligations. For value-in-use approach, the value-in-use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not committed to or significant investors that will enhance the asset's performance. Management has evaluated the recoverability of the investment based on such estimates. The carrying amount of the Company's investment in subsidiaries is disclosed in Note 5 to the financial statements.

Expected credit losses (ECL) on contract assets, and trade and other receivables (Notes 7, 9, and 35.2)

As at 31 December 2024, the Group's contract assets amounted to RMB11,494,000 (2023 – RMB53,789,000) (Note 7) and trade and other receivables (excluding VAT and other tax receivables) amounted to RMB10,274,000 (2023 – RMB10,189,000) (Note 9).

Allowance for ECL on contract assets and trade and other receivables are based on assumptions about the risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past collection history, existing market conditions as well as forward-looking estimates at each reporting date. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information, where appropriate. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions.

The Group and the Company apply the 3-stage general approach to determine ECL for non-trade amounts due from external parties and related parties. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within twelve months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(e) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (Cont'd)

Expected credit losses (ECL) on contract assets, and trade and other receivables (Notes 7, 9, and 35.2) (Cont'd)

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately.

As at 31 December 2024, the expected credit losses model has been updated by reflecting the latest available macroeconomic outlook and identified bond default rate as the key indicators and inputs, where appropriate.

The carrying amount of the Group's and the Company's trade and other receivables and contract assets are disclosed in Note 9 and Note 7 respectively. As at the reporting date, the allowance for impairment for the Group's trade and other receivables totalled RMB0.2 million (2023 – RMB0.2 million) and RMB38.2 million (2023 – 16.9 million) for contract assets. The Group's and the Company's credit risk exposure for trade and other receivables and contract assets are set out in Note 35.2 to the financial statements.

If the adjusted loss rate used increased by 10%, the loss allowance for impairment on the Group's trade and other receivables and contract assets will be higher by RMB3,826,000 (2023 – RMB1,688,000).

Useful lives of property, plant and equipment and right-of-use ("ROU") assets (Note 3)

Property, plant and equipment and ROU assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment and ROU assets to be within 2 to 30 years. The carrying amounts of the Group's property, plant and equipment and ROU assets as at 31 December 2024 is RMB71,759,000 (2023 – RMB75,577,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. If the actual useful lives of the property, plant and equipment and ROU assets differ by 10% from management's estimates, the carrying amounts of the property, plant and equipment and ROU assets of the Group will be approximately RMB696,000 (2023 – RMB718,000) higher or RMB851,000 (2023 – RMB877,000) lower.

Estimation of the incremental borrowing rate ("IBR") (Notes 3 and 20)

For the purpose of calculating the ROU assets and the lease liabilities, an entity applies the interest rate implicit in the lease ("IRIIL") and, if the IRIIL is not readily determinable, the entity shall use its IBR applicable to the leased asset. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. For most of the leases whereby the Group is the lessee, the IRIIL is not readily determinable. Therefore, the Group estimates the IBR relevant to each leased asset by using observable inputs (such as market interest rate and asset yield) when available and then making certain lessee specific adjustments (such as a Group entity's credit rating). The carrying amount of the Group's ROU assets and lease liabilities are disclosed in Notes 3 and 20 respectively. An increase/decrease of 50 basis points in the estimated IBR will not lead to significant change in the carrying amount at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(e) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (Cont'd)

Fair value measurements and valuation processes

To the extent of fair value measurement of the convertible bonds for financial reporting purposes and for certain assets and liabilities of the Group, the Board of Directors of the Group uses their judgement in adopting appropriate valuation techniques for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied.

In relation to the valuation of the convertible bonds, management has classified and measured the convertible bonds as a hybrid financial liability instrument with embedded derivatives at fair value through profit or loss and accounted for the host liability at amortised cost.

In estimating fair value of an asset or a liability, the Group uses market-observable data to the extent it is available and engages third party qualified valuers to perform the valuation. The Group Financial Controller works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group Financial Controller reports the valuation findings to the Board of Directors of the Group at the end of each reporting period to explain the cause of fluctuations in the fair value of the assets and/or liabilities.

– Embedded derivatives on convertible bonds

  In relation to the convertible bonds, the Bondholder, InnoVision Super Aqua Limited is only entitled to exercise the right to convert the convertible bonds into new ordinary shares of the Company during a stipulated timeframe up till 3 years from the bonds' issuance date.

  The fair value of embedded derivatives on convertible bonds is measured at initial recognition and at the end of reporting period using the Binomial Option Pricing Model that incorporated certain unobservable market data, uncertainties in estimates and assumptions used by the directors of the Company. The said method required input of highly subjective assumptions in deriving inputs such as volatility rate and credit yield. Changes in subjective input assumptions could materially affect the fair value estimates.

– Host liability component of the convertible bonds

  The fair value of the convertible bonds (including the embedded derivatives) is determined using the Binomial Option Pricing Model that incorporated certain unobservable market data, uncertainties in estimates and assumptions used by the directors of the Company. The said method required input of highly subjective assumptions in deriving inputs such as volatility rate and credit yield. Changes in subjective input assumptions could materially affect the fair value estimates.

  The fair value of the host debt component of the convertible bonds is derived as the residual amount from the fair value of the convertible bonds (including the embedded derivatives) deducted by the fair values of embedded derivatives component of the convertible bonds. The amortised cost of the host debt component of the convertible bonds is based on fair value of the host liability at initial recognition, net of transaction costs.

  Details of the assumptions used are disclosed in Note 19 to the financial statements.

  The carrying amount of the convertible bonds of the Group and the Company is disclosed in Note 19 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(e) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (Cont'd)

Fair value measurements and valuation processes (Cont'd)

Sensitivity analysis regarding the key input estimates used in the valuation method is set out below:

Valuation technique	Input factor	Increase or decrease in estimate	Increase or decrease in fair value in embedded derivatives	
			2024	2023
Binomial Option Pricing Model	Volatility	+1%	–RMB143,000	+RMB712,000
		–1%	+RMB102,000	– RMB1,190,000
	Risk-free rate	+1%	–RMB63,000	+RMB459,000
		–1%	+RMB29,000	–RMB530,000
	Credit yield	+1%	+RMB1,576,000	–RMB519,000
		–1%	–RMB1,665,000	+RMB564,000

2(f) MATERIAL ACCOUNTING POLICY INFORMATION

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. Information on its subsidiaries is given in Note 5 to the financial statements.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill, if any) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Consolidation (Cont'd)

Where the Group has less than a majority of the voting rights of an investee, it has power over the investee where the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

– the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

– potential voting rights held by the Group, other vote holders or other parties;

– rights arising from other contractual arrangements; and

– any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

A change in the ownership interest

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill if any), and liabilities of the subsidiary and any non-controlling interest.

Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group. Business combination is accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether it includes, at a minimum, an input and substantive process, and whether the acquired set has the ability to produce outputs.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Consolidation (Cont'd)

Disposals

When a change in the Group's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost, and its fair value is recognised in profit or loss.

Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Investment in subsidiaries

A subsidiary is an entity controlled by the Group. The Group controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses on an individual subsidiary basis. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Associate

An associate is an entity over which the Group has significant influence and that is neither subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5.

Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Associate (Cont'd)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

If there is objective evidence that the Group's net investment in an associate is impaired, the requirements of SFRS(I) 1-36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment. When necessary, the entire carrying amount of the investment (including goodwill, if any) is tested for impairment in accordance with SFRS(I) 1-36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The Group applies SFRS(I) 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying SFRS(I) 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by SFRS(I) 1-28 *Investments in Associates and Joint Ventures* (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with SFRS(I) 1-28).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Intangible assets

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

Patents

Costs relating to patents are capitalised and amortised on a straight-line basis over their useful lives between 5 to 10 years.

Software development costs

Software development costs are accounted for using the cost model whereby capitalised costs will be amortised on a straight-line basis over their estimated useful lives of 10 years. During the financial year, the software development is in progress.

Capitalised costs that are directly attributable to the development phase are recognised as intangible assets provided that they met the following recognition requirements:

– demonstration of technical feasibility of the prospective product or processes for sale;

– intention to complete the intangible assets and use or sell it;

– ability to use or sell it;

– the intangible asset will generate probable economic benefits through sale;

– sufficient technical, financial and other resources are available for completion; and

– the intangible asset can be reliably measured.

Property, plant and equipment and right-of-use ("ROU") assets and depreciation

Property, plant and equipment and right-of-use ("ROU") assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed using the straight-line method to allocate the depreciable amount of the assets over their estimated useful lives as follows:

Leasehold land and building	20 years, based on lease period
Restoration cost capitalised	3 – 20 years, based on lease period
Leasehold improvements	3 – 10 years
Machinery and equipment	5 – 10 years
Motor vehicles	5 – 10 years
Office equipment	3 – 10 years
Office premises on leases	2 – 3 years, based on remaining lease period, whichever is shorter

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Property, plant and equipment and right-of-use ("ROU") assets and depreciation (Cont'd)

No depreciation is provided for construction-in-progress during the year.

The cost of property, plant and equipment and ROU assets includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment and ROU assets if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment and ROU assets that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided after the month of acquisition and to the month of disposal respectively. Fully depreciated property, plant and equipment and ROU assets are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

An item of property, plant and equipment and ROU assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

Right-of-use of assets under leasing arrangements are presented together with the owned assets of the same class in property, plant and equipment. Details of such leased assets are disclosed in Note 3 to the financial statements. See also accounting policy "Leases".

Leases

Where the Group is the lessee,

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- *Right-of-use ("ROU") assets*

  The Group recognises ROU assets and lease liabilities at the date which the underlying assets are available for use. ROU assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the ROU assets.

  The ROU assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease term. ROU assets are presented within "Property, plant and equipment".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Leases (Cont'd)

Where the Group is the lessee, (Cont'd)

- *Lease liabilities*

  The initial measurement of lease liabilities are measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

  Lease payments include the following:

  – Fixed payment (including in-substance fixed payments), less any lease incentives receivables;

  – Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;

  – Amount expected to be payable under residual value guarantees;

  – The exercise price of a purchase option if is reasonably certain to exercise the option; and

  – Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

  For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

  Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

  – There is a change in future lease payments arising from changes in an index or rate;

  – There is a change in the Group's assessment of whether it will exercise an extension option; or

  – There is modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liabilities are remeasured with a corresponding adjustment to the right-of-use assets or are recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

- *Short-term and low-value leases*

  The Group has elected to not recognise ROU assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low-value assets, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial assets

The Group classifies its financial assets at amortised cost. The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Amortised cost

These assets arise principally from the provision of services to customers (eg. trade receivables), and also other financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset and are subsequently carried at amortised costs using the effective interest rate method, less provision for impairment, if any. Interest income from these financial assets is included in interest income using the effective interest rate method.

The Group's financial assets measured at amortised cost comprise trade and other receivables, and cash and bank balances.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Impairment

The Group recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial assets (Cont'd)

Impairment (Cont'd)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument (e.g. significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost);
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an external (if any) or internal credit rating of "investment grade" as per globally understood definition.

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial assets (Cont'd)

Impairment (Cont'd)

(i) Significant increase in credit risk (Cont'd)

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition, (i) for a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; (ii) for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the receivables which meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial assets (Cont'd)

Impairment (Cont'd)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings). Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments (i.e. the Group's trade and other receivables, contract assets are each assessed as a separate group);
- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial assets (Cont'd)

Impairment (Cont'd)

(v) Measurement and recognition of expected credit losses (Cont'd)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are transferred to trade receivables when the consideration for performance obligations are billed. Contract assets are included in current assets as they are expected to be realised in the normal operating cycle. Contract assets are subject to impairment review for credit risk in accordance with the expected credit loss model.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits which are readily convertible to cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of pledged bank deposits and restricted cash.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs in bringing the inventories to their present location and condition.

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Financial liabilities

All financial liabilities are initially recognised at fair value plus, in the case of a financial liability not at FVPL, transaction costs that are directly attributable to the issue of the financial liability and are subsequently measured at amortised cost using the effective interest method or at FVPL.

(i) Financial liabilities at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVPL, are subsequently measured at amortised cost using the effective interest method. Financial liabilities at amortised cost mainly include trade and other payables, other liabilities, bank borrowings, lease liabilities and provision for restoration costs.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial liabilities (Cont'd)

(ii) Financial liabilities at FVPL

Financial liabilities are classified as at FVPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, (ii) held for trading, or (iii) it is designated as at FVPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVPL.

Financial liabilities at FVPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Trade and other payables, other liabilities and lease liabilities

Trade and other payables, other liabilities and lease liabilities represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables and other liabilities are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Foreign currency convertible bonds

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It was subsequently carried at amortised cost using the effective interest method until the liability was extinguished on conversion or redemption of the bonds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Foreign currency convertible bonds (Cont'd)

Conversion option

If the conversion option in convertible bonds is settled other than by the exchange of a fixed amount of cash or other financial asset for a fixed number of the issuer's own equity instruments, the conversion option is a derivative liability. The derivative is required to be carried at fair value with changes in fair value recognised in profit or loss.

On issuance of such convertible bonds, the proceeds were allocated between the embedded equity conversion option and the liability component. The embedded option is recognised at its fair value. The liability component is recognised as the difference between total proceeds and the fair value of the equity conversion option.

The equity conversion option is subsequently carried at its fair value with fair value changes recognised in profit or loss. The liability component is carried at amortised cost until the liability is extinguished on conversion or redemption.

When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Borrowings

Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statements of financial position even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings due to be settled more than twelve months after the end of reporting period are included in non-current borrowings in the statements of financial position.

The covenants that the Group is required to comply with on or before the reporting date are taken into consideration when classifying the loan as current or non-current at the reporting date. The covenants that the Group is required to comply with after the reporting date do not affect the current or non-current classification of the loan at the reporting date.

Fees paid (if any) on the establishment of borrowing facilities are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Borrowings (Cont'd)

Bank borrowings

Bank borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Bank borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the bank borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Bank borrowings are derecognised when the obligation is discharged, cancelled or expired. The difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When the contractual cash flows of bank borrowings are modified but do not result in derecognition, difference between the recalculated gross carrying amount and the carrying amount before modification is recognised in profit or loss as modification gain or loss, at the date of modification.

Provisions

Provisions are recognised when the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The provision for restoration costs arises from the restoration work upon expiry of the leases. The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

The management reviews the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Pension obligations

The Group and the Company participate in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. In particular, the PRC incorporated companies in the Group contributes to certain staff pension benefits, a defined contribution plan regulated and managed by PRC regulations, which applies to the majority of the employees. The Company in Singapore makes contribution to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to CPF or other national pension scheme are charged to the profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability of the unconsumed leave as a result of services rendered by employees up to the end of reporting period.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain managerial personnel are considered key management personnel.

Employee share option scheme (the Scheme)

The Company had existing share incentives schemes, namely, Leader Environmental Technologies Share Option Scheme.

The Company issued equity-settled share-based payments to certain employees. The fair value of the employee services received in exchange for the grant of options recognised as an expense in profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount recognised over the vesting period was determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions were included in the estimation of the number of shares under options that were expected to become exercisable on the vesting date. At the end of each reporting period, the Company revised its estimates of the number of shares under options that were expected to become exercisable on the vesting date and recognised the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options were exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve were credited to the share capital account, when new ordinary shares were issued, or to the "treasury shares" account, when treasury shares were re-issued to the employees.

In the Company's separate financial statements, the fair value of options granted to employees of its subsidiaries was recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity over the vesting period.

Where the terms of an equity-settled transaction award were modified, the minimum expense recognised was the expense as if the terms had not been modified. If the original terms of the award were met, an additional expense was recognised for any modification that increased the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is recognised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Value-added tax ("VAT")

Revenue, expenses and assets are recognised net of the amount of VAT except:

– where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Impairment of non-financial assets

The carrying amounts of the Group's and the Company's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment at least annually. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset, if any, is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

Government grants or subsidies

Grants or subsidies from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets upon completion of construction.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Revenue recognition

The Group recognises revenue from the following major sources:

- Revenue from environmental engineering contracts
- Treatment income from operation and maintenance contracts
- Rendering of technical services
- Sale of equipment and parts

Revenue from environmental engineering contracts

Revenue from environmental engineering contracts are recognised when the outcome of the contract can be estimated reliably. The Group has assessed that these environmental engineering contracts qualify for over time revenue recognition as the Group has enforceable rights to payment for performance completed till date.

Revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of each reporting period, as measured by the proportion of contract costs incurred for work performed to date against the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of the contract cannot be estimated reliably, contract revenue is recognised to the extent of contracts costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group did not carry out any work for construction work project during the financial year ended 31 December 2024.

Progress billings to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified milestones. If the value of the services rendered exceeded payments received from the customer, a contract asset is recognised. If the payments received from the customer exceeds revenue recognised to date, the Group recognises a contract liability.

Revenue excludes value-added taxes ("VAT"), where applicable, and is arrived at after deduction of trade discounts.

For costs incurred in fulfilling the contract which were within the scope of another SFRS(I) (eg. Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Revenue recognition (Cont'd)

Treatment income from operation and maintenance contracts

Income derived from the managing and operating of infrastructure under non-service concession arrangements is classified as treatment income.

Treatment income is recognised over time.

Rendering of technical services

Revenue from a contract to provide technical services is recognised as a performance obligation over time based on the duration of the contract term.

Sale of equipment and parts

The Group sells equipment and finished parts to customers. Revenue from the sale of equipment and finished parts is recognised at a point in time when control of the goods has transferred to the customer and all criteria of acceptance have been satisfied. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income

Interest income is recognised on a time-apportioned basis using the effective interest rate method.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Chinese Renminbi ("RMB"), which is also the functional currency of the Company. All financial information presented in RMB has been rounded to the nearest thousand ("RMB'000").

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting period are recognised in the profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates at the date of the transactions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2(f) MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Conversion of foreign currencies (Cont'd)

Group entities

The results and financial positions of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of reporting period;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of transactions; and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

Operating segments

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the Chief Executive Officer who regularly review the segment results in order to allocate resources to the segments and to assess segment performance.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible bonds and share options granted to employees, if any.

Disposal groups held-for-sale and discontinued operations

Disposal groups are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations;

(b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss is re-presented as if the operation has been discontinued from the start of the comparative year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3 PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold land and building RMB'000	Leasehold improvements RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction-in-progress RMB'000	Office premises on lease RMB'000	Total RMB'000
Cost								
At 1 January 2023	44,376	8,257	15,491	1,218	1,860	–	6,272	77,474
Additions	–	321	1,564	442	456	16,045	–	18,828
Derecognition of right-of-use asset	–	–	–	–	–	–	(392)	(392)
Disposal of a subsidiary [Note 5(b)]	–	–	–	(531)	(135)	–	(329)	(995)
Written off	–	–	–	–	(35)	–	–	(35)
Currency translation differences	1,933	307	453	–	49	–	–	2,742
At 31 December 2023	**46,309**	**8,885**	**17,508**	**1,129**	**2,195**	**16,045**	**5,551**	**97,622**
Additions	**–**	**–**	**41**	**–**	**53**	**13,536**	**864**	**14,494**
Derecognition of right-of-use asset	**–**	**–**	**–**	**–**	**–**	**–**	**(2,079)**	**(2,079)**
Reclassification	**–**	**–**	**2,645**	**–**	**–**	**(2,645)**	**–**	**–**
Remeasurement	**–**	**–**	**–**	**–**	**–**	**–**	**1,825**	**1,825**
Transfer to disposal group classified as held-for-sale [Note 12(a)]	**–**	**(263)**	**(3,791)**	**(321)**	**(449)**	**(7,152)**	**(1,137)**	**(13,113)**
Written off	**–**	**–**	**–**	**–**	**–**	**(56)**	**–**	**(56)**
Currency translation differences	**(204)**	**(33)**	**(54)**	**–**	**(6)**	**–**	**–**	**(297)**
At 31 December 2024	**46,105**	**8,589**	**16,349**	**808**	**1,793**	**19,728**	**5,024**	**98,396**
Accumulated depreciation								
At 1 January 2023	2,773	822	1,250	613	330	–	2,409	8,197
Depreciation	2,266	1,183	2,191	192	432	–	1,631	7,895
Derecognition of right-of-use asset	–	–	–	–	–	–	(132)	(132)
Disposal of a subsidiary [Note 5(b)]	–	–	–	(478)	(134)	–	(219)	(831)
Written off	–	–	–	–	(11)	–	–	(11)
Currency translation differences	170	32	41	–	6	–	–	249
At 31 December 2023	**5,209**	**2,037**	**3,482**	**327**	**623**	**–**	**3,689**	**15,367**
Depreciation	**2,185**	**1,104**	**2,244**	**236**	**339**	**–**	**1,553**	**7,661**
Derecognition of right-of-use asset	**–**	**–**	**–**	**–**	**–**	**–**	**(1,728)**	**(1,728)**
Transfer to disposal group classified as held-for-sale [Note 12(a)]	**–**	**(263)**	**(744)**	**(147)**	**(210)**	**–**	**(434)**	**(1,798)**
Currency translation differences	**(32)**	**(8)**	**(10)**	**–**	**(2)**	**–**	**–**	**(52)**
At 31 December 2024	**7,362**	**2,870**	**4,972**	**416**	**750**	**–**	**3,080**	**19,450**
Accumulated impairment								
At 1 January 2023	–	–	–	–	–	–	–	–
Impairment loss during the year [Note 26(e)]	2,247	–	3,778	–	510	–	–	6,535
Currency translation differences	48	–	84	–	11	–	–	143
At 31 December 2023	**2,295**	–	**3,862**	–	**521**	**–**	**–**	**6,678**
Impairment loss during the year [Note 26(e)]	**–**	–	**507**	–	**34**	**–**	**–**	**541**
Currency translation differences	**(10)**	–	**(19)**	–	**(3)**	**–**	**–**	**(32)**
At 31 December 2024	**2,285**	–	**4,350**	–	**552**	**–**	**–**	**7,187**
Net book value								
At 31 December 2024	**36,458**	**5,719**	**7,027**	**392**	**491**	**19,728**	**1,944**	**71,759**
At 31 December 2023	38,805	6,848	10,164	802	1,051	16,045	1,862	75,577

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	**Leasehold improvements RMB'000**	**Office equipment RMB'000**	**Office premises on lease RMB'000**	**Construction-in-progress RMB'000**	**Total RMB'000**
Cost					
At 1 January 2023	490	57	969	–	1,516
Addition	–	60	–	11,208	11,268
At 31 December 2023	**490**	**117**	**969**	**11,208**	**12,784**
Addition	**–**	**19**	**–**	**6,262**	**6,281**
Remeasurement	**–**	**–**	**1,101**	**–**	**1,101**
At 31 December 2024	**490**	**136**	**2,070**	**17,470**	**20,166**
Accumulated depreciation					
At 1 January 2023	258	32	536	–	826
Depreciation	165	23	306	–	494
At 31 December 2023	**423**	**55**	**842**	**–**	**1,320**
Depreciation	**67**	**32**	**360**	**–**	**459**
At 31 December 2024	**490**	**87**	**1,202**	**–**	**1,779**
Net book value					
At 31 December 2024	**–**	**49**	**868**	**17,470**	**18,387**
At 31 December 2023	67	62	127	11,208	11,464

The Group	**Note**	**2024 RMB'000**	**2023 RMB'000**
Depreciation expenses are allocated to:			
Continuing operations			
Cost of sales		**262**	1,024
Administrative expenses	26(c)	**6,563**	6,281
	26(e)	**6,825**	7,305
Discontinued operations			
Cost of sales		**440**	211
Selling and distribution expenses		**2**	2
Administrative expenses		**394**	377
	26(e)	**836**	590
		7,661	7,895

(a) Included in the cost of leasehold improvements of RMB8,589,000 (2023 – RMB8,885,000) is provision for restoration costs totalling RMB493,000 (2023 – RMB495,000) arising from the Group's obligation to reinstate the lease of an office premise in Tianjin and the leasehold land and building in Singapore to its original state at the end of the lease maturity. As at 31 December 2024, the carrying amount of the provision for restoration costs is RMB529,000 (2023 – RMB518,000) (Note 21).

(b) As at 31 December 2024 and 2023, the Group has pledged its leasehold land and building to a bank to secure the bank loan to partly finance the outright lease payments of the leasehold land and building, which is for the use of membrane manufacturing facility belonging to a subsidiary (Note 18).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Included in construction-in-progress ("CIP") of RMB19,728,000 (2023 – RMB16,045,000) is plant and equipment under construction of RMB18,387,000 (2023 – RMB11,464,000) for the demonstration of and study on continuous thermal hydrolysis and pyrolysis for sludge management and pyrolytic carbon application with a grantor for the period from 1 November 2023 to 30 April 2025. During the financial year ended 31 December 2024, the Company has received government grants totalling RMB9,324,000 [Note 24(a)] for these assets under CIP under the Living Lab (Water) Scheme and is required to maintain the assets for a further 5 years from 1 May 2025. The CIP was completed in January 2025. As at the date of this report, the Company has received further grants of RMB2,680,000 and is pending RMB642,000 to be received under the said scheme. In the opinion of the directors of the Group, there are no current factors that might affect the continuation of the demonstration and study project.

(d) Impairment assessment of property, plant and equipment

The management has made an assessment on the recoverable amounts of leasehold land and building with carrying amount of RMB36,458,000 (2023 – RMB38,805,000), together with the leasehold improvements of RMB5,719,000 (2023 – RMB6,848,000) and machinery and equipment of RMB7,027,000 (2023 – RMB10,164,000). These assets mainly relates to a subsidiary, NTi Memtech Pte. Ltd., a 66.67% (2023 – 66.67%) subsidiary of the Group.

The Group engaged an independent professional valuer to assess the recoverable amount of the property, plant and equipment during the financial year. The recoverable amounts of the assets were based on fair value less costs of disposal, estimated using Comparable Sales Method for leasehold land and building held by the said subsidiary and Depreciated Replacement Cost Method for machinery and equipment.

– *Comparable Sales Method*

Comparable Sales Method is defined as considering the latest transaction sales of similar properties in the vicinity and adjustments are made for differences in location, land area, floor area, condition, tenure, the prevailing market conditions, amongst others.

The management has assessed the Comparable Sales Method to be most appropriate valuation method for the leasehold land and building. The fair value measurement is categorised as a Level 3 fair value based on the inputs in the valuation technique used. The most significant impact of the Comparable Sales Method is the selling price per square feet for the leasehold land and building.

As the recoverable amounts of the leasehold land and building, together with the leasehold improvements are determined to be higher than the carrying amounts, no impairment loss is required for the financial years ended 31 December 2024 and 2023.

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) Impairment assessment of property, plant and equipment (Cont'd)

– *Depreciated Replacement Cost ("DRC") Method*

The DRC Method is defined as the gross current replacement cost reduced by, factors providing for technical, physical, economic and functional obsolescence considering the asset's total estimated useful life and anticipated residual value (if any).

The management has assessed the DRC Method to be the most appropriate valuation method for its machinery and equipment given the highly specialised equipment and lack of market data for comparison. The fair value measurement is categorised as a Level 3 fair value based on the inputs in the valuation technique used. The most significant input of the depreciated replacement cost valuation relates to the estimated economic obsolescence of the asset. As the said subsidiary has not secured any sales contract since December 2022, a higher spectrum of the obsolescence factors were applied.

Based on the valuation, the Group recognised an impairment loss of RMB541,000 (2023 – RMB6,535,000) in the financial year ended 31 December 2024.

Significant unobservable inputs

Type	Valuation technique/Basis	Significant unobservable inputs	Inter-relationship between key unobservable inputs
Leasehold building and land	Comparable Sales Method	– selling price per square feet	The recoverable amount would increase/(decrease) if selling price per square feet is higher/(lower)
Machinery and equipment – Certain parts of membrane material, research and development facilities	DRC Method	– technical, physical, economic and functional obsolescence	The recoverable amount would increase/(decrease) if residual value factor is higher/(lower)

A decrease in the selling price per square feet applied in the Comparable Sales Method by 1% and an increase in the estimated economic obsolescence applied in the DRC Method by 1%, with all other variables held constant, would have no significant impact on the impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) Rights-of-use assets

Right-of-use of assets under leasing arrangements are presented together with property, plant and equipment with carrying amounts of RMB38,402,000 (2023 – RMB40,667,000) as at 31 December 2024.

The Group	2024 RMB'000	2023 RMB'000
Leasehold land and building	**36,458**	38,805
Office premises on leases	**1,944**	1,862
	38,402	40,667

Nature of the Group's leasing activities

(i) Office premises on lease

As at 31 December 2024, the Group has:

– two (2023 – three) leases of office premises for back office operations of the PRC subsidiaries; and

– one (2023 – one) lease of office premise for back office operation in Singapore to support the PRC subsidiaries.

During the financial year ended 31 December 2023, the Group disposed of Jilin Anjie Environmental Engineering Co., Ltd. and derecognised a right-of-use asset of RMB110,000 and lease liabilities of RMB99,000 [Notes 5(b) and 20].

During the financial year ended 31 December 2023, the Group has deregistered a subsidiary – Guangdong Zhihe Energy-saving and Environmental Protection Technology Co., Ltd. and derecognised a right-of-use asset of RMB260,000 and lease liabilities of RMB266,000 (Note 20). A gain of RMB6,000 has been recognised in the profit or loss due to early termination of an office lease in Guangdong, the PRC [Note 26(b)].

(ii) Leasehold land and building

In 2021, the Group's subsidiary made upfront payments of RMB41,355,000 from its internal resources of RMB13,956,000 and a loan disbursement of RMB27,399,000 directly from a bank to Jurong Town Corporation to secure the right-of-use asset of the 20-year leasehold land and building for the use of membrane manufacturing facility.

The subsidiary is subject to externally imposed bank covenant as it needs to maintain at all times a tangible net worth of not less than SGD 6.0 million, approximately RMB32.1 million (2023 – SGD 6.0 million, approximately RMB32.3 million) (Note 18).

Saved as disclosed above, there is no externally imposed restriction or covenant on these lease arrangements on the commercial properties and office premises.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) Rights-of-use assets (Cont'd)

Nature of the Group's leasing activities (Cont'd)

(iii) *Carrying amounts*

The carrying amount of right-of-use assets and lease liabilities recognised and the movements during the financial year ended 31 December 2024 are disclosed in Note 3 and Note 20 to the financial statements respectively.

(iv) *Interest expense*

The Group	Note	2024 RMB'000	2023 RMB'000
Interest expense on lease liabilities			
– Continuing operations	26(a)	**117**	141
– Discontinued operations		**2**	11

(v) *Lease payment not capitalised in lease liabilities*

The Group	2024 RMB'000	2023 RMB'000
Lease expense – short term leases		
– Continuing operations	**82**	295
– Discontinued operations	**206**	230

(vi) Total cash outflows for all the leases, including short-term leases, for the Group were RMB2,011,000 (2023 – RMB2,296,000) for the financial year ended 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

4 INTANGIBLE ASSETS

The Group	Note	Patents RMB'000	Software development costs* RMB'000	Total RMB'000
Cost				
At 1 January 2023		2,163	2,374	4,537
Addition		–	369	369
At 31 December 2023		**2,163**	**2,743**	**4,906**
Addition		**–**	**1,303**	**1,303**
Transfer to disposal group classified as held-for-sale	12	**–**	**(4,046)**	**(4,046)**
At 31 December 2024		**2,163**	**–**	**2,163**
Accumulated amortisation				
At 1 January 2023		372	–	372
Amortisation for the year		252	–	252
At 31 December 2023		**624**	**–**	**624**
Amortisation for the year		**252**	**–**	**252**
At 31 December 2024		**876**	**–**	**876**
Net book value				
At 31 December 2024		**1,287**	**–**	**1,287**
At 31 December 2023		1,539	2,743	4,282

* in-progress

The Group	Note	2024 RMB'000	2023 RMB'000
Amortisation expenses are allocated to:			
Cost of sales		**72**	72
Administrative expenses	26(c)	**180**	180
		252	252

Patents

In October 2022, the Group's wholly-owned subsidiary, United Greentech (Guangzhou) Co., Ltd., acquired 70% of the issued share capital of Zhejiang Bofeng Environmental Technology Co., Ltd. (浙江铂沣环保科技有限公司). The acquired patents will provide the Group with the exclusive right to enhance and expand the capabilities and functionalities for oil sludge treatment. The patents are amortised over a 5-year period and have a remaining useful life of 34 months (2023 – 46 months) as at 31 December 2024.

In January 2021, the Group's wholly-owned subsidiary, United Greentech (Guangzhou) Co., Ltd., acquired 100% of the issued share capital of Bituo Environmental Technologies (Tianjin) Co., Ltd. (碧拓环境技术(天津)有限公司) ("Bituo"), which carried the rights to two patents for sludge treatment technologies. These patents have the capability to enhance the Group's ability to tender and secure sludge treatment projects. The patents are amortised over a 10-year period and have a remaining useful life of 72 months (2023 – 84 months) as at 31 December 2024.

Software development costs

The software development costs refer to costs incurred in the enhancements and development of the existing AIWater System, which is currently in use, to generate business.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

5 INVESTMENT IN SUBSIDIARIES

The Company	2024 RMB'000	2023 RMB'000
Unquoted equity shares, at cost		
– At 1 January	**128,467**	272,302
– Additions	**20,820**	18,771
– Disposal	**–**	(162,606)
– At 31 December	**149,287**	128,467
Less: Allowance for impairment of investment in subsidiaries		
– At 1 January	**(15,815)**	(162,606)
– Allowance made during the year	**(24,951)**	(15,815)
– Allowance no longer required	**–**	6,645
– Allowance written off	**–**	155,961
– At 31 December	**(40,766)**	(15,815)
Net investment in subsidiaries	**108,521**	112,652

Allowance for impairment

The Company has assessed the carrying amounts of its investment in subsidiaries for indicators of impairment and carried out a review on the recoverable amount of the investment in subsidiaries. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units or "CGU").

(i) NTi Memtech

– Impairment loss of RMB22,398,000 (2023 – RMB15,815,000)

For the purpose of assessing impairment, NTi Memtech is identified as a CGU for impairment assessment.

The recoverable amount of the investment is determined based on the revalued net assets of NTi Memtech as at the reporting date, taking into consideration the fair values of the underlying assets of NTi Memtech under Level 3 in the fair value hierarchy. The most significant input into this valuation approach is the selling price per square feet applied in the valuation of the leasehold property held by NTi Memtech and the estimated economic obsolescence applied in the valuation of machinery and equipment of NTi Memtech.

A decrease in the selling price per square feet applied in the valuation for the leasehold properties of the subsidiary by 5%, with all other variables held constant, would have increased the impairment loss by Nil (2023 – RMB359,000). An increase in the estimated economic obsolescence applied in the valuation for the machinery and equipment of the subsidiary by 5%, with all other variables held constant, would have increased the impairment loss by RMB186,000 (2023 – RMB226,000).

The Company has recognised an impairment loss of RMB22,398,000 (2023 – RMB15,815,000) for its investment in NTi Memtech for the financial year ended 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

5 INVESTMENT IN SUBSIDIARIES (CONT'D)

Allowance for impairment (Cont'd)

(ii) United Greentech

– Impairment loss of RMB18,368,000 (2023 – Nil)

For the purpose of assessing impairment, all subsidiaries (excluding AIWater Group) held by United Greentech are identified as a CGU for impairment assessment.

The recoverable amount of the investment is determined based on value-in-use calculations. The calculation uses pre-tax cash flow projections based on financial budget approved by the management covering a five year period. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter.

The Company has rec ognised an impairment loss of RMB18,368,000 (2023 – Nil) for its investment in United Greentech for the financial year ended 31 December 2024.

(iii) Jilin Anjie Environmental Engineering Co., Ltd. ("Anjie Environmental")

– Impairment loss of RMB162,606,000

In financial year 2023, the Company has disposed Anjie Environmental to a third party for a consideration of RMB6,645,000 and an allowance no longer required amounting to RMB6,645,000 had been credited to the profit or loss of the Company and the remaining allowance of RMB155,961,000 had been written off.

The Company has the following subsidiaries as at 31 December 2024 and 2023:

Name	Country of incorporation/ principal place of business	Percentage of ownership interest and voting rights held 2024	2023	Principal activities
		%	%	
Held by the Company				
United Greentech Holdings Pte. Ltd. ("United Greentech")[1,2]	Singapore	**100.00**	100.00	Investment holding
NTi Memtech Pte. Ltd. ("NTi Memtech")[1,3]	Singapore	**66.67**	66.67	Manufacture and production of membrane fibres and products
Leader Investment Pte.Ltd. ("Leader Investment")[1,8]	Singapore	**100.00**	–	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

5 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Country of incorporation/ principal place of business	Percentage of ownership interest and voting rights held 2024	2023	Principal activities
		%	%	
Held by United Greentech Holdings Pte. Ltd.				
United Greentech (Guangzhou) Co., Ltd. ("Greentech Guangzhou")[1,4]	People's Republic of China	**100.00**	100.00	Investment holding
AIWater (Anhui) Co., Ltd. ("AIWater")[1,6,11]	People's Republic of China	**70.00**	70.00	In the business of artificial intelligent technology in water treatment system
UG Water Pte. Ltd. ("UG Water")[1,9,11]	Singapore	**50.00**	–	Investment holding
Held by United Greentech (Guangzhou) Co., Ltd.				
United Greentech (Tianjin) Co., Ltd. ("Greentech Tianjin")[1,5]	People's Republic of China	**100.00**	100.00	Municipal sludge treatment and management, industrial wastewater treatment and recycling, and other environmental related projects
Bituo Environmental Technologies (Tianjin) Co., Ltd. ("Bituo")[1]	People's Republic of China	**100.00**	100.00	Patents owner of continuous hydrolysis technology for municipal sludge treatment projects
United Greentech (Bazhou) Co., Ltd. ("Greentech Bazhou")[1]	People's Republic of China	**79.98**	79.98	Investments and operations of sludge treatment facilities
Zhejiang Bofeng Environmental Technology Co., Ltd. ("Zhejiang Bofeng")[1,7]	People's Republic of China	**70.00**	70.00	Oil sludge treatment
Held by UG Water Pte. Ltd.				
Xinwo AIWater (Hubei) Co., Ltd. ("Xinwo AI")[1,10,11]	People's Republic of China	**50.00**	–	In the business of the management of wastewater treatment plants (utilising the wastewater treatment plant management system developed by AIWater)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

5 INVESTMENT IN SUBSIDIARIES (CONT'D)

1 Audited by Foo Kon Tan LLP for consolidation purposes.

2 In FY2023, the Company made further capital injections of RMB7.1 million (SGD 1.4 million) in 2023 into United Greentech.

3 In FY2023, the Company has made additional capital injection of RMB10.7 million (SGD 2.0 million) into NTi Memtech, and therefore, increased its interest in NTi Memtech from 60% to 66.67% [Note 5(a)]. In FY2024, the Company made further capital injections of RMB7.2 million (SGD 1.34 million) and an amount of RMB7.4 million waived by the Company accounted for as a deemed equity contribution in NTi Memtech (Note 9). As of 31 December 2024, a called share capital contribution of RMB1.4 million remains outstanding from a non-controlling shareholder (Note 9).

4 United Greentech has made further capital injections of RMB5.0 million and RMB2.6 million in FY2023 and FY2024 respectively.

5 United Greentech made capital contributions of RMB7.0 million into Greentech Tianjin in FY2024 (2023 – Nil).

6 United Greentech made further capital injections of RMB14.0 million and RMB7.0 million into AIWater in FY2023 and FY2024 respectively. As at 31 December 2024, AIWater has not called up the share capital contributions from the non-controlling shareholders amounting to RMB9.5 million.

7 The Group has made further capital injections of RMB3.5 million and RMB0.8 million in FY2023 and FY2024 respectively. As at 31 December 2024, Zhejiang Bofeng has not called up the share capital contributions from the non-controlling shareholders amounting to RMB1.6 million.

8 In FY2024, the Company incorporated Leader Investment with share capital of RMB5.3 million, representing 100% interest in the subsidiary. As of 31 December 2024, the called share capital contribution of RMB5.3 million remains outstanding from the Company.

9 In FY2024, the Company incorporated UG Water and injected capital contributions of RMB0.05 million into UG Water, representing 50% interest in the subsidiary. As of 31 December 2024, the called share capital contribution of RMB0.05 million remains outstanding from a non-controlling shareholder.

10 In FY2024, the Company incorporated Xinwo AI and injected capital contributions of RMB0.1 million into Xinwo AI, representing 50% interest in the subsidiary.

11 Transferred to disposal group classified as held-for-sale (Note 12) in FY2024.

Non-controlling interests

Details of non-wholly owned subsidiaries that have material non-controlling interests ("NCI") to the Group are set out below:

	Proportion of ownership interest and voting rights held by NCI		(Loss)/profit for the year allocated to NCI		Total comprehensive (loss)/income for the year allocated to NCI		NCI accumulated at the reporting date	
	2024	2023	2024	2023	2024	2023	2024	2023
	%	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
NTi Memtech Pte. Ltd.	**33.33**	33.33	**(2,976)**	(6,503)	**(3,020)**	(5,927)	**12,114**	11,540
AIWater (Anhui) Co., Ltd.	**30.00**	30.00	**(2,190)**	(2,229)	**(2,190)**	(2,229)	**4,787**	3,920
Xinwo AIWater (Hubei) Co., Ltd.	**50.00**	–	**2,691**	–	**2,691**	–	**2,691**	–
Other subsidiaries with immaterial NCI			**(1,974)**	(2,478)	**(1,974)**	(2,478)	**(2,874)**	(956)
			(4,449)	(11,210)	**(4,493)**	(10,634)	**16,718**	14,504

In financial year 2024, the Group has received capital contributions of RMB6,707,000 (2023 – RMB3,942,000) from non-controlling shareholders of subsidiaries – NTi Memtech, AIWater and UG Water (2023 – AIWater).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

5 INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests (Cont'd)

Summarised financial information in respect of the Group's subsidiaries that has material non-controlling interests are set out below. These are presented before inter-company eliminations.

	Continuing Operations		<------------ Discontinued Operations ------------>			
	NTi Memtech		AIWater		Xinwo AI	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Non-current assets	**58,179**	52,025	**15,342**	7,098	**19**	–
Current assets	**12,591**	13,218	**13,342**	14,807	**12,734**	–
Non-current liabilities	**(19,560)**	(22,564)	**(379)**	–	**(1,793)**	–
Current liabilities	**(6,452)**	(7,037)	**(7,116)**	(3,787)	**(5,478)**	–
Net assets	**44,758**	35,642	**21,189**	18,118	**5,482**	–
Revenue	**322**	85	**8,983**	6,404	**16,221**	–
Expenses	**(9,270)**	(17,867)	**(16,284)**	(13,835)	**(10,839)**	–
(Loss)/profit for the year	**(8,948)**	(17,782)	**(7,301)**	(7,431)	**5,382**	–
Other comprehensive (loss)/income for the year	**(133)**	1,499	**–**	–	**–**	–
Total comprehensive (loss)/income for the year	**(9,081)**	(16,283)	**(7,301)**	(7,431)	**5,382**	–
(Loss)/profit for the year attributable to:						
– owners of the Company	**(5,973)**	(11,279)	**(5,111)**	(5,202)	**2,691**	–
– NCI	**(2,976)**	(6,503)	**(2,190)**	(2,229)	**2,691**	–
	(8,949)	(17,782)	**(7,301)**	(7,431)	**5,382**	–
Total comprehensive (loss)/income for the year attributable to:						
– owners of the Company	**(6,054)**	(10,356)	**(5,111)**	(5,202)	**2,691**	–
– NCI	**(3,027)**	(5,927)	**(2,190)**	(2,229)	**2,691**	–
	(9,081)	(16,283)	**(7,301)**	(7,431)	**5,382**	–
Net cash (outflows)/inflows from operating activities	**(353)**	(6,738)	**(6,728)**	(8,351)	**110**	–
Net cash outflows from investing activities	**(1,733)**	(1,432)	**(6,913)**	(3,258)	**(21)**	–
Net cash inflows from financing activities	**1,862**	8,903	**8,820**	17,776	**100**	–
Net (decrease)/increase in cash and cash equivalents	**(224)**	733	**(4,821)**	6,167	**189**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

5 INVESTMENT IN SUBSIDIARIES (CONT'D)

Changes in interest without a change in control, disposal of a subsidiary and deregistration of subsidiaries

5(a) Changes in interest in subsidiary without loss of control

NTi Memtech

In October 2023, the Company's interest in NTi Memtech increased from 60% to 66.67% as a result of additional capital injection in NTi Memtech of RMB10.7 million (SGD2.0 million) during the financial year ended 31 December 2023. The carrying amount of net assets of NTi Memtech in the Group's consolidated financial statements on the date of the change of interest was RMB20,247,000.

	2023 RMB'000
Decrease in carrying amount of NCI	(965)
Consideration paid to NCI	–
Decrease in equity interest attributable to owners of the Company	(965)

The decrease in equity interest attributable to owners of the Company was due to accumulated losses of NTi Memtech and recorded in the accumulated losses.

5(b) Disposal of a subsidiary

On 30 June 2023, the Group disposed of its 100% interest in a subsidiary, Jilin Anjie Environmental Engineering Co., Ltd. ("Anjie Environmental").

Details of the disposal are as follows:

The Group	Note	2023 RMB'000
Property, plant and equipment		164
Trade and other receivables		13,232
Cash and cash equivalents		2
Total assets		13,398
Contract liabilities		(13)
Trade and other payables		(4,846)
Lease liabilities		(99)
Other liabilities		(2,483)
Total liabilities		(7,441)
Net assets disposed of		5,957
Cash outflow arising from disposal:		
Net assets disposed of (as above)		5,957
Gain on disposal	26(b)	688
Sale proceeds		6,645
Less: Amount owing by the Company to Anjie Environmental*		(6,845)
Less: Cash and cash equivalents in subsidiary disposed of		(2)
Net cash outflow on disposal*		(202)

* The amount owing by the Company to Anjie Environmental of RMB6,845,527 had been used to offset the sales proceeds from disposal. Following the completion of the transfer of Anjie Environmental shares to the purchaser, the final settlement of RMB200,000 was paid by the Group to the purchaser to complete the transaction.

The gain on disposal of subsidiary is recorded within "other income" in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

5 INVESTMENT IN SUBSIDIARIES (CONT'D)

5(c) Deregistration of subsidiaries

(i) Guangdong Zhihe

On 22 September 2023, the Group has deregistered Guangdong Zhihe, an inactive wholly-owned subsidiary of the Group.

(ii) Greentech Shandong

On 23 November 2023, the Group has deregistered Greentech Shandong, of which the Group held effective equity interest of 81.8%. The Group has recognised a loss on deregistration of the subsidiary of RMB76,000 in the profit or loss [Note 26(d)].

6 INVESTMENT IN ASSOCIATES

The Group	2024 RMB'000	2023 RMB'000
Unquoted equity shares	**11,207**	–
Add: Share of post-acquisition profits	**349**	–
	11,556	–

Details of the Group's associates as at the reporting dates were as follows:

Name	Country of incorporation/ principal place of business	Percentage of ownership interest and voting rights held 2024 %	2023 %	Principal activities
Held by NTi Memtech				
NTi Technology Pte. Ltd.[1]	Singapore	**50**[2]	–	Manufacture and repair of water/waste water treatment equipment (yet to commence operations)
Held by Greentech Guangzhou				
Zhongsheng United Environmental Protection Equipment Manufacturing (Jiangsu) Co., Ltd.[1]	People's Republic of China	**50**	–	Fabrication of sludge treatment equipment

[1] Audited by Foo Kon Tan LLP for consolidation purposes

[2] Effective interest held by the Group is 33.34%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

6 INVESTMENT IN ASSOCIATES (CONT'D)

Voluntary dissolution of Greentech Yishui

During financial year ended 31 December 2023, the Group and the other shareholders of Greentech Yishui voluntarily dissolved the associate. Following the voluntary dissolution by the associate, the Group had recognised a loss of RMB4,000 in the profit or loss, calculated as follows:

The Group	Note	2023 RMB'000
Cash received upon dissolution of associate		5,000
Less: Carrying amount of investment at the date of dissolution		(5,004)
Loss on dissolution of associate	26(d)	(4)

The associate was accounted for using the equity method in the Group's consolidated financial statements.

Summarised financial information in respect of the Group's material associate are set out below. The information below reflect the amounts presented in the financial statements of the associates (and not the Group's share of those amounts).

	NTi Technology Pte. Ltd. 2024 RMB'000
Current assets	**21,610**
Current liabilities	**(34)**
Revenue	**–**
Profit from continuing operations for the year	**159**
Total comprehensive income for the period	**159**
Group's share of result of the associate	**53**

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates recognised in the Group's consolidated financial statements are as follows:

	NTi Technology Pte. Ltd. 2024 RMB'000
Issued and fully paid share capital	**21,414**
Percentage of ownership interest and voting rights held by investor	**50%**
	10,707
Group's share of result of the associate	**53**
Carrying amount of the Group's effective interest in the associate	**10,760**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

6 INVESTMENT IN ASSOCIATES (CONT'D)

Aggregate information of the Group's associate that is individually immaterial is as follows:

	Individually immaterial associates	
	2024	**2023**
	RMB'000	**RMB'000**
Total assets	**3,015**	–
Total liabilities	**(1,423)**	–
Net assets	**1,592**	–
Group's share of associate's net assets at end of year	**796**	–
Revenue	**4,207**	–
Profit/(loss) from continuing operations for the year	**591**	(1,624)
Group's share of result of the associate	**296**	(812)

7 CONTRACT ASSETS AND LIABILITIES

<u>**Contract assets**</u>

The Group	**2024 RMB'000**	**2023 RMB'000**
Engineering contracts	**3,280**	16,082
Specialised equipment	**46,447**	54,610
	49,727	70,692
Less: Loss allowance	**(38,233)**	(16,903)
	11,494	53,789

Further breakdown of the contract assets as follows:

The Group	**Note**	**2024 RMB'000**	**2023 RMB'000**
Public-Private-Partnership sludge treatment project		**46,376**	46,376
Specialised equipment		**71**	8,234
Technical services		**3,280**	16,082
		49,727	70,692
Less: Loss allowance			
– At 1 January		**(16,903)**	(603)
– Impairment loss for the year	26(e)	**(21,330)**	(16,304)
– Disposal of a subsidiary		**–**	4
– At 31 December	35.2	**(38,233)**	(16,903)
Contract assets – total		**11,494**	53,789

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

7 CONTRACT ASSETS AND LIABILITIES (CONT'D)

Contract assets (Cont'd)

The contract assets relate primarily to the Group's right to recognise revenue for work completed but not billed at the reporting date on its industrial wastewater and sludge treatment project. Upon fulfilling certain agreed performance milestones with customers or commissioning and handing over of projects to customers, the amounts recognised as contract assets are reclassified to trade receivables when the rights become unconditional. The information regarding the credit exposures are disclosed in Note 35.2.

In assessing for impairment of contract assets, the directors of the Group has considered the effect of the cashflows arising from the contract assets. See Note 36 to the financial statements.

Contract liability

The Group	2024 RMB'000	2023 RMB'000
Advances from customers for equipment	**469**	–

Contract liabilities relate to advances received from customers for on-going contracts, for which revenue is recognised for achieving certain contract milestones.

(i) There is no revenue recognised that was included in the contract liabilities balance as at 1 January 2024 or 1 January 2023.

(ii) Unsatisfied performance obligations

The Group	2024 RMB'000	2023 RMB'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December	**469**	–

(iii) The Group has not recognised any asset in relation to costs to fulfil specialised equipment contracts.

As at 1 January 2024, the Group's gross contract assets related to revenue from contracts with customers amounted to RMB70,692,000 (2023 – RMB58,755,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

8 INVENTORIES

The Group	2024 RMB'000	2023 RMB'000
At cost		
Raw materials	**4,678**	5,322
Finished goods	**242**	–
Work-in-progress	**1,438**	1,182
	6,358	6,504
Income statement:		
Cost of inventories included in cost of sales:		
– Continuing operations	**565**	368
– Discontinued operations	**7,436**	68

The Group has written off defective materials of RMB236,000 (2023 – Nil) in the financial year ended 31 December 2024.

9 TRADE AND OTHER RECEIVABLES

	Note	The Group 2024 RMB'000	The Group 2023 RMB'000	The Company 2024 RMB'000	The Company 2023 RMB'000
Trade receivables (Gross)		**6,906**	9,346	**–**	–
Less: Allowance for impairment					
– At 1 January		**(240)**	(3,508)	**–**	–
– Reversal of/(impairment loss) during the year	26(e)	**60**	(240)	**–**	–
– Disposal of a subsidiary		**–**	3,508	**–**	–
– At 31 December		**(180)**	(240)	**–**	–
Trade receivables (Net)		**6,726**	9,106	**–**	–
Retention receivables (Gross)		**18**	18	**–**	–
Less: Allowance for impairment					
– At 1 January/31 December		**(18)**	(18)	**–**	–
Retention receivables (Net)		**–**	–	**–**	–
Interest receivables		**–**	136	**–**	136
Other receivables					
– Amounts due from subsidiaries		**–**	–	**22,677**	15,075
– Amount due from a related party		**1,428**	–	**–**	–
– Advances to non-trade suppliers		**467**	196	**–**	–
– Advances to an associate	31	**366**	–	**–**	–
– VAT and other tax receivables		**3,890**	5,020	**–**	–
– Others		**1,287**	751	**220**	102
		7,438	5,967	**22,897**	15,177
Total		**14,164**	15,209	**22,897**	15,313

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

9 TRADE AND OTHER RECEIVABLES (CONT'D)

The Group

Trade receivables relate to the industrial wastewater project in Shijiazhuang and sales of equipment and parts, are non-interest bearing and their credit terms are generally within 30 days whereas the trade receivables for the past secured industrial wastegas and wastewater projects are 150 days' terms and longer. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The amount due from a related party relates to the amount due from a non-controlling shareholder for the subscription of shares in NTi Memtech.

The Company

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

During the financial year ended 31 December 2024, the Company has waived an amount owing by a subsidiary, NTi Memtech, to the extent of RMB7,406,000. The said waiver transaction has been accounted for as a deemed equity contribution in NTi Memtech's books (Note 5).

10 PREPAYMENTS

	The Group		The Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Prepaid operating expenses	**404**	580	**54**	46

11 CASH AND BANK BALANCES

		The Group		The Company	
	Note	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Cash on hand		**–**	8	**–**	–
Bank balances		**30,840**	28,598	**5,963**	5,083
Fixed deposits with maturity less than 3 months		**14,599**	63,161	**14,599**	63,161
Bank deposits pledged		**4,568**	6,738	**–**	–
		50,007	98,505	**20,562**	68,244
Add: Cash and bank balances in disposal group held-for-sale	12	**6,132**	–		
Less: Bank deposits pledged		**(6,356)**	(6,738)		
Less: Restricted cash		**(690)**	–		
Cash and cash equivalents as presented in the consolidated statement of cash flows		**49,093**	91,767		

The Group's bank balances bear interest at interest rates ranging between 0.05% and 0.10% (2023 – 0.01% and 1.61%) per annum.

The Group's and the Company's fixed deposits bear interest at 3.62% (2023 – 4.55%) per annum and matured on 20 January 2025 (2023 – 15 January 2024).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

11 CASH AND BANK BALANCES (CONT'D)

As at 31 December 2024, the bank deposits pledged of RMB6,356,000 (2023 – RMB6,738,000) represents:

(a) funds of RMB3,959,000 (2023 – RMB3,976,000) earmarked in a debt service reserve account as mandated by a bank to secure the bank borrowings (Note 18) for the purpose of financing purchase of leasehold land and building in relation to the membrane manufacturing facility; and

(b) deposit of RMB2,397,000 (2023 – RMB2,762,000) pledged to a bank in the PRC for the performance bond issued for the Group to undertake 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.

12 DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

In September 2024, the Board of Directors has approved the proposed disposal of the Group's interests in AIWater, UG Water and Xinwo AI, held through its wholly-owned subsidiary, United Greentech. On 12 November 2024, the Company has announced that the Company had, on that day, entered into a non-binding termsheet with Consortium (as defined below) for the disposal of:

(a) all the shares in the capital of AIWater held by the Company through United Greentech, representing 70% of the share capital of AIWater; and

(b) all the shares in the capital of UG Water held by the Company through United Greentech, representing 50% of the share capital of UG Water, which in turn wholly owns Xinwo AI,

to the Consortium.

On 13 January 2025, the Company has announced that the Company had, through United Greentech, on 12 January 2025 entered into:

(a) a conditional share sale and purchase agreement ("**AIWater SPA**") with WJL Holding Pte. Ltd. (the "**Buyer**") in relation to the proposed disposal of all the shares in the capital of AIWater, representing 70% of the share capital of AIWater, to the Buyer for a total consideration of RMB364 million (equivalent to approximately SGD67.91 million/USD49.59 million). The Buyer is currently a shareholder of AIWater, holding the remaining 30% of the share capital of AIWater; and

(b) a conditional share sale and purchase agreement ("**UG Water SPA**") together with the AIWater SPA, (the "SPAs") with the Buyer in relation to the proposed disposal of all the shares in the capital of UG Water held by United Greentech (together with the AIWater Disposal, the "**Proposed Disposals**"), representing 50% of the share capital of UG Water, for a total consideration of RMB6 million (equivalent to approximately SGD1.12 million/USD0.82 million). UG Water in turn wholly owns Xinwo AI,

collectively the "**Proposed Transactions**".

Following completion of the Proposed Transactions, the Company will cease to have any interest in AIWater, UG Water and Xinwo AI (collectively, the "**AIWater Group**").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

12 DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS (CONT'D)

The Consortium

As announced by the Company on 12 November 2024, United AI Greentech Ltd ("**Consortium**") is a company incorporated in Cayman Island on 19 September 2024. Its directors are Mr Zhao Fu, Mr Zhou Bo, Mr Li Li, Ms Pan Shuhong ("**Ms Pan**") and Ms Lien Cheng and its sole shareholder is currently InnoVision Super Aqua Limited.

It is intended to be a consortium led by, among others, the following parties for the purpose of undertaking the Proposed Disposal:

(a) InnoVision Capital GP Limited (and/or its affiliates) ("**InnoVision Capital**");

(b) Dr Lin Yucheng ("**Dr Lin**"), who is then executive chairman and a substantial shareholder of the Company, holding 414,779,500 ordinary shares in the Company ("**Shares**"), representing approximately 27.02% of the Company's total number of issued Shares; and

(c) Ms Pan, who is a substantial shareholder of the Company, with an interest in 168,199,000 Shares in the Company, representing approximately 10.96% of the Company's total number of issued Shares.

Buyer

As announced by the Company on 13 January 2025, the Buyer is a company incorporated in Singapore on 8 June 2023 and is principally engaged in the business of investment holding. InnoVision Super Aqua Limited ("**InnoVision SAL**") is the sole shareholder of the Buyer.

As announced by the Company on 28 February 2025, an internal restructuring involving the Consortium and the Buyer is on-going where the Consortium will become the sole shareholder of the Buyer where the Buyer will be restructured to be wholly-owned by the Consortium, United AI Greentech Ltd. The Consortium's shareholders will comprise: (i) Feynman Capital Pte. Ltd. ("**Feynman**") (44.46%), InnoVision SAL (16.57%), Hefei Zhiyi Green Equity Investment Partnership (Limited Partnership) (10.41%), Hyde Pacific Holding Co., Limited (20.00%), K-1X Capital Pte. Ltd. (3.78%), Toe Teow Heng (3.78%) and Jiaxing Wukai Private Equity Fund Management Co., Ltd. (1.00%).

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.

InnoVision SAL is the sole holder ("**Bondholder**") of the redeemable zero-coupon convertible bonds in the aggregate principal amount of USD15 million issued by the Company (Note 19), which are convertible into ordinary shares in the capital of the Company. InnoVision Super Aqua Limited's shareholders are InnoVision USD Fund I LP, InnoVision Capital Dingsheng LP and InnoVision Capital.

– *Disposal group classified as held-for-sale*

The entire assets and liabilities of the AIWater Group are presented as a disposal group classified as held-for-sale as at 31 December 2024, and the financial results of the AIWater Group are presented separately on the consolidated statement of profit and loss and comprehensive income as "Discontinued operations" for the financial year ended 31 December 2024. The disposal group was previously presented under the "AIWater treatment services" reportable segment of the Group (Note 34).

The proceeds of the proposed disposal of the AIWater Group are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the disposal group held-for-sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

12 DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS (CONT'D)

Buyer (Cont'd)

– *Disposal group classified as held-for-sale (Cont'd)*

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

The Group	Note	2024 RMB'000
Assets		
Property, plant and equipment	3	**11,315**
Intangible assets	4	**4,046**
Contract assets		**11,534**
Inventories		**707**
Trade receivables[1]		**4,040**
Other receivables		**2,058**
Prepayments		**145**
Cash and bank balances	11	**6,132**
		39,977
Liabilities		
Trade and other payables		**(7,341)**
Other liabilities		**(1,011)**
Lease liabilities	20	**(605)**
Deferred tax liabilities		**(1,794)**
		(10,751)
Net assets of disposal group		**29,226**

[1] The Group has received subsequent receipts totalling RMB1.3 million after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

12 DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS (CONT'D)

Buyer (Cont'd)

– *Discontinued operations*

(b) The results of the discontinued operations are as follows:

	Note	2024 RMB'000	2023 RMB'000
Revenue	25	**23,442**	5,969
Cost of sales		**(14,329)**	(3,200)
Gross profit		**9,113**	2,769
Finance income		**17**	39
Other income		**23**	15
Selling and distribution expenses		**(919)**	(703)
Administrative expenses		**(10,088)**	(10,095)
Impairment loss of financial assets and contract assets		**(187)**	–
Finance costs		**(8)**	(11)
Other expenses		**(22)**	(8)
Loss from discontinued operations, before taxation	26(e)	**(2,071)**	(7,994)
Taxation	27	**(1,794)**	–
Loss from discontinued operations, net of taxation		**(3,865)**	(7,994)

(c) Loss per share from discontinued operations is disclosed in Note 28.

(d) The impact of the discontinued operations on the cash flows of the Group for the financial year ended 31 December 2024 are as follows:

	2024 RMB'000
Operating cash outflows	**(5,261)**
Investing cash outflows	**(6,967)**
Financing cash inflows	**1,874**
Net decrease in cash and cash equivalents	**(10,354)**

13 SHARE CAPITAL

The Company	No. of ordinary shares 2024	2023	Amount 2024 RMB'000	2023 RMB'000
Issued and fully paid ordinary shares, with no par value				
Balance at beginning and at end of year	**1,534,878,360**	1,534,878,360	**375,049**	375,049

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

14 PRC STATUTORY COMMON RESERVE

According to the PRC Company Law, the subsidiaries in PRC are required to transfer between 10% – 50% of their profit after taxation to statutory common reserve until the common reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under the PRC accounting standards. The transfer to this reserve must be made before the distribution of dividends to shareholders.

Statutory common reserve can be used to make good previous years' losses and for conversion to capital, if any, provided that the balance remains not less than 25% of the registered capital.

During the financial year ended 31 December 2023, PRC statutory common reserve relating to Anjie Environmental of RMB31,749,000 has been reclassed to accumulated losses of the Group upon the disposal of Anjie Environmental.

The Group	**2024 RMB'000**	**2023 RMB'000**
Balance at beginning of year	**1,168**	32,917
Reclassification of PRC statutory common reserve related to disposal of a subsidiary in PRC	**–**	(31,749)
Balance at end of year	**1,168**	1,168

15 MERGER RESERVE

The Group

This represented the difference between the consideration paid and the paid-in capital of a subsidiary, Anjie Environmental, based on the pooling of interest method. During the financial year ended 31 December 2023, the merger reserve of RMB454,000 has been reclassed to accumulated losses of the Group upon the disposal of Anjie Environmental.

The Group	**2024 RMB'000**	**2023 RMB'000**
Balance at beginning of year	**–**	454
Reclassification of merger reserve related to disposal of a subsidiary in PRC	**–**	(454)
Balance at end of year	**–**	–

16 CURRENCY TRANSLATION RESERVE

The Group	**2024 RMB'000**	**2023 RMB'000**
Balance at beginning of year	**2,573**	1,650
Currency translation differences	**(133)**	1,499
Non-controlling interest's share of currency translation reserve	**44**	(576)
Balance at end of year	**2,484**	2,573

Currency translation reserve represents exchange differences arising from the translation of the financial statements of operation whose functional currency is different from that of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

17 CAPITAL RESERVES

The Group	2024 RMB'000	2023 RMB'000
Balance at beginning of year	**–**	21
Reclassed to accumulated losses [Note 5(c)(ii)]	**–**	(21)
Balance at end of year	**–**	–

18 BANK BORROWINGS

The Group	2024 RMB'000	2023 RMB'000
Non-current		
Bank loan – secured	**18,936**	21,879
Current		
Bank loan – secured	**2,837**	3,810
Bank loan – unsecured	**4,539**	2,800
	7,376	6,610
Total borrowings	**26,312**	28,489

Bank loan – unsecured

In 2024, the Group's subsidiary obtained and drawn down a new short-term loan facility of RMB4,539,000 for a 1-year tenor commencing from 29 January 2024. The short-term loan was secured by corporate guarantee provided by a subsidiary of the Group, Greentech Guangzhou. The effective interest rate for the short-term loan facility is 4.35% per annum.

The short-term loan of RMB2,800,000 was fully repaid on 6 October 2024.

Bank loan – secured

In 2021, a new 10-year loan facility of RMB27,399,000 was secured from a bank to partly finance the outright lease payments of the leasehold land and building belonging to a subsidiary for purpose of the membrane manufacturing facility [Note 3(b)]. The term loan is secured by:

(i) legal mortgage of leasehold property at 8 Tuas West Avenue, Singapore (Note 3);

(ii) corporate guarantees for all money owing to be provided by the Company and non-controlling shareholder of the subsidiary; and

(iii) bank deposit of RMB3,959,000 (2023 – RMB3,976,000) [Note 11(a)] 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 bank loan is subject to floating interest of 0.88% per annum above 3-month Compounded Singapore Overnight Rate Average ("3M Compounded SORA") for the first year, 1.00% per annum above 3M Compound SORA and 4.00% per annum above 3M Compounded SORA thereafter. The effective interest rate for the bank loan is 5.11% (2023 – 5.55%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

18 BANK BORROWINGS (CONT'D)

Bank loan – secured (Cont'd)

The subsidiary is subject to externally imposed bank covenant as it needs to maintain at all times a tangible net worth of not less than SGD 6.0 million (approximately RMB32.1 million) (2023 – SGD 6.0 million (approximately RMB32.3 million)). During the financial years ended 31 December 2023 and 2024, there are no known instances of any breaches of bank covenants by the subsidiary.

The table below analyses the maturity profile of the Group's bank borrowings based on contractual undiscounted cash flows:

	2024		2023	
	Carrying amount RMB'000	**Contractual cash flows RMB'000**	**Carrying amount RMB'000**	**Contractual cash flows RMB'000**
Amount repayable in:				
Less than one year	**7,376**	**8,380**	6,610	7,944
Between two to five years	**12,821**	**15,305**	12,209	15,568
More than five years	**6,115**	**6,377**	9,670	10,377
	18,936	**21,682**	21,879	25,945
	26,312	**30,062**	28,489	33,889

The Group has unutilised bank facility of approximately RMB3.5 million (2023 – RMB18.8 million) as at 31 December 2024.

The weighted average effective interest rates (per annum) at the end of reporting period are as follows:

	2024	2023
The Group		
Secured bank loans	**5.11%**	4.95%

The interest rates of the Group's bank borrowings are repriced on quarterly basis. The carrying amounts of bank borrowings approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

19 CONVERTIBLE BONDS

On 28 February 2023, the Company obtained shareholders' approval in respect of an aggregate principal amount of up to USD15 million zero coupon convertible bonds at a nominal value of USD15 million. On 2 March 2023 and 31 July 2023, the Company issued convertible bonds at a nominal value of USD6 million (equivalent to approximately RMB42 million) and USD9 million (equivalent to approximately RMB64 million) respectively to the Bondholder.

The following are the principal terms and conditions of the bonds, amongst others:

1. Conversion Price and Conversion Rights

   The Bondholder has the right, at its option, to convert all its convertible bonds at any time up until the date falling five business days before the third year after the bonds' issuance dates ("Final Maturity Date") into the Company's ordinary shares, not exceeding 214,260,000 ordinary shares, at SGD 0.10 per conversion share, subject to Adjustment Events stipulated in the Investment Agreements.

2. Maturity and Redemption

   Unless previously redeemed or converted, the Company may redeem the convertible bonds at 100% of its principal amount (less any amount received by the Bondholder in the event of any distribution of dividends by the Company) plus a premium that would give a yield to maturity of 8% per annum compounded annually, on the Final Maturity Date. The bonds may not be redeemed by the Company, in whole or in part, prior to that date other than in accordance with the Investment Agreements.

   On or prior to the Final Maturity Date, the Company may at its discretion, subject to the provision of a written notification to the Bondholder, extend the Final Maturity Date for a period of up to two years.

3. Adjustments to Conversion Price

   The Conversion Price shall be adjusted in accordance with Adjustment Events stipulated in the Investment Agreements. Notwithstanding any provisions to the contrary, the issuance of Shares and the grant of any new options or awards pursuant to the Company's existing Share Award Plan or Share Option Scheme or any future employee share option scheme or plans which are in compliance with the Listing Rules, and any issuance of Shares at an issue price above the Conversion Price pursuant to future agreements in relation to the Group's acquisition of securities, assets or businesses, shall not result in any adjustments to the Conversion Price.

4. Payment in the Event of Distribution of Dividends

   In the event of any distribution of dividends by the Company, the Bondholder shall 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.

19 CONVERTIBLE BONDS (CONT'D)

The following are the principal terms and conditions of the bonds, amongst others: (Cont'd)

5. Optional Early Redemption

   In the event of a change in the current holder of the offices of Executive Chairman of the Board (i.e. Dr. Lin Yucheng) or Chief Executive Officer of the Company (i.e. Mr. Li Li) other than as a result of death or loss of physical or mental capacity (evidence of which shall require the written opinion of a licensed medical practitioner) or other than pursuant to legal or regulatory requirements (including Listing Rules), the Bondholder will have the right to require the Company to redeem all or some only the outstanding convertible bonds at a redemption amount ("Early Redemption Amount") equal to 100% of the principal amount (less any dividends received) plus a premium that would give the Bondholder a yield to redemption of 8% per annum compounded annually.

6. Events of Default

   The Bondholder may at its discretion give notice to the Company that the bonds are, and they shall accordingly thereby become, immediately due and repayable at a redemption amount ("EOD Redemption Amount") equal to 100% of the principal amount of the bonds plus a premium equivalent to an Internal Rate of Return of 10% on such principal amount if any of events as stipulated in the Investment Agreement (each, an "Event of Default") has occurred.

The convertible bonds have conversion options that are classified as liabilities. As the Bondholder has the option to convert the convertible bonds into the Company's equity shares at any time before maturity, the Company is deemed not to have the right to defer settlement (i.e. conversion into equity shares) for at least twelve months from the reporting date. Accordingly, the convertible bonds are classified as current liability. The comparative financials for 31 December 2023 have also been reclassified to conform to the application of the amendments to SFRS(I) 1-1 *Classification of liabilities as current or non-current* which is effective on or after 1 January 2024. Notwithstanding the above reclassification, the contractual maturity date of the convertible bonds is determined at 3 years from the issuance date (i.e. 2 March 2026 and 31 July 2026 respectively). Based on the contractual terms of the convertible bonds, the Company may, at its discretion, extend the final maturity date of the convertible bonds for a further period of up to 2 years. As such, in the event that the Bondholder does not exercise its option to convert the convertible bonds into the Company's equity shares, the Company will continue to have the sole discretion to control the timing of the convertible bonds repayment up till 2 March 2028 and 31 July 2028 respectively. In the event that the Bondholder exercises its right to convert, the Company will satisfy the convertible bonds by issuing new shares to the Bondholder. There will not be any cash outflow arising from the settlement of convertible bonds via conversion to equity.

The Company has received the duly signed confirmation dated 27 February 2025 from the Bondholder for the extension option of its convertible bonds totalling RMB91.0 million as at 31 December 2024. The original maturity dates of both CB tranches which were 3 March 2026 and 31 July 2026 are now extended to final maturity dates of 3 March 2028 and 31 July 2028 respectively.

19 CONVERTIBLE BONDS (CONT'D)

The bonds recognised in the consolidated financial statements are analysed as follows:

The Group and the Company	Note	2024 RMB'000	2023 RMB'000
Nominal value of convertible bonds issued		**105,787**	105,787
Less: transaction costs		**(2,294)**	(2,294)
Face value of convertible bonds issued, at initial recognition		**103,493**	103,493
Accumulated amortisation of interest expense		**19,664**	6,768
Accumulated fair value gain on embedded derivatives on convertible bonds		**(35,634)**	(22,005)
Accumulated currency translation differences		**3,458**	544
Balance at end of year		**90,981**	88,800
Represented by:			
Host liability component, at amortised cost		**103,186**	87,376
Embedded derivative liability component, at fair value through profit or loss		**(12,205)**	1,424
		90,981	88,800
Charged to the profit or loss:			
– Amortisation of interest expense	26(a)	**12,896**	6,768
– Fair value gain on embedded derivatives on convertible bonds	26(e)	**(13,629)**	(22,005)

The fair values of the bonds (including embedded derivatives) at inception on 2 March 2023 and 31 July 2023 were determined by an independent valuer, Cushman & Wakefield VHS Pte. Ltd., using Binomial Option Pricing Model. The embedded derivative component of the convertible bonds is derived using Binomial Option Pricing Model. The significant input into the model is the conversion price of SGD 0.01. The fair value is within Level 3 of the fair values hierarchy [Note 37.1(a)].

Embedded derivatives comprise of share conversion option and extension option. The fair value of the extension option embedded derivative is derived from the difference in convertible bonds values with or without the maturity extension option feature using the binomial model while the fair value of the equity conversion option embedded derivative is derived in the binomial model based on the optimal payoff from converting the bonds into shares, after considering the issuer's option to repay at maturity or to extend the maturity date. The fair value of the host debt component is derived as the residual amount from the fair value of the bonds (including the embedded derivatives) deducted by the fair values of both embedded derivatives abovementioned, where at inception on 2 March 2023 and 31 July 2023, the fair value of the host debt component is amortised at an effective interest rate of 12.51% (2023 – 12.51%) and 13.61% (2023 – 13.61%) per annum respectively.

The embedded derivatives are indexed to both the share price denominated in SGD and the SGD/USD exchange rate per the Investment Agreement. The exercise price of the equity conversion option is denominated in SGD but the functional currency of the Company is RMB. The management of the Company is of the view that they should be bundled together as a whole and to be treated as a single compound derivative.

Included in the host liability component of the bonds is an unamortised bond discount of RMB2,680,000 (2023 – RMB3,330,000) which is amortised over the remaining term of the bonds.

20 LEASE LIABILITIES

Lease liabilities have been recognised for the remaining lease payments for the rental of office premises. The movements of the lease liabilities are as follows:

	The Group		The Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at beginning of year	**1,813**	3,797	**132**	463
Additions	**865**	–	**–**	–
Re-measurement adjustments	**1,792**	–	**1,069**	–
Interest expense	**119**	152	**44**	12
Payment of lease liabilities	**(1,723)**	(1,771)	**(343)**	(343)
Disposal of a subsidiary	**–**	(99)	**–**	–
Derecognition due to early termination	**(403)**	(266)	**–**	–
Transfer to disposal group classified as held-for-sale (Note 12)	**(605)**	–	**–**	–
Balance at end of year	**1,858**	1,813	**902**	132
Undiscounted lease payment due:				
– Year 1	**892**	1,450	**396**	133
– Year 2	**901**	432	**396**	–
– Year 3	**155**	–	**155**	–
	1,948	1,882	**947**	133
Less: Unearned interest	**(90)**	(69)	**(45)**	(1)
Lease liabilities	**1,858**	1,813	**902**	132
Presented as:				
Current	**827**	1,388	**367**	132
Non-current	**1,031**	425	**535**	–
	1,858	1,813	**902**	132

During the financial year ended 31 December 2023, the Group has deregistered a subsidiary, Guangdong Zhihe. This resulted in the early termination of lease agreements for an office space in Guangdong, the PRC with a derecognition of lease liabilities amounted to RMB266,000 and a corresponding decrease in right-of-use assets of RMB260,000 [Note 3(e)(i)]. A gain of RMB6,000 has been recognised in the profit or loss due to early termination of an office lease in Guangdong, the PRC [Note 26(b)].

During the financial year ended 31 December 2023, the Group disposed of Anjie Environmental and derecognised the lease liabilities of RMB99,000 and a right-of-use asset of RMB110,000 [Note 3(e)(i)].

As at 31 December 2024 and 2023, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

21 PROVISION FOR RESTORATION COSTS

Provision for restoration costs is the estimated costs of restoring the lease of an office premise in Tianjin and a leasehold land and building in Singapore, which are capitalised and included in the cost of the property, plant and equipment. The provision is expected to be utilised at the end of the lease term.

The movement of the provision for restoration costs is as follows:

The Group	2024 RMB'000	2023 RMB'000
Balance at beginning of year	**518**	488
Unwinding interest [Note 26(a)]	**13**	12
Currency translation differences	**(2)**	18
Balance at end of year	**529**	518

22 DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

The carrying amounts of deferred tax assets and liabilities, determined after appropriate offsetting, are shown on the statement of financial position, as follows:

The Group	2024 RMB'000	2023 RMB'000
Deferred tax assets		
To be recovered after one year from the reporting date	**272**	–
Deferred tax liabilities		
To be recovered after one year from the reporting date	**(1,486)**	–
Deferred tax liabilities – net	**(1,214)**	–

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) are as follows:

	Tax losses RMB'000	Provisions RMB'000	Lease liabilities RMB'000	Total RMB'000
Deferred tax assets				
At 1 January 2024	**–**	**–**	**–**	**–**
Credited to profit or loss	**232**	**11**	**29**	**272**
At 31 December 2024	**232**	**11**	**29**	**272**

	Contract assets RMB'000	Right-of-use assets RMB'000	Total RMB'000
Deferred tax liabilities			
At 1 January 2024	**–**	**–**	**–**
Charged to profit or loss	**(1,436)**	**(50)**	**(1,486)**
At 31 December 2024	**(1,436)**	**(50)**	**(1,486)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

22 DEFERRED TAX LIABILITIES (CONT'D)

Unrecognised tax loss

(i) PRC subsidiaries

No deferred tax assets are recognised in so far as to the utilisation tax losses incurred in the PRC subsidiaries as there are no certainties that future taxable profits will be available against which the unused tax losses can be utilised, and the use of these tax losses are also subject to the agreement of the tax authorities and compliance with the provisions of the tax legislation of the respective countries in which the companies operate. All tax losses will expire after five years from the year of assessment they relate to.

The unrecognised tax losses will expire as follows:

The Group		2024 RMB'000	2023 RMB'000
Year 2025		**874**	790
Year 2026		**2,282**	2,527
Year 2027		**1,392**	3,730
Year 2028		**7,216**	12,320
Year 2029		**4,478**	–
		16,242	19,367
Tax benefit at 25% (2023 – 25%)	(i)	**4,061**	4,842

(ii) NTi Memtech

Subject to agreement with Tax Authority, NTi Memtech has unabsorbed tax losses, as disclosed below, available for offset against future taxable profits provided that the provisions of tax legislation are complied with. Temporary difference on the following items has not been recognised by the subsidiary due to the uncertainty of its realisation:

The Group		2024 RMB'000	2023 RMB'000
Tax losses		**19,273**	14,248
Tax written down value and carrying amounts of property, plant and equipment		**6,752**	4,249
Provision for unutilised leave		**11**	63
Provision for restoration costs		**457**	437
Provision for stock obsolescence		**237**	–
		26,730	18,997
Tax benefit at 17% (2023 – 17%)	(ii)	**4,544**	3,229
Total tax benefit of the Group	(i) + (ii)	**8,605**	8,071

23 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Trade payables				
– Third parties	**4,540**	10,364	**–**	–
– Associate	**703**	–	**–**	–
Other payables	**876**	215	**179**	55
Deposits from customer	**888**	–	**–**	–
VAT and other tax payables	**94**	35	**–**	–
Amount due to a related party	**–**	195	**–**	–
Amount due to associates	**1,749**	–	**–**	–
Amounts due to subsidiaries	**–**	–	**12,486**	17,586
	8,850	10,809	**12,665**	17,641

The Group

Trade payables are non-interest bearing and are normally settled on 30 – 90 days' terms (2023 – 30 – 90 days' terms). The profile of the liability owing to contractors and suppliers for the services rendered and supply of goods to the projects are in a way match to the timing of receipts and the extent of completion of the projects as stipulated in the contracts. Such liabilities are only due for payment when the extent of the project completion is accepted and acknowledged by the customer of the Group.

Included in the amount due to associates is a sum of RMB1,428,000 relating to the Group's subscription of shares in an associate, NTi Technology Pte. Ltd. to be paid. The remaining balance of RMB321,000 due to another associate is unsecured, interest-free and repayable on demand.

The Company

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

24 OTHER LIABILITIES

	Note	The Group 2024 RMB'000	The Group 2023 RMB'000	The Company 2024 RMB'000	The Company 2023 RMB'000
Accrued purchases		**14,488**	18,392	**–**	–
Accrued salary and related expenses		**917**	1,847	**347**	375
Accrued operating expenses		**1,671**	1,407	**1,521**	1,207
Accrued capital expenditure		**767**	5,257	**–**	–
		17,843	26,903	**1,868**	1,582
Deferred capital grant	24(a), 3(c)	**9,561**	305	**9,324**	–
		27,404	27,208	**11,192**	1,582
Presented as:					
Current		**17,911**	26,970	**1,868**	1,582
Non-current		**9,493**	238	**9,324**	–
		27,404	27,208	**11,192**	1,582

Accrued purchases mainly relate to unbilled invoices from the suppliers in respect of the equipment and systems received for the Public-Private-Partnership project in Bazhou of RMB13.9 million (2023 – RMB13.9 million) and industrial wastewater projects of RMB0.6 million (2023 – RMB2.7 million).

Accrued capital expenditure mainly relates to unbilled invoices from the suppliers in respect of the equipment received for a Singapore government project.

24(a) DEFERRED CAPITAL GRANT

Deferred capital grant relates to grants of RMB9,324,000 (2023 – Nil) received by the Company from a grantor [Note 3(c)]. The movement of the deferred capital grant is as follows:

	The Group 2024 RMB'000	The Group 2023 RMB'000	The Company 2024 RMB'000	The Company 2023 RMB'000
Balance at beginning of year	**305**	–	**–**	–
Capital grant received during the year	**9,324**	332	**9,324**	–
Capital grant utilised during the year	**(68)**	(33)	**–**	–
Exchange difference	**–**	6	**–**	–
Balance at end of year	**9,561**	305	**9,324**	–
Presented as:				
Current	**68**	67	**–**	–
Non-current	**9,493**	238	**9,324**	–
	9,561	305	**9,324**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25 REVENUE

The Group derives revenue from transfer of goods and services over time and at a point in time as follows:

The Group	Continuing operations		Discontinued operations		Total	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Over time:						
Engineering revenue	**5,385**	26,930	**–**	–	**5,385**	26,930
Treatment revenue	**–**	–	**2,379**	2,020	**2,379**	2,020
Operation and maintenance revenue	**–**	–	**18,957**	3,168	**18,957**	3,168
	5,385	26,930	**21,336**	5,188	**26,721**	32,118
At a point in time:						
Sale of equipment and parts	**1,643**	145	**2,106**	781	**3,749**	926
	7,028	27,075	**23,442**	5,969	**30,470**	33,044

26(a) FINANCE INCOME AND COSTS

The Group	Note	2024 RMB'000	2023 RMB'000
From continuing operations			
Finance income:			
Interest income from bank balances		**1,641**	1,544
From continuing operations			
Finance costs:			
Interest expense on lease liabilities	3	**(117)**	(141)
Interest expense on convertible bonds	19	**(12,896)**	(6,768)
Unwinding interest from provision of restoration costs	21	**(13)**	(12)
Interest expense on bank borrowings		**(1,476)**	(1,688)
		(14,502)	(8,609)

26(b) OTHER INCOME

The Group	Note	2024 RMB'000	2023 RMB'000
From continuing operations			
Government grants*	26(e)	**199**	177
Exchange gain		**–**	263
Gain on early termination of lease liabilities	26(e)	**52**	6
Gain on disposal of a subsidiary	5(b)	**–**	688
Tax refund		**10**	–
Others		**36**	45
		297	1,179

* Includes Jobs Support Scheme, Job Growth Incentive and Centre Provident Fund Child Care government grant; and capital grant utilised by a subsidiary of RMB68,000 (2023 – RMB33,000) [Note 24(a)].

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

26(c) ADMINISTRATIVE EXPENSES

From continuing operations	Note	2024 RMB'000	2023 RMB'000
Employees' salaries and related costs		**19,450**	21,589
Directors' fees and remunerations		**5,146**	5,095
Depreciation of property, plant and equipment	3	**6,563**	6,281
Amortisation of intangible assets	4	**180**	180
Professional fees		**2,483**	3,220
Short-term lease expenses		**12**	43
Transportation expenses		**339**	280
Inventories written off	8	**236**	–
Travelling and entertainment expenses		**2,580**	2,861
Others		**2,609**	2,392
		39,598	41,941

26(d) OTHER EXPENSES

From continuing operations	Note	2024 RMB'000	2023 RMB'000
Bad debts written off	26(e)	**–**	7
Impairment loss on property, plant and equipment	3, 26(e)	**541**	6,535
Property, plant and equipment written off	26(e)	**–**	24
Loss on deregistration of a subsidiary	5(c)(ii)	**–**	76
Loss on dissolution of an associate	6	**–**	4
Exchange loss		**2,983**	32
Stamp duty expenses		**4**	11
Others		**(729)**	51
		2,799	6,740

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

26(e) LOSS BEFORE TAXATION

The Group	Note	Continuing operations 2024 RMB'000	Continuing operations 2023 RMB'000	Discontinued operations 2024 RMB'000	Discontinued operations 2023 RMB'000	Total 2024 RMB'000	Total 2023 RMB'000
Loss before taxation has been arrived at after charging/(crediting):							
Audit fee:							
– auditor of the Company							
– in respect of current year		**1,142**	1,349	**13**	–	**1,155**	1,349
– over provision in respect of prior year		**(240)**	–	**–**	–	**(240)**	–
		902	1,349	**13**	–	**915**	1,349
– other auditors – non-network firms		**14**	17	**11**	24	**25**	41
Non-audit fee:							
– Audit-related services ("ARS")							
– auditor of the Company		**73**	80	**–**	–	**73**	80
– Non-ARS							
– auditor of the Company		**20**	20	**–**	–	**20**	20
– other auditors – non-network firms		**80**	98	**4**	–	**84**	98
Property, plant and equipment written off	26(d)	**–**	24	**56**	–	**56**	24
Depreciation of property, plant and equipment	3	**6,825**	7,305	**836**	590	**7,661**	7,895
Amortisation of intangible assets	4	**252**	252	**–**	–	**252**	252
Bad debts written off	26(d)	**–**	7	**–**	–	**–**	7
Impairment loss of property, plant and equipment	3, 26(d)	**541**	6,535	**–**	–	**541**	6,535
Allowance for impairments, net:							
– contract assets	7	**21,330**	16,304	**187**	–	**21,517**	16,304
– trade receivables	9	**(60)**	240	**–**	–	**(60)**	240
– retention receivables		**–**	9	**–**	–	**–**	9
– advances to trade suppliers		**–**	13	**–**	–	**–**	13
– advances to non-trade suppliers		**–**	53	**–**	–	**–**	53
		21,270	16,619	**187**	–	**21,457**	16,619
Inventories written off	8	**236**	–	**–**	–	**236**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

26(e) LOSS BEFORE TAXATION (CONT'D)

The Group	Note	Continuing operations 2024 RMB'000	Continuing operations 2023 RMB'000	Discontinued operations 2024 RMB'000	Discontinued operations 2023 RMB'000	Total 2024 RMB'000	Total 2023 RMB'000
Employees' compensations*	29	**26,010**	28,768	**10,970**	10,591	**36,980**	39,359
Loss on deregistration of a subsidiary	26(d)	**–**	76	**–**	–	**–**	76
Loss on dissolution of an associate	26(d)	**–**	4	**–**	–	**–**	4
Government grants	26(b)	**(199)**	(177)	**–**	(14)	**(199)**	(191)
Gain on early termination of lease liabilities	26(b)	**(52)**	(6)	**–**	–	**(52)**	(6)
Gain on disposal on a subsidiary	26(b)	**–**	(688)	**–**	–	**–**	(688)
Fair value gain of embedded derivatives on convertible bonds	19	**(13,629)**	(22,005)	**–**	–	**(13,629)**	(22,005)
Cost of sales:							
– Subcontractor cost		**–**	2,435	**–**	–	**–**	2,435
– Purchase of equipment		**1,591**	11,981	**956**	581	**2,547**	12,562
– Compensation for usage of land		**–**	1,852	**–**	–	**–**	1,852

* Includes remuneration of directors and key management personnel as disclosed in Note 31 to the financial statements.

27 TAXATION

The Group	2024 RMB'000	2023 RMB'000
From continuing operations		
Current taxation		
– Current year	**22**	297
– (Over)/under provision in respect of prior year	**(4,073)**	1
	(4,051)	298
Deferred taxation		
– Current year	**(3,352)**	–
– Underprovision in respect of prior year	**4,566**	–
	1,214	–
	(2,837)	298
From discontinued operations		
Deferred taxation		
– Current year (Note 12)	**1,794**	–
Tax expense	**(1,043)**	298

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

27 TAXATION (CONT'D)

The tax expense/credit on the results of the financial year varies from the amount of income tax determined by applying the relevant statutory rate of income tax on Group's losses before tax due to the following:

The Group	2024 RMB'000	2023 RMB'000
Loss before taxation from:		
– Continuing operations	**(61,110)**	(44,724)
– Discontinued operations	**(2,071)**	(7,994)
	(63,181)	(52,718)
Income tax calculated at the applicable tax rate in PRC where the Group's taxable income is mainly derived at 25% (2023 – 25%)	**(15,795)**	(13,179)
Difference in tax rate[1]	**4,506**	2,805
Effect of share of results of associate	**(67)**	203
Tax effect on non-deductible expenses	**2,980**	3,573
Tax effect on non-taxable income	**(2,594)**	(3,863)
Effect of loss not available for offset against future profits	**6,419**	4,589
Effect of loss not recognised as deferred tax assets	**3,524**	6,507
Utilisation of deferred tax asset previously not recognised	**(129)**	–
(Over)/under provision of current taxation in respect of prior year	**(4,073)**	1
Underprovision of deferred taxation in respect of prior year	**4,566**	–
Tax incentives	**(380)**	(338)
Tax expense	**(1,043)**	298

[1] Other than Greentech Tianjin where the income tax rate is at a concessionary rate of 15%, the income tax rate applicable to all the PRC entities within the Group is at 25% and all Singapore entities are at 17%.

The nature of income that are not taxable is as follows:

The Group	2024 RMB'000	2023 RMB'000
Fair value gain of embedded derivatives on convertible bonds	**2,317**	3,741
Gain on disposal of a subsidiary [Note 5(b)]	**–**	117
Others	**277**	5
	2,594	3,863

The nature of expenses that are not deductible for tax purposes is as follows:

The Group	2024 RMB'000	2023 RMB'000
Research and development expenses not deductible	**554**	870
Entertainment expenses incurred but restricted for tax purposes	**203**	241
Impairment loss on property, plant and equipment	**–**	510
Allowance for impairments on financial assets and contract assets	**1,555**	1,377
Depreciation expense on leasehold land and building	**591**	480
Amortisation of intangible assets – patents	**63**	63
Loss on investment not claimable [5(c)(ii)]	**–**	13
Others	**14**	19
	2,980	3,573

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

28 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated based on the consolidated loss attributable to ordinary shareholders of the Company (for the purpose of basic loss per share) 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 years ended 31 December:

The Group	Continuing operations 2024	Continuing operations 2023	Discontinued operations 2024	Discontinued operations 2023	Total 2024	Total 2023
Loss attributable to owners of the Company (RMB'000)	**(53,336)**	(36,210)	**(4,353)**	(5,596)	**(57,689)**	(41,806)
Weighted average number of ordinary shares outstanding for the purpose of basic loss per share	**1,534,878,360**	1,534,878,360	**1,534,878,360**	1,534,878,360	**1,534,878,360**	1,534,878,360
Basic loss per share (RMB cents)	**(3.475)**	(2.359)	**(0.284)**	(0.365)	**(3.759)**	(2.724)

(b) Diluted loss per share

The Group	Note	Continuing operations 2024	Continuing operations 2023	Discontinued operations 2024	Discontinued operations 2023	Total 2024	Total 2023
Loss attributable to owners of the Company (RMB'000)		**(53,336)**	(36,210)	**(4,353)**	(5,596)	**(57,689)**	(41,806)
Adjustments for:							
– Interest expense on convertible bonds (RMB'000)	19	**–**	6,768	**–**	–	**–**	6,768
– Fair value gain on embedded derivatives on convertible bonds (RMB'000)	19	**–**	(22,005)	**–**	–	**–**	(22,005)
Net loss used to determine diluted earnings per share (RMB'000)		**(53,336)**	(51,447)	**(4,353)**	(5,596)	**(57,689)**	(57,043)
Weighted average number of ordinary shares outstanding for the purpose of basic loss per share		**1,534,878,360**	1,534,878,360	**1,534,878,360**	1,534,878,360	**1,534,878,360**	1,534,878,360
Adjustments for:							
– Convertible bonds		**–***	214,260,000	**–***	–*	**–***	214,260,000
Weighted average number of ordinary shares outstanding for the purpose of diluted loss per share		**1,534,878,360**	1,749,138,360	**1,534,878,360**	1,534,878,360	**1,534,878,360**	1,749,138,360
Diluted loss per share (RMB cents)		**(3.475)**	(2.941)	**(0.284)**	(0.365)	**(3.759)**	(3.261)

* computation of diluted loss per share does not assume the effect on the conversion of the convertible bonds because they are anti-dilutive

28 LOSS PER SHARE (CONT'D)

(b) Diluted 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.

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

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 2024 and 2023, 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 anti-dilutive effect on the loss per share calculation.

29 EMPLOYEE BENEFITS

From continuing operations	2024 RMB'000	2023 RMB'000
Employee benefits expenses (including directors)		
Directors' fees	**1,305**	1,110
Salaries, bonuses and other short-term benefits	**20,893**	23,120
Contribution to defined contribution plans	**2,660**	2,817
Share-based payments (Note 30)	**1,152**	1,721
	26,010	28,768
Charged to:		
– cost of sales	**981**	1,524
– administrative expenses	**24,596**	26,684
– selling and distribution expenses	**433**	560
	26,010	28,768

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

30 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company's Leader Environmental Technologies Share Option Scheme (the Scheme) was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 23 December 2021.

On 4 March 2022, the Company granted 11,600,000 share options to Executive Director, CEO and employees of the Group (Tranche 1) and 750,000 share options to the 3 Independent Non-Executive Directors of the Company (Tranche 2). The vesting periods for Tranche 1 and Tranche 2 are 2 years from the grant date. The vesting conditions for Executive Director, CEO and employees; and Independent Non-Executive Directors is to remain in service for 2 years from the grant date.

On 13 March 2023, the Company granted 15,200,000 share options to Executive Director, CEO and employees of the Group (Tranche 1) and 1,050,000 share options to the 3 Independent Non-Executive Directors of the Company (Tranche 2). The vesting periods for Tranche 1 and Tranche 2 are 2 years and 1 year from the grant date respectively. The vesting conditions for Executive Director, CEO and employees is to remain in service for 2 years from the grant date while the vesting conditions for Independent Non-Executive Directors is to remain in service for 1 year from the grant date.

The movement in the number of shares under the Company's share option scheme is as follows:

The Group and the Company	Number of share options 2024	2023
At 1 January	**27,900,000**	12,350,000
Granted during the year	**–**	16,250,000
Forfeited during the year	**(1,200,000)***	(700,000)*
At 31 December	**26,700,000**	27,900,000

* 1,200,000 (2023 – 700,000) share options were forfeited during the year mainly due to the resignation of employees and retirement of an independent director before the end of vesting period.

Fair value of share options granted in 2022 and 2023

The fair value of share options as at the date of grant, is estimated by an external valuer using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options have been granted. The inputs to the option pricing model used for the financial years ended 31 December 2022 and 2023 are shown below:

	Share options granted in 2023		Share options granted in 2022	
	Tranche 1	**Tranche 2**	**Tranche 1**	**Tranche 2**
Share price	SGD 0.070	SGD 0.070	SGD 0.070	SGD 0.070
Exercise price	SGD 0.058	SGD 0.072	SGD 0.052	SGD 0.065
Expected volatility	42.19%	39.89%	37.49%	41.24%
Expected option life	10 years	5 years	6 years	3.5 years
Risk-free rate	3.14%	3.13%	1.66%	1.41%
Expected dividend yield	Nil	Nil	Nil	Nil

***** Tranche 1 refers to the share options granted to Executive Director, CEO and employees, whereas, tranche 2 refers to the share options granted to the 3 Independent Non-Executive Directors.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

30 SHARE-BASED PAYMENTS (CONT'D)

Fair value of share options granted in 2022 and 2023 (Cont'd)

The expected life of the share options is based on the contractual life of the option (2022 – mid-point between the remaining time to vesting and the contractual terms), and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Other than stated, no other features of the option grant were incorporated into the measurement of fair value.

As at the grant date, the estimated fair values of the options granted are approximately SGD 592,000 (approximately RMB3,004,000) [2022 – SGD 345,000 (approximately RMB1,600,000)].

For the financial year ended 31 December 2024, the Group and the Company recognise an expense of RMB1,152,000 (2023 – RMB1,721,000) (Note 29) and RMB602,000 (2023 – RMB949,000) relate to the share options granted respectively.

The movement of the share option reserves is as follows:

The Group and the Company	2024 RMB'000	2023 RMB'000
Balance at beginning of year	**2,636**	663
Movement during the year	**1,466**	1,973
Balance at end of year	**4,102**	2,636

There is no share options granted during the financial year ended 31 December 2024.

31 SIGNIFICANT 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:

The Group	2024 RMB'000	2023 RMB'000
Sales of membrane products to a related party*	**(312)**	(29)
Operation and maintenance services ("O&M") rendered to related parties[1]	**(16,693)**	–
Purchase of equipment from an associate	**44**	–
Labour cost relating to O&M services paid on behalf by related parties[2]	**734**	–
Technical services charged to an associate[3]	**–**	(98)
Manpower services charged to an associate[3]	**–**	(478)
Advances made to an associate	**366**	–
Advances received from related parties	**3,670**	–

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

1 In 2024, the O&M services were rendered by a subsidiary of the Group, Xinwo AI to two companies in which the non-controlling shareholder of the subsidiary has interests in.

2 In 2024, the labour cost relating to O&M services rendered by a subsidiary of the Group, Xinwo AI, is paid on behalf by two companies in which the non-controlling shareholder of the subsidiary has interests in.

3 In 2023, the provision of manpower support and technical services was provided by a subsidiary of the Group, Greentech Tianjin to Greentech Yishui.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of directors and key management personnel

The remunerations of directors and other members of key management during the year were as follows:

The Group	2024 RMB'000	2023 RMB'000
Directors' remunerations		
– Directors' fees	**1,305**	1,110
– Salaries, bonuses and other short-term benefits	**3,499**	3,435
– Contributions to defined contribution plans	**156**	143
– Share-based payments	**184**	407
	5,144	5,095
Key management personnel (other than directors)		
– Salaries, bonuses and other short-term benefits	**7,273**	5,432
– Contributions to defined contribution plans	**471**	410
– Share-based payments	**420**	549
	8,164	6,391
	13,308	11,486

The Group's key management personnel in FY2024 mainly comprises Chief Executive Officer, Deputy Chief Executive Officer (Technical), Deputy Chief Executive Officer (Sales and Marketing), Group Financial Controller, Chief Technical Officer and Chief AI Scientist. The remuneration of directors and key executives are reviewed by the Remuneration Committee having regard to the performance of individuals and market trend.

32 OTHER MATTERS – LETTER OF UNDERTAKING

The Company has given letter of undertaking to provide financial support for the following subsidiaries as at 31 December 2024 to enable them to continue to operate as a going concern and to meet their respective obligations as and when they fall due:

	2024		2023	
	Net tangible liabilities RMB'000	Net current liabilities RMB'000	Net tangible liabilities RMB'000	Net current liabilities RMB'000
Bituo Environmental Technologies (Tianjin) Co., Ltd.	**183**	**183**	251	251
United Greentech Holdings Pte. Ltd.	**–**	**34,287**	–	24,105
Zhejiang Bofeng Environmental Technologies Co., Ltd.	**–**	**3,579**	–	703
UG Water Pte. Ltd.	**–**	**14**	–	–
	183	**38,063**	251	25,059

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

33 FINANCIAL GUARANTEES

The Company has provided a financial guarantee to a bank for a loan of RMB37.2 million granted to a subsidiary to finance partly the outright lease payments of the leasehold land and building for the purpose of the membrane manufacturing facility and working capital for the subsidiary. The leasehold property is pledged to the bank, and the bank balances of RMB4.0 million (2023 – RMB4.0 million) (Note 18) is earmarked in a debt service reserve account to make payments in the event of disruption of cash flows to the extent that the repayments cannot be made. With the corporate pledge and the earmarked bank balances provided, the Company is exposed to liability of RMB27.4 million (2023 – RMB27.4 million). As at the reporting date, the banking facility utilised stood at RMB21.8 million (2023 – RMB24.5 million).

The Group's 66.67% (2023 – 66.67%) owned subsidiary, NTi Memtech has provided a financial guarantee to a former related party, Nanosun Pte. Ltd., which owned 16.67% of NTi Memtech in 2023, to secure a bank facility of up to SGD 2.0 million (approximately RMB10.7 million) [2023 – SGD 2.0 million (approximately RMB10.8 million)] from a bank to finance the membrane manufacturing facility in NTi Memtech. As at the reporting date, the banking facility utilised is SGD 0.7 million (approximately RMB3.5 million) [2023 – SGD 1.1 million (approximately RMB5.9 million)].

As at 31 December 2023 and 2024, the fair values of the financial guarantees determined based on the expected loss arising from the risk of default are negligible.

34 OPERATING SEGMENTS

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

(i) provision of engineering solution services in respect of sludge and water treatment;

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

(iii) manufacturing of high-performance membrane products; and

(iv) sales of equipment and parts.

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 also 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 2024 and 2023 respectively. Corporate expenses are included in this category.

The Executive Chairman and Chief Executive Officer monitors 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 according to the revenue generated.

The chief operating decision maker reviews the results of the segment using segment's EBITDA and loss 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 maker.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

34 OPERATING SEGMENTS (CONT'D)

(a) By business

The Group	Engineering and sludge treatment services RMB'000	Manufacturing of high-performance membrane products RMB'000	Others RMB'000	Total RMB'000	AIWater treatment services RMB'000	Elimination RMB'000	Total continuing and discontinued operations RMB'000
	← Continuing operations			→	Discontinued operations		
2024							
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)	–
	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)
Impairment loss on property, plant and equipment	–	(541)	–	(541)	–	–	(541)
Impairment loss on financial assets and contract assets, net	(21,270)	–	–	(21,270)	(187)	–	(21,457)
Fair value gain of embedded derivatives on convertible bonds	–	–	13,629	13,629	–	–	13,629
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)
Interest expense	(359)	(1,204)	(12,939)	(14,502)	(8)	–	(14,510)
Interest income	158	2	1,481	1,641	17	–	1,658
Share of results of associates	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 year	(31,263)	(8,954)	(18,056)	(58,273)	(3,865)	–	(62,138)

* EBITDA – Earnings before interest, taxation, depreciation and amortisation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

34 OPERATING SEGMENTS (CONT'D)

(a) By business (Cont'd)

The Group	Continuing operations: Engineering and sludge treatment services RMB'000	Continuing operations: Manufacturing of high-performance membrane products RMB'000	Continuing operations: Others RMB'000	Continuing operations: Total RMB'000	Discontinued operations: AIWater treatment services RMB'000	Elimination RMB'000	Total continuing and discontinued operations RMB'000
2023							
Revenue							
Sales to external customers	26,990	85	–	27,075	5,969	–	33,044
Inter-segment sales	13,456	–	715	14,171	435	(14,606)	–
	40,446	85	715	41,246	6,404	(14,606)	33,044
Results							
Segmental results	(2,000)	(5,611)	(20,530)	(28,141)	(7,432)	–	(35,573)
Impairment loss on property, plant and equipment	–	(6,535)	–	(6,535)	–	–	(6,535)
Impairment loss on financial assets and contract assets, net	(16,619)	–	–	(16,619)	–	–	(16,619)
Fair value gain of embedded derivatives on convertible bonds	–	–	22,005	22,005	–	–	22,005
EBITDA*	(18,619)	(12,146)	1,475	(29,290)	(7,432)	–	(36,722)
Depreciation and amortisation	(2,250)	(4,220)	(1,087)	(7,557)	(590)	–	(8,147)
Interest expense	(363)	(1,412)	(6,834)	(8,609)	(11)	–	(8,620)
Interest income	118	3	1,423	1,544	39	–	1,583
Share of results of associates	(812)	–	–	(812)	–	–	(812)
Loss before taxation	(21,926)	(17,775)	(5,023)	(44,724)	(7,994)	–	(52,718)
Taxation	(298)	–	–	(298)	–	–	(298)
Loss for the year	(22,224)	(17,775)	(5,023)	(45,022)	(7,994)	–	(53,016)

* EBITDA – Earnings before interest, taxation, depreciation and amortisation.

(b) Geographical information

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

The Group	2024 RMB'000	2023 RMB'000
PRC	**29,529**	10,547
Taiwan	**941**	22,497
	30,470	33,044

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

34 OPERATING SEGMENTS (CONT'D)

(b) Geographical information (Cont'd)

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

The Group	2024 RMB'000	2023 RMB'000
Singapore[(2)]	**74,764**	62,956
PRC[(1)]	**9,838**	16,903
	84,602	79,859

(1) included intangible assets amounting to RMB5,333,000 (2023 – RMB4,282,000).

(2) included non-current assets of RMB58,179,000 (2023 – RMB51,831,000), belonging to a subsidiary, whose operation is classified under manufacturing of high-performance membrane products segment.

(c) Information about major customers

Revenue of RMB16.7 million is derived from two major PRC customers, and is attributable to the AIWater treatment segment for the financial year ended 31 December 2024. In the same corresponding period of last year, revenue of RMB22.5 million is derived from one major Taiwan customer and is attributable to the engineering segment.

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial risk management policies set out the overall business strategies and risk management philosophy. The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance through a system of internal controls set by the management.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

35.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their bank balances and borrowings. The Group and the Company do not enter into derivative financial instruments contracts to hedge interest rate risk. The Group's and the Company's policy is to obtain the most favourable interest rates available.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

35.1 Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

At the end of reporting period, if the interest rates had been 50 (2023 – 50) basis points higher/lower with all other variables held constant, the Group's loss for the year would have been RMB96,000 lower/higher (2023 – RMB316,000 lower/higher), arising mainly as a result of higher/lower interest income on bank balances, net of interest expense on bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility compared to prior years.

35.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables and contract assets. The Group adopts the policy of dealing only with:

– Customers of appropriate credit standing and history, and obtaining sufficient collateral where appropriate to mitigate credit risk; and

– High credit quality counterparties rating by external credit rating companies.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

In all sales contracts entered into with the Group's customers for engineering, procurement and construction projects, the payment terms are based on each stage or milestone of the project. Generally, the payment terms are as follows:

(a) upon signing of a contract, an advance payment between nil and 30% of the total contract value;

(b) upon delivery of equipment and systems to customers, between nil and 60% of the contract value;

(c) after the installation and commissioning of equipment and systems, the issue of the project completion report by the Group and acceptance by customers which usually include the issue of a detailed inspection report by the Environmental Protection Quality Inspection Station, between 90% and 95% of the contract value; and

(d) retention sum of generally between 5% and 10% of the contract value withheld by the customer for a one-year period against any defects. For more complex projects, the retention sum could increase to 20% of the contract value.

Majority of the secured contracts to-date are under the above payment terms. Depending on negotiations with the customers, the other contracts also provide for payment terms based on fixed number of instalments, and specified amounts and dates for each of the instalment payments; or payment terms which are based on fixed agreed amounts for each of the progressive payments payable upon completion of each stage or milestone of a contract. In addition, depending on negotiations with and requests from the customers, some of the contracts also provide for retention receivables to be based on an agreed sum with the customers and/or the defects liability period to be extended to two years, or defects liability period of certain components of the systems (such as the fabric filter bags) to be extended to up to three years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

35.2 Credit risk (Cont'd)

For small scale projects which are less complex, the credit term extended to the customers for the advance payments and progress claims is generally 60 to 90 days from the date of issuance of the notification of payment and progress billings respectively. For large scale projects which require more than a year to complete or projects which are technically more complex, longer credit terms of up to 150 days to the customers will be extended as more time is required by the customers to process the payments.

Going forward, the Group has reviewed its credit policy and will work closely with customers on their payments. As a result, the Group has tightened its policy for new projects to be undertaken.

Measures to curtail credit risk

New or existing customers are subject to assessment of financial condition prior to contract acceptance and collection of customer deposits has become a precondition for the undertaking of new contracts to minimise credit risk. The management has also prescribed any advances to suppliers unless they are able to ascertain that any resultant credit risk is remote. The Board has also resolved that all payments, whether in advance or in arrears, to any single supplier above RMB10 million will require prior approval from the Board. The Group will also adopt uniform policies and standards when assessing new contracts, regardless of whether they are government or privately funded projects**.** The adoption of a more cautious business strategy should help to mitigate the Group's exposure to credit risks and market risks in the longer term.

In 2021, the Group has redefined its policy so as to grow its environmental related businesses, and provides corporate guarantee to a then 60% (now 66.67%) owned subsidiary in Singapore to secure a bank loan of RMB27,399,000 (Note 18) to partly finance the outright lease payments for the leasehold land and building mainly for the purpose of membrane manufacturing facility. Accordingly, the Group's exposure, after taking into considerations the pledge and the earmarked bank balances, is the outstanding loan amount at the reporting date (Note 33).

At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee. The Group and the Company exposure to credit risks arise primarily from trade and other receivables, contract assets, deposits pledged to bank and bank balances.

For trade receivables, the Group and the Company adopt the policy of dealing only with customers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties. Bank balances are deposits with reputable banks.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

35.2 Credit risk (Cont'd)

Measures to curtail credit risk (Cont'd)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

Expected credit losses

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the PRC unemployment rate to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The Group allocates each exposure to a credit risk category based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk category are defined using qualitative and quantitative factors that are indicative of the risk of default.

The Group applied the 12-month ECL model in assessing the loss allowance for the contract assets as at the reporting date. The key assumptions are as below:

The Group

Contract assets Aging category	Expected Credit Loss rates applied FY2024	 FY2023
91-180 days	2%	4%
181-365 days	5% – 12%	16%
More than 1 year but less than 2 years	16% – 35%	40%
More than 2 years but less than 3 years	35%	40%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

35.2 Credit risk (Cont'd)

Expected credit losses (Cont'd)

In measuring the expected credit losses, trade receivables, retention receivables and contract assets are grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. Advances to employees, advances to trade and non-trade suppliers, and tender and security deposits are grouped based on shared credit risk characteristics.

Impairment losses on financial assets and contract assets recognised in profit or loss were disclosed in Note 26(e).

The movement in the allowance for impairment for trade receivables, contract assets and retention receivables during the year was as follows:

	Trade receivables, contract assets and retention receivables			
The Group **2024**	**12-month ECL** **RMB'000**	**Lifetime ECL – not credit impaired** **RMB'000**	**Lifetime ECL – credit impaired** **RMB'000**	**Total** **RMB'000**
Balance as at 1 January	**–**	**16,903**	**258**	**17,161**
Loss allowance recognised in profit or loss during the year on:				
– Reversal of unutilised amount	**–**	**–**	**(60)**	**(60)**
– Changes in credit risk	**–**	**21,330**	**–**	**21,330**
Balance as at 31 December	**–**	**38,233**	**198**	**38,431**
2023				
Balance as at 1 January	–	603	6,513	7,116
Loss allowance recognised in profit or loss during the year on:				
– Originated	–	–	258	258
– Changes in credit risk	–	16,304	–	16,304
– Disposal of a subsidiary	–	(4)	(6,513)	(6,517)
Balance as at 31 December	–	16,903	258	17,161

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

35.2 Credit risk (Cont'd)

Expected credit losses (Cont'd)

The movement in the allowance for impairment for advances to trade and non-trade suppliers and employees, and tender and security deposits in 2023 were as follows:

	Advances to trade and non-trade suppliers, and employees, and tender and security deposits			
The Group	**12-month ECL RMB'000**	**Lifetime ECL – not credit impaired RMB'000**	**Lifetime ECL – credit impaired RMB'000**	**Total RMB'000**
2023				
Balance as at 1 January	–	3,707	14,032	17,739
Loss allowance recognised in profit or loss during the year on:				
– Originated	–	–	3,619	3,619
– Reversal of unutilised amount	–	–	(37)	(37)
– Changes in credit risk	–	(3,516)	–	(3,516)
– Disposal of a subsidiary	–	(191)	(17,614)	(17,805)
Balance as at 31 December	–	–	–	–

There is no allowance for impairment for advances to trade and non-trade suppliers and employees, and tender and security deposits as at 31 December 2024.

The Group's and the Company's major classes of financial assets are cash and bank balances, bank deposits pledged, trade and other receivables and contract assets. Bank deposits pledged and cash and bank balances are subject to immaterial credit loss.

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

35.2 Credit risk (Cont'd)

Expected credit losses (Cont'd)

The following tables provide information about the exposure to credit risk and ECLs for trade receivables, contract assets and retention receivables:

The Group	Trade receivables, contract assets and retention receivables			
	Weighted average loss rate %	**Gross carrying amount RMB'000**	**Impairment loss allowance RMB'000**	**Credit impaired**
2024				
Category: performing	**–**	**–**	**–**	No
Category: doubtful	**76.89**	**49,727**	**38,233**	Yes
Category: in default	**100.00**	**198**	**198**	Yes
		49,925	**38,431**	
2023				
Category: performing	–	–	–	No
Category: doubtful	29.68	56,944	16,903	Yes
Category: in default	100.00	258	258	Yes
		57,202	17,161	

The Company

The Company is not exposed to significant expected credit losses on its bank balances and trade and other receivables. The Company has issued financial guarantees to a bank for borrowing of its subsidiary. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have the financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

35.2 Credit risk (Cont'd)

Expected credit losses (Cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's net trade receivables (for continuing operations) at the reporting date is as follows:

	2024		2023	
The Group	**RMB'000**	**% of total**	**RMB'000**	**% of total**
By industry sector				
Wastewater treatment	**5,913**	**87.9**	7,534	99.1
Others	**813**	**12.1**	71	0.9
	6,726	**100.0**	7,605	100.0

As at 31 December 2024 and 2023, none of the trade receivables individually exceed 15% of the Group's total assets.

35.3 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or other financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

35.3 Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows:

The Group	Note	On demand or within 1 year RMB'000	Within 2 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
2024					
Non-derivative financial liabilities					
Bank borrowings	18	**8,380**	**15,305**	**6,377**	**30,062**
Lease liabilities	20	**892**	**1,056**	**–**	**1,948**
Convertible bonds (excluding derivative liabilities)		**–**	**161,271**	**–**	**161,271**
Trade and other payables (excluding VAT and other tax payables)	23	**8,756**	**–**	**–**	**8,756**
Other liabilities (excluding deferred capital grant)	24	**17,843**	**–**	**–**	**17,843**
Total undiscounted financial liabilities		**35,871**	**177,632**	**6,377**	**219,880**
Corporate guarantee	33	**–**	**3,514**	**–**	**3,514**
		35,871	**181,146**	**6,377**	**223,394**
2023					
Non-derivative financial liabilities					
Bank borrowings	18	7,944	15,568	10,377	33,889
Lease liabilities	20	1,450	432	–	1,882
Convertible bonds (excluding derivative liabilities)		–	156,413	–	156,413
Trade and other payables (excluding VAT and other tax payables)	23	10,774	–	–	10,774
Other liabilities (excluding deferred capital grant)	24	26,903	–	–	26,903
Total undiscounted financial liabilities		47,071	172,413	10,377	229,861
Corporate guarantee	33	–	5,939	–	5,939
		47,071	178,352	10,377	235,800
The Company					
2024					
Non-derivative financial liabilities					
Lease liabilities	20	**396**	**551**	**–**	**947**
Convertible bonds (excluding derivative liabilities)		**–**	**161,271**	**–**	**161,271**
Trade and other payables	23	**12,665**	**–**	**–**	**12,665**
Other liabilities (excluding deferred capital grant)	24	**1,868**	**–**	**–**	**1,868**
Total undiscounted financial liabilities		**14,929**	**161,822**	**–**	**176,751**
Corporate guarantee	32, 33	**40,899**	**12,821**	**6,115**	**59,835**
		55,828	**174,643**	**6,115**	**236,586**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

35.3 Liquidity risk (Cont'd)

The Company	Note	On demand or within 1 year RMB'000	Within 2 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
2023					
Non-derivative financial liabilities					
Lease liabilities	20	133	–	–	133
Convertible bonds (excluding derivative liabilities)		–	156,413	–	156,413
Trade and other payables	23	17,641	–	–	17,641
Other liabilities	24	1,582	–	–	1,582
Total undiscounted financial liabilities		19,356	156,413	–	175,769
Corporate guarantee	32, 33	27,735	12,209	9,670	49,614
		47,091	168,622	9,670	225,383

Except for bank borrowings and lease liabilities, the balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

35.4 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group's operations are primarily conducted in the PRC in RMB. Currently, the PRC government imposes control over foreign currencies. RMB, the official currency in the PRC, is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions.

The Group and the Company hold cash and bank balances denominated in foreign currencies (mainly in SGD and USD) for working capital purposes. There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

35.4 Foreign currency risk (Cont'd)

The currency exposure of the Group and the Company based on the information provided to key management was as follows:

The Group	SGD RMB'000	USD RMB'000	Total RMB'000
At 31 December 2024			
Financial assets			
Trade and other receivables (excluding VAT and other tax receivables)	**1,772**	**–**	**1,772**
Cash and bank balances	**6,172**	**19,365**	**25,537**
	7,944	**19,365**	**27,309**
Financial liabilities			
Bank borrowings	**(21,774)**	**–**	**(21,774)**
Lease liabilities	**(902)**	**–**	**(902)**
Trade and other payables (excluding VAT and other tax payables)	**(1,847)**	**(889)**	**(2,736)**
Other liabilities (excluding deferred capital grant)	**(2,837)**	**–**	**(2,837)**
Convertible bonds	**–**	**(90,981)**	**(90,981)**
	(27,360)	**(91,870)**	**(119,230)**
Net currency exposure on financial assets and liabilities	**(19,416)**	**(72,505)**	**(91,921)**
Net currency exposure on financial assets and liabilities, net of those denominated in the respective entities' functional currencies	**(921)**	**(72,505)**	**(73,426)**
At 31 December 2023			
Financial assets			
Trade and other receivables (excluding VAT and other tax receivables)	258	–	258
Cash and bank balances	5,126	69,213	74,339
	5,384	69,213	74,597
Financial liabilities			
Bank borrowings	(24,555)	–	(24,555)
Lease liabilities	(133)	–	(133)
Trade and other payables (excluding VAT and other tax payables)	(254)	–	(254)
Other liabilities (excluding deferred capital grant)	(2,736)	–	(2,736)
Convertible bonds	–	(88,800)	(88,800)
	(27,678)	(88,800)	(116,478)
Net currency exposure on financial assets and liabilities	(22,294)	(19,587)	(41,881)
Net currency exposure on financial assets and liabilities, net of those denominated in the respective entities' functional currencies	3,940	(19,587)	(15,647)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

35.4 Foreign currency risk (Cont'd)

The Company	SGD RMB'000	USD RMB'000	Total RMB'000
At 31 December 2024			
Financial assets			
Trade and other receivables (excluding VAT and other tax receivables)	**348**	**22,399**	**22,747**
Cash and bank balances	**1,565**	**18,997**	**20,562**
	1,913	**41,396**	**43,309**
Financial liabilities			
Lease liabilities	**(902)**	**–**	**(902)**
Trade and other payables (excluding VAT and other tax payables)	**(11,209)**	**–**	**(11,209)**
Other liabilities	**(1,868)**	**–**	**(1,868)**
Convertible bonds	**–**	**(90,981)**	**(90,981)**
	(13,979)	**(90,981)**	**(104,960)**
Net currency exposure on financial assets and liabilities	**(12,066)**	**(49,585)**	**(61,651)**
At 31 December 2023			
Financial assets			
Trade and other receivables (excluding VAT and other tax receivables)	3,177	–	3,177
Cash and bank balances	4,797	63,447	68,244
	7,974	63,447	71,421
Financial liabilities			
Lease liabilities	(132)	–	(132)
Trade and other payables (excluding VAT and other tax payables)	(5,763)	–	(5,763)
Other liabilities	(1,582)	–	(1,582)
Convertible bonds	–	(88,800)	(88,800)
	(7,477)	(88,800)	(96,277)
Net currency exposure on financial assets and liabilities	497	(25,353)	(24,856)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

35.4 Foreign currency risk (Cont'd)

Sensitivity analysis for currency risk

The following tables demonstrate the sensitivity to a reasonably possible change in the SGD and USD exchange rates (against RMB), with all other variables held constant, of the Group's and the Company's loss net of tax and other comprehensive income.

The Group		**2024**		**2023**	
		Loss for the year RMB'000	**Other comprehensive income RMB'000**	**Loss for the year RMB'000**	**Other comprehensive income RMB'000**
SGD	– strengthened 1% (2023 – 1%)	**9**	**(185)**	(35)	(258)
	– weakened 1% (2023 – 1%)	**(9)**	**185**	35	258
USD	– strengthened 1% (2023 – 1%)	**725**	**–**	196	–
	– weakened 1% (2023 – 1%)	**(725)**	**–**	(196)	–

The Company		**2024**		**2023**	
		Loss for the year RMB'000	**Other comprehensive income RMB'000**	**Loss for the year RMB'000**	**Other comprehensive income RMB'000**
SGD	– strengthened 1% (2023 – 1%)	**121**	**–**	(5)	–
	– weakened 1% (2023 – 1%)	**(121)**	**–**	5	–
USD	– strengthened 1% (2023 – 1%)	**496**	**–**	254	–
	– weakened 1% (2023 – 1%)	**(496)**	**–**	(254)	–

35.5 Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group and the Company does not hold any quoted or marketable financial instruments, hence, is not exposed to any movements in market prices.

36 CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as going concern;

(b) To support the Group's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure, taking into consideration the future capital requirements of the Group capital efficiency, prevailing and projected revenue, projected operating cash flows and projected capital expenditures. The Group currently does not adopt any formal dividend policy.

Gearing has a significant influence on the Group's capital structure and the Group monitor capital using a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as the sum of bank borrowings, lease liabilities, trade and other payables, other liabilities and convertible bonds less cash and cash equivalents. With the business environment in China still posing a challenge to the Group, management is conscious of the need to be prudent in its investment in environmental projects.

The Group hopes that its prudent approach, coupled with the timely executions and deliveries of the existing and new contracts plus new potential contracts to be secured in the coming months due to the re-opening in China, it will help to further strengthen its cash and cash equivalents of the Group.

The Group previously secured a large-scale Public-Private-Partnership ("PPP") project in Bazhou City valued at RMB114.75 million was cancelled during 2023.

On October 2023, the Group was informed by the local authority of Bazhou city that they have received a directive from the central government that all PPP projects will need to be ceased. On 13 December 2023, the Ministry of Finance of the Chinese Central Government released a Bulletin Notice (No. 98) on the withdrawal of documents related to PPP projects. In 2023, the Group reported that with the withdrawal of the PPP Project, the Group no longer has the unconditional contractual right to receive cash from the local authority.

In FY2024, the Group is still in on-going negotiations with the local authority to recover certain expenses that had been incurred.

Total capital is calculated as equity plus net debt.

36 CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The Group	Note	2024 RMB'000	2023 RMB'000
Bank borrowings	18	**26,312**	28,489
Lease liabilities	20	**1,858**	1,813
Trade and other payables	23	**8,850**	10,809
Other liabilities (exclude deferred capital grant)	24	**17,843**	26,903
Convertible bonds	19	**90,981**	88,800
Less: Cash and bank balances (exclude pledged deposits and restricted cash)	11	**(49,093)**	(91,767)
Net debt		**96,751**	65,047
Equity attributable to owners of the Company		**21,920**	78,232
Less: PRC statutory common reserve	14	**(1,168)**	(1,168)
Total capital		**20,752**	77,064
Capital and net debt		**117,503**	142,111
Gearing ratio		**0.82**	0.46

There are no changes in the Group's approach to capital management during the financial year.

Saved as disclosed in Note 18, the Company and its other subsidiaries are not subject to externally imposed capital requirements.

37 FAIR VALUE MEASUREMENT

SFRS(I) 13 define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

The carrying amount of financial assets and financial liabilities with a maturity of less than one year is assumed to approximate their fair values.

The Group and the Company do not anticipate that the carrying amounts recorded at the end of the reporting year would be significantly different from the values that would eventually be received or settled.

37 FAIR VALUE MEASUREMENT (CONT'D)

37.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 : unobservable inputs for the asset or liability

See Note 19 for disclosures of convertible bonds that are measured at fair value.

The Group	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
31 December 2024				
Liabilities				
Convertible bonds	**–**	**–**	**90,981**	**90,981**
31 December 2023				
Liabilities				
Convertible bonds	–	–	88,800	88,800

There was no transfer between Levels 1 and 2 during the year.

Level 3 fair value measurements

(a) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using unobservable market data (Level 3):

Description	Valuation techniques	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
31 December 2024				The estimated fair value would increase if:
Fair value measurement of embedded derivatives on convertible bonds	Binomial Option Pricing Model	Volatility Risk free rate Credit yield	25.18% – 25.87% 2.73% 12.65% – 12.72%	• the share price was lower • the risk-free rate was lower • the credit spread was higher

37 FAIR VALUE MEASUREMENT (CONT'D)

37.1 Fair value measurement of financial instruments (Cont'd)

Level 3 fair value measurements (Cont'd)

(a) Information about significant unobservable inputs used in Level 3 fair value measurements (Cont'd)

Description	Valuation techniques	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
31 December 2023				The estimated fair value would increase if:
Fair value measurement of host debt component of convertible bonds at inception	Binomial Option Pricing Model	Volatility Risk free rate Credit yield	42.78% – 45.64% 2.96% – 3.42% 10.92% – 15.15%	• the share price was higher • the risk-free rate was higher • the credit spread was lower
Fair value measurement of embedded derivatives on convertible bonds	Binomial Option Pricing Model	Volatility Risk free rate Credit yield	36.79% – 39.33% 2.69% – 2.71% 14.69% – 14.72%	• the share price was higher • the risk-free rate was higher • the credit spread was lower

(b) Valuation policies and procedures

The Group's Executive Director ("ED"), who is assisted by the Group Financial Controller (collectively referred to as the "CFO office") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the CFO office reports to the Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 *Fair Value Measurement* guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

37 FAIR VALUE MEASUREMENT (CONT'D)

37.1 Fair value measurement of financial instruments (Cont'd)

Level 3 fair value measurements (Cont'd)

(b) Valuation policies and procedures (Cont'd)

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The CFO office documents and reports its analysis and results of the external valuations to the Audit Committee on a quarterly basis. The Audit Committee performs a high-level independent review of the valuation process and results and recommends if any revisions need to be made before presenting the results to the Board of Directors for approval.

38 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:

		The Group		The Company	
		2024	2023	2024	2023
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets, at amortised costs					
Trade and other receivables* (excluding VAT and other tax receivables)	9	**9,807**	9,996	**22,897**	15,313
Cash and bank balances	11	**50,007**	98,505	**20,562**	68,244
		59,814	108,501	**43,459**	83,557
Financial liabilities, at amortised costs					
Bank borrowings	18	**26,312**	28,489	**–**	–
Convertible bonds (host liability)	19	**103,186**	87,376	**103,186**	87,376
Lease liabilities	20	**1,858**	1,813	**902**	132
Trade and other payables (excluding VAT and other tax payables)	23	**8,756**	10,774	**12,665**	17,641
Other liabilities (excluding deferred capital grant)	24	**17,843**	26,903	**1,868**	1,582
		157,955	155,355	**118,621**	106,731
Financial liability, at fair value through profit or loss					
Embedded derivatives on convertible bonds	19	**(12,205)**	1,424	**(12,205)**	1,424

* *Excludes advances to non-trade suppliers for goods and services to be received and rendered.*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

39 COMMITMENTS

Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

The Group	2024 RMB'000	2023 RMB'000
Construction of pilot sludge treatment plant	**2,990**	14,880
Installation of equipment for AIWater implementation contracts	**6,290**	4,760
Purchase of oil sludge equipment	–	3,280

40 EVENTS AFTER THE REPORTING PERIOD

On 13 January 2025, the Company announced that the Company had, through its wholly-owned subsidiary, United Greentech, on 12 January 2025 entered into conditional share sale and purchase agreements with the Buyer, WJL Holding Pte. Ltd. in relation to the proposed disposal of its equity interest in the AIWater Group for a total consideration of RMB370 million on an arm's length basis and on a willing-buyer and willing-seller basis. Further details are as disclosed in the said announcement and in Note 12 to the financial statements.

On 28 February 2025, the Company announced that the Company proposes to make a conditional aggregate distribution of up to RMB248.7 million via a capital reduction exercise and a sum of up to RMB34.7 million will be payable to the Bondholder pursuant to the terms and conditions of the convertible bonds.

A summary of the Proposed Transactions is set out below:

(a) United Greentech, being a wholly-owned subsidiary of the Company, intends to dispose all its interests in the AIWater Group to the Buyer for the aggregate consideration of RMB370 million ("**Disposal Consideration**") (equivalent to approximately SGD68.3 million).

(b) Prior to completion of the Proposed Transactions ("**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%).

Feynman is 50% held by each of Dr Lin and Ms Pan, who in turn hold Shares in the Company, comprising approximately 27.02% and 10.96% of its issued Shares, respectively.

InnoVision SAL is the sole holder (or Bondholder) of redeemable zero-coupon convertible bonds in the aggregate principal amount of USD15 million issued by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

40 EVENTS AFTER THE REPORTING PERIOD (CONT'D)

(c) Subject to Completion, to reward Shareholders and Bondholder for their support, the Board announced that the Company proposes to make a conditional aggregate distribution of the SGD 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 Distribution**") via a capital reduction exercise ("**Proposed Capital Reduction**"), and in connection with the Proposed Distribution, a sum of the SGD 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**").

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 extraordinary general meeting ("**EGM**") to consider and approve the proposed disposal of the AIWater Group.

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 Distribution amount of approximately SGD0.03, 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.

For the avoidance of doubt, the Proposed 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 Distribution.

(d) 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 SAL arising from the Proposed Distribution ("**Set-Off Agreement**").

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.

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 Distribution.

The proposed disposal will be subject to the approval of the Shareholders of the Company who are deemed independent under the SGX Listing Manual. As at the date of this financial statements, the Company has submitted the transaction circular to SGX on 28 February 2025. The Company is preparing to convene an EGM to seek the approval of the independent shareholders for the proposed disposal of the AIWater Group.

SHAREHOLDINGS STATISTICS

As at 18 March 2025

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 18 MARCH 2025

Class of shares	:	Ordinary shares
Number of ordinary shares in issue	:	1,534,878,360
Number of treasury shares held	:	Nil
Number of Subsidiary Holdings held	:	Nil
Number of ordinary shares held by shareholders	:	1,211
Voting rights	:	1 vote for 1 share

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	2	0.17	130	0.00
100 – 1,000	64	5.28	19,250	0.00
1,001 – 10,000	211	17.42	1,584,300	0.10
10,001 – 1,000,000	861	71.10	104,688,400	6.82
1,000,001 AND ABOVE	73	6.03	1,428,586,280	93.08
TOTAL	1,211	100.00	1,534,878,360	100.00

Based on information available to the Company as at 18 March 2025, 59.98% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TWENTY LARGEST SHAREHOLDERS AS AT 18 MARCH 2025

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	LIN YUCHENG	414,779,500	27.02
2	DBS NOMINEES PTE LTD	212,865,645	13.87
3	PAN SHUHONG	165,000,000	10.75
4	OCBC SECURITIES PRIVATE LTD	74,307,550	4.84
5	RAFFLES NOMINEES (PTE) LIMITED	74,119,400	4.83
6	CITIBANK NOMINEES SINGAPORE PTE LTD	47,500,140	3.09
7	DB NOMINEES (SINGAPORE) PTE LTD	46,474,200	3.03
8	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	28,648,680	1.87
9	ZHANG YULONG OR XU YAN	26,524,000	1.73
10	PHILLIP SECURITIES PTE LTD	19,205,700	1.25
11	NGOO LIN FONG	18,717,000	1.22
12	ZHUO KAI YAO	16,074,075	1.05
13	ZHUO YUNSHAN	15,989,475	1.04
14	SHEN QIONG	15,989,475	1.04
15	YEO CHUNG SUN	15,000,000	0.98
16	MAYBANK SECURITIES PTE. LTD.	14,349,600	0.93
17	TEO YI-DAR (ZHANG YIDA)	12,618,600	0.82
18	DBSN SERVICES PTE LTD	11,500,000	0.75
19	MA XUYONG	11,339,900	0.74
20	ABN AMRO CLEARING BANK N.V.	10,135,000	0.66
	TOTAL	**1,251,137,940**	**81.51**

SHAREHOLDINGS STATISTICS

As at 18 March 2025

SUBSTANTIAL SHAREHOLDERS

As recorded in the Registrar of Substantial Shareholders as at 18 March 2025

	No. of Shares		
	Direct Interests	**Deemed Interests**	**%**
Please refer to the register of substantial Shareholders			
Lin Yucheng	414,779,500	–	27.02
Pan Shuhong[1]	165,000,000	3,199,000	10.96

(1) Pan Shuhong is deemed to be interested in 3,199,000 Shares held through her nominee, OCBC Securities Private Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **Leader Environmental Technologies Limited** (the "**Company**") will be held physically at Novotel Singapore on Stevens, Draco Room, 28 Stevens Road, Singapore 257878 on Tuesday, 29 April 2025 at 10.00 a.m. (Singapore time) to transact the following businesses:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2024 together with the Auditors' reports thereon. **(Resolution 1)**

2. To re-elect Mr Lee Suan Hiang, who is retiring by rotation in accordance with Regulation 104 of the Company's Constitution, as Director of the Company. **(Resolution 2)**
(See Explanatory Note (i))

3. To re-elect Mr Ngoo Lin Fong, who is retiring by rotation in accordance with Regulation 104 of the Company's Constitution, as Director of the Company. **(Resolution 3)**
(See Explanatory Note (ii))

4. To re-elect Mr Zhao Fu, who is retiring by rotation in accordance with Regulation 114 of the Company's Constitution, as Director of the Company. **(Resolution 4)**
(See Explanatory Note (iii))

5. To re-elect Ms Ng Sook Zhen, who is retiring by rotation in accordance with Regulation 114 of the Company's Constitution, as Director of the Company. **(Resolution 5)**
(See Explanatory Note (iv))

6. To approve the payment of Directors' fees of up to S$260,000/- for the financial year ending 31 December 2025 (FY2024: S$221,667/-), and to be paid in arrears on a quarterly basis. **(Resolution 6)**

7. To approve the additional Directors' fees of S$20,833/- for the financial year ended 31 December 2024. **(Resolution 7)**
(See Explanatory Note (v))

8. To re-appoint Messrs Foo Kon Tan LLP as the external auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modification, the following resolutions as Ordinary Resolutions:

9. **Authority to allot and issue shares** **(Resolution 9)**

That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to the Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of Shares;

(3) subject to such calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities which were issued and are outstanding or subsisting at the time of the passing of this Resolution;

(b) new shares arising from vesting of share awards which were issued and are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

NOTICE OF ANNUAL GENERAL MEETING

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(5) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (vi)]

10. **Authority to issue shares under Leader Environmental Technologies Share Option Scheme** **(Resolution 10)**

That pursuant to Section 161 of the Companies Act 1967, the Directors of the Company be and are hereby authorised to:

(i) offer and grant options in accordance with the provisions of Leader Environmental Technologies Share Option Scheme ("**Share Option Scheme**") and

(ii) allot and issue from time to time such number of Shares in the capital of the Company to the holders of options granted by the Company under the Share Option Scheme established by the Company upon the exercise of such options in accordance with the terms and conditions of the Share Option Scheme,

provided always that the aggregate number of Shares to be allotted and issued and/or issuable pursuant to the Share Option Scheme, when added to the aggregate number of Shares issued and issuable in respect of all options granted under the Share Option Scheme, Leader Environmental Technologies Share Award Plan and any other any other share option or share schemes of the Company implemented by the Company shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the day preceding the date of grant of the option, as determined in accordance with the provisions of the Share Option Scheme. Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (vii)]

11. **Authority to grant awards and issue shares pursuant to the Leader Environmental Technologies Share Award Plan** **(Resolution 11)**

That pursuant to Section 161 of the Companies Act 1967, authority be and is hereby given to the Directors to:

(i) offer and grant awards ("**Awards**") from time to time in accordance with the provisions of the Leader Environmental Technologies Share Award Plan ("**Share Award Plan**"); and

(ii) allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the vesting of Awards granted under the Share Award Plan

NOTICE OF ANNUAL GENERAL MEETING

provided always that the aggregate number of Shares issued and issuable pursuant to the Awards granted under the Share Award Plan, when added to (i) the number of Shares issued and issuable and/or transferred or transferable in respect of all Awards granted thereunder; and (ii) all other Shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share option or share schemes or share plans adopted by the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time on the day preceding the grant of the relevant Awards and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (viii)]

12. To transact any other business that may be transacted at the AGM.

By Order of the Board

Dominic Tan
Low Mei Mei, Maureen
Joint Company Secretaries
Date: 14 April 2025

EXPLANATORY NOTES:

(i) Mr Lee Suan Hiang, if re-elected, will assume the role of Chairman of Nominating Committee, a member of the Audit Committees and Remuneration Committee respectively. The Board considers Mr Lee Suan Hiang to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Mr Lee Suan Hiang has no relationship with the Company, its related corporations, its substantial shareholders or its officers. Detailed information of Mr Lee Suan Hiang could be found under the "Corporate Governance Report" in the Annual Report.

(ii) Mr Ngoo Lin Fong, if re-elected, will remain as the Executive Chairman and a member of Nominating Committee respectively. Detailed information of Mr Ngoo Lin Fong could be found under the "Corporate Governance Report" in the Annual Report.

(iii) Mr Zhao Fu, if re-elected, will assume the role of a member of the Audit Committee, Remuneration Committee and Nominating Committee respectively. Detailed information of Mr Zhao Fu could be found under the "Corporate Governance Report" in the Annual Report.

(iv) Ms Ng Sook Zhen, if re-elected, will assume the role of a member of the Audit Committee, Remuneration Committee and Nominating Committee respectively. The Board considers Ms Ng Sook Zhen to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Ms Ng Sook Zhen has no relationship with the Company, its related corporations, its substantial shareholders or its officers. Detailed information of Ms Ng Sook Zhen could be found under the "Corporate Governance Report" in the Annual Report.

(v) The shareholders of the Company had approved the payment of Directors' Fees of S$221,667/- for the financial year ended 31 December 2024 at the Annual General Meeting held on 29 April 2024. The ordinary resolution proposed Resolution 7 above seeks approval for the payment of additional Directors' fees of S$20,833/- for the financial year ended 31 December 2024 in respect of the appointment of Ms Ng Sook Zhen as director on 1 August 2024. Mr Zhao Fu, who was appointed on 1 August 2024, has graciously waive his director's fee for the financial year ended 31 December 2024.

(vi) Resolution 9 in item 9, if passed, will empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50 per cent. (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company, of which up to twenty per cent. (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) may be issued other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company at the time that Resolution 9 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 9 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

(vii) Resolution 10 in item 10 if passed, will empower the Directors of the Company to issue Shares in the capital of the Company up to an amount in aggregate not exceeding fifteen per centum (15%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company pursuant to the Share Option Scheme, and such other share-based incentive scheme or share plan, on the date preceding the date of the relevant grant. This authority is in addition to the general authority to issue Shares sought under Resolution 9.

(viii) Resolution 11 in item 11, if passed, will empower the Directors to offer and grant Awards under the Share Award Plan, and to allot and issue Shares pursuant to the vesting of Awards granted under the Share Award Plan, provided that the aggregate number of Shares issued and issuable pursuant to the Share Award Plan, when added to (i) the number of Shares issued and issuable and/or transferred or transferable in respect of all Awards granted thereunder; and (ii) all other Shares issued and issuable and/or transferred or transferable in respect of all options granted or Awards granted under any other share incentive schemes or share plans adopted by the Company, shall not exceed 15% of the total number of issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time. This authority is in addition to the general authority to issue Shares sought under Resolution 9.

Notes:

1. The members of the Company are invited to attend physically at the AGM. There will be no option for members to participate virtually. Printed copies of this Notice, Proxy Form and the Annual Report 2024 request form ("**Request Form**") will be sent to members. These documents are available to members by electronic means via publication on the Company's corporate website at the URL http://www.leaderet.com, and is also made available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements. A member will need an internet browser and PDF reader to view these documents.

   Shareholders who wish to receive a printed copy of the Annual Report 2024 may do so by completing the Request Form and sending it via email to hello@leaderet.com. to the Company by 10.00 a.m. on 25 April 2025.

2. Arrangement for participation in the AGM physically.

   Members (including CPF and SRS Investors) may participate in the AGM by:

   2.1 attending the AGM in person;

   2.2 submitting questions to the Chairman of the AGM in advance of, or at, the AGM; and/or

   2.3 voting at the AGM (i) themselves personally; or (ii) through their duly appointed proxy(ies). CPF and SRS Investors who wish to appoint the Chairman of the AGM (and not third party proxy(ies)) as proxy are to approach their respective CPF Agent Banks or SRS Operators to submit their votes. Please see item 6 below for details.

   Members who are feeling unwell on the date of AGM are strongly encouraged not to attend the AGM.

3. A member who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead at the AGM.

4. For any member who acts as a relevant intermediary pursuant to Section 181(6) of the Companies Act 1967 who is either:

   (a) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act 2001 and holds shares in that capacity; and

   (c) Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act 1953, in respect of shares purchased on behalf of CPF investors,

   you are entitled to appoint one or more proxies to attend and vote at the AGM. The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the relevant intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at AGM.

5. Where a member appoints more than one proxy, the member shall specify the proportion of his Shares to be represented by each such proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of Shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

6. CPF/SRS Investors who hold Shares through CPF Agent Banks/SRS Operators:

   (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their CPF Agent Banks/SRS Operators at least 7 working days before the AGM to submit their votes by 10.00 a.m. on 17 April 2025.

NOTICE OF ANNUAL GENERAL MEETING

7. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), at 9 Raffles Place #26-01, Republic Plaza 1, Singapore 048619; or sent via email to sg.is.proxy@vistra.com in each case, by 10.00 a.m. on 27 April 2025. The Company shall be entitled to and will treat any valid instrument appointing a proxy as a valid instrument for the member's proxy to attend, speak and vote at the AGM.

8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof shall if required by law, be duly stamped must be lodged with the instrument.

9. A member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory.

   If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the Chairman of the AGM will vote or abstain from voting at his discretion.

10. In view of the guidance note issued by the Singapore Exchange Regulation, a member may ask question relating to the items on the agenda of the AGM by:

    (a) submitting questions via mail to the Company's registered office at 38 Beach Road, South Beach Tower, #29-11, Singapore 189767; or

    (b) email to queries@leaderet.com; or

    (c) if a member is attending the AGM in person, live at the AGM.

11. All questions being submitted ahead of the AGM must be submitted by no later than 10.00 a.m. on 17 April 2025. When submitting the questions via mail or email, please provide the Company with the following details, for verification purposes:

    (i) full name;

    (ii) NRIC number;

    (iii) current residential address;

    (iv) contact number; and

    (v) number of Shares held.

    Please also indicate the manner in which you hold Shares in the Company (e.g. via CDP, CPF or SRS).

    Please note that the Company will address substantial and relevant questions relating to the resolution to be tabled for approval by 25 April 2025 ("Responses to Q&A"). The Company endeavour to address (i) subsequent clarifications sought, (ii) follow-up questions, or (iii) subsequent substantial and relevant questions which are received after its Responses to Q&A at the AGM itself. Where substantially similar questions are received, we will consolidate such questions and consequently not all questions may be individually addressed.

    The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNet, and the minutes will include the responses to the questions which are addressed during the AGM, if any.

12. The Company shall be entitled to reject an instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

13. **Important reminder.** Members are reminded to check SGXNet for any latest updates on the status of the AGM.

Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of Chairman of the Meeting as proxy appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name) may be recorded by the Company for such purpose.

This page has been intentionally left blank

LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 200611799H

ANNUAL GENERAL MEETING
PROXY FORM

Important:
1 The Annual General Meeting ("AGM") will be held physically. Members have no option to participate virtually.
2. The notice of AGM together with this proxy form and Annual Report Request Form will be printed and sent by post to members. Unless otherwise defined herein, all capitalised terms used in this Proxy Form shall bear the same meanings ascribed to them in the Circular. These documents will also be made available to members by electronic means via publication on the Company's corporate website at the URL https://www.leaderet.com and is also made available on SGXNet website.
3. A relevant intermediary may appoint more than two proxies to attend the AGM and vote (please see note 3 for the definition of "relevant intermediary").
4. For investors who have used their Central Provident Fund ("CPF") and/or Supplementary Retirement Scheme ("SRS") monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
5. Please read the notes to this Proxy Form.

*I/We ____________________ (Name) ____________________ (NRIC/Passport Number)

of ____ (Address)

being a *member/members of LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED ("**Company**") hereby appoint

Name	Address	NRIC/Passport Number	Proportion of shareholdings

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of shareholdings

or failing *him/her/them, the Chairman of the AGM as *my/our *proxy/proxies to attend, speak and to vote for *me/us on *my/our behalf at the AGM to be held at Novotel Singapore on Stevens, Draco Room, 28 Stevens Road, Singapore 257878 on **29 April 2025 at 10.00 a.m.**, and at any adjournment thereof. *I/We have directed *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the AGM indicated hereunder. If no specific directions as to voting on the resolutions are given, the *proxy/proxies may vote or abstain from voting at *his/her/their discretion and any other matters arising at the AGM.

Note: Please indicate with an "X" or number of votes in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of AGM. In the absence of specific directions or in the event of any item arising not summarised below, the *proxy/proxies may vote or abstain as *he/she/they may think fit.

		Number of Votes		
No.	**Resolutions relating to:**	**For**	**Against**	**Abstain**
1	Adoption of the Directors' Statement and audited financial statements for the financial year ended 31 December 2024 together with the Auditors' report thereon.			
2	Re-election of Mr Lee Suan Hiang as a Director of the Company.			
3	Re-election of Mr Ngoo Lin Fong as a Director of the Company.			
4	Re-election of Mr Zhao Fu as a Director of the Company.			
5	Re-election of Ms Ng Sook Zhen as a Director of the Company.			
6	Approval of proposed Directors' fees up to S$260,000/- for the financial year ending 31 December 2025 to be paid quarterly basis in arrears.			
7	Approval of the additional Directors' fees of S$20,833/- for the financial year ended 31 December 2024.			
8	Re-appointment of Messrs Foo Kon Tan LLP as external auditors of the Company.			
9	Authority for Directors to allot and issue shares pursuant to Section 161 of the Companies Act 1967.			
10	Authority for Directors to issue shares under Leader Environmental Technologies Share Option Scheme.			
11	Authority for Directors to grant awards and issue shares pursuant to the Leader Environmental Technologies Share Award Plan.			

Dated this ________ day of ________________ 2025

TOTAL NUMBER OF SHARES IN:	
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Shareholder(s) or
Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you (in both the Depository Register and the Register of Members).

2. A member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote on his behalf at the AGM. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of Shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid. A proxy need not be a member of the Company.

3. A member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory. If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the Chairman of the AGM will vote or abstain from voting at his discretion.

4. Pursuant to Section 181 of the Companies Act 1967, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Relevant intermediary is either:

   (i) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (ii) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act 2001 and holds shares in that capacity; or

   (iii) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased on behalf of CPF investors.

5. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), at 9 Raffles Place #26-01, Republic Plaza 1, Singapore 048619; or sent via email to sg.is.proxy@vistra.com in each case by **10.00 a.m. on 27 April 2025** (being not less than 48 hours before the time appointed for the AGM).

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967.

General:

The Company shall be entitled to reject an instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of the AGM dated 14 April 2025.

This page has been intentionally left blank

This page has been intentionally left blank

LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED
(Company Registration No.: 200611799H)

SINGAPORE OFFICES
41 Science Park Road, #04-11
The Gemini, Singapore 117610
8 Tuas West Avenue
Singapore 638431

CHINA OFFICES
11F Yanlord Land International Center, 129 Dongma Road, Nankai District, Tianjin, China
Shushan Economic & Technology Development Zone, Block A Phase 3 South District 508-01 Huguang Road,
Hefei City, Anhui, China
No. 6 Block E Unit 608, Guangyuan Dong Road Bohui Street, Tianhe District, Guangzhou, China