



Leader Environmental Technologies Limited

Condensed interim financial statements
For the six months ended 30 June 2025

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Legends:

HY2025	– 6 months ended 30 June 2025
HY2024	– 6 months ended 30 June 2024
FY2024	- 12 months ended 31 December 2024
NM	– not meaningful

Consolidated statements of financial position

As at 30 June 2025

		<u>Group</u>		<u>Company</u>	
	Note	30 June 2025 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000	31 December 2024 RMB'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	74,079	71,759	19,608	18,387
Intangible assets	4	1,160	1,287	-	-
Investment in subsidiaries		-	-	108,685	108,521
Associate		10,933	11,556	-	-
Total non-current assets		86,172	84,602	128,293	126,908
Current Assets					
Contract assets	5	10,828	11,494	-	-
Inventories	6	4,227	6,358	-	-
Trade and other receivables	7	11,726	14,164	25,545	22,897
Prepayments		405	404	269	54
Cash and bank balances		29,978	50,007	6,866	20,562
		57,164	82,427	32,680	43,513
Assets of disposal group classified as held for sale	8	43,001	39,977	-	-
Total current assets		100,165	122,404	32,680	43,513
Total assets		186,337	207,006	160,973	170,421
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	14	375,049	375,049	375,049	375,049
PRC statutory common reserve		1,168	1,168	-	-
Share option reserve		4,378	4,102	4,378	4,102
Currency translation reserve		3,539	2,484	-	-
Accumulated losses		(393,843)	(360,883)	(345,201)	(324,470)
Equity attributable to owners of the Company⁽¹⁾		(9,709)	21,920	34,226	54,681
Non-controlling interests		15,410	16,718	-	-
Total equity		5,701	38,638	34,226	54,681
Non-Current Liabilities					
Bank borrowings	9	18,249	18,936	-	-
Lease liabilities		1,350	1,031	350	535
Provision for restoration costs	11	605	529	-	-
Other liabilities	13	12,038	9,493	11,896	9,324
Deferred tax liabilities	18	1,214	1,214	-	-
Total non-current liabilities		33,456	31,203	12,246	9,859
Current Liabilities					
Contract liabilities		-	469	-	-
Bank borrowings	9	6,131	7,376	-	-
Convertible bonds	10	99,165	90,981	99,165	90,981
Lease liabilities		1,011	827	379	367
Trade and other payables	12	8,588	8,850	13,206	12,665
Other liabilities	13	16,810	17,911	1,751	1,868
		131,705	126,414	114,501	105,881
Liabilities directly associated with disposal group classified as held for sale	8	15,475	10,751	-	-
Total current liabilities		147,180	137,165	114,501	105,881
Total liabilities		180,636	168,368	126,747	115,740
Total equity and liabilities		186,337	207,006	160,973	170,421

⁽¹⁾: If the gain on disposal of RMB319.8 million arising from the disposal of AIWater Group (Note 26) is recognised, the Group's equity attributable to owners of the Company would be RMB310.1 million as at 30 June 2025.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 30 June 2025

		HY2025	Group HY2024	Change
	Note	RMB'000	RMB'000	%
Continuing operations:				
Revenue	16	2,064	4,657	(55.7)
Cost of sales		(1,893)	(1,851)	2.3
Gross profit		171	2,806	(93.9)
Finance income		69	1,172	(94.1)
Fair value (loss) gain on convertible bond		(3,277)	15,158	NM
Other income		2,561	127	1,916.5
Selling and distribution expenses		(224)	(365)	(38.6)
Administrative expenses		(19,683)	(19,604)	0.4
Finance costs		(7,482)	(6,931)	7.9
Impairment loss of financial assets and contract assets (net)		-	(761)	(100.0)
Other expenses		(478)	(1,334)	(64.2)
Share of results of associate and joint venture		(624)	9	NM
Loss before taxation	17	(28,967)	(9,723)	197.9
Taxation	18	-	(22)	NM
Loss after taxation from continuing operations		(28,967)	(9,745)	197.2
Discontinued operations:				
Loss after taxation from discontinued operations, net of tax		(5,828)	(4,257)	36.9
Loss after taxation (Note)		(34,795)	(14,002)	148.5
Other comprehensive income, after tax				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences		1,055	(29)	NM
Items that will not be reclassified subsequently to profit or loss:				
Currency translation differences		527	(14)	NM
Other comprehensive profit (loss) after tax		1,582	(43)	NM
Total comprehensive loss for the year		(33,213)	(14,045)	136.5

NM: not meaningful

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

For the half year ended 30 June 2025

		<u>Group</u>		
	<u>Note</u>	HY2025 RMB'000	HY2024 RMB'000	Change %
Loss after taxation attributable to:				
- Owners of the Company		(32,960)	(11,194)	194.4
- Non-controlling interests		(1,835)	(2,808)	(34.7)
		<u>(34,795)</u>	<u>(14,002)</u>	148.5
Total comprehensive loss attributable to:				
- Owners of the Company		(31,905)	(11,223)	184.3
- Non-controlling interests		(1,308)	(2,822)	(53.6)
		<u>(33,213)</u>	<u>(14,045)</u>	136.5
Loss per share (Note 20)				
<u>From continuing and discontinued operations:</u>				
Basic (RMB in cents)	20	(2.15)	(0.73)	
Diluted (RMB in cents)	20	<u>(2.15)</u>	<u>(1.16)</u>	
<u>From continuing operations:</u>				
Basic (RMB in cents)	20	(1.76)	(0.53)	
Diluted (RMB in cents)	20	<u>(1.76)</u>	<u>(0.98)</u>	

Note:

If the gain on disposal of RMB319.8 million arising from the disposal of AIWater Group (Note 26) is recognised, the Group will record a profit after taxation of RMB285.0 million as at 30 June 2025 which is derived as follow:

	HY2025 RMB'000 (Adjusted)	HY2024 RMB'000
Loss after taxation	(34,795)	(14,002)
<u>Add:</u>		
Gain on disposal of AIWater Group	319,784	-
Profit (Loss) after taxation	<u>284,989</u>	<u>(14,002)</u>

Refer to Note 26 for further details on the completion of the AIWater disposal.

Consolidated statements of changes in equity

Half year ended 30 June 2025

The Group	Share capital RMB'000	PRC statutory common reserve RMB'000	Currency translation reserve RMB'000	Share option reserve RMB'000	Accumulated losses RMB'000	Total attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	375,049	1,168	2,484	4,102	(360,883)	21,920	16,718	38,638
Loss for the period	-	-	-	-	(32,960)	(32,960)	(1,835)	(34,795)
Other comprehensive income	-	-	1,055	-	-	1,055	527	1,582
Total comprehensive income/(loss) for the period	-	-	1,055	-	(32,960)	(31,905)	(1,308)	(33,213)
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	-	276	-	276	-	276
Total transactions with owners	-	-	-	276	-	276	-	276
At 30 June 2025	375,049	1,168	3,539	4,378	(393,843)	(9,709)	15,410	5,701

Consolidated statements of changes in equity (Cont'd)

Half year ended 30 June 2024

The Group	Share capital RMB'000	PRC statutory common reserve RMB'000	Currency translation reserve RMB'000	Share option reserve RMB'000	Accumulated losses RMB'000	Total attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	375,049	1,168	2,573	2,636	(303,194)	78,232	14,504	92,736
Loss for the period	-	-	-	-	(11,194)	(11,194)	(2,808)	(14,002)
Other comprehensive income	-	-	(29)	-	-	(29)	(14)	(43)
Total comprehensive income/(loss) for the period	-	-	(29)	-	(11,194)	(11,223)	(2,822)	(14,045)
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	-	760	-	760	-	760
Total transactions with owners	-	-	-	760	-	760	-	760
At 30 June 2024	375,049	1,168	2,544	3,396	(314,388)	67,769	11,682	79,451

Consolidated statements of changes in equity (Cont'd)

Half year ended 30 June 2025

The Company	Share capital RMB'000	Share option reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2025	375,049	4,102	(324,470)	54,681
Loss for the period	-	-	(20,731)	(20,731)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	-	-	(20,731)	(20,731)
Transactions with owners, recognised directly in equity				
Recognition of share-based payments	-	276	-	276
Total transactions with owners	-	276	-	276
At 30 June 2025	375,049	4,378	(345,201)	34,226

The Company	Share capital RMB'000	Share option reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	375,049	2,636	(278,121)	99,564
Loss for the period	-	-	(1,356)	(1,356)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	-	-	(1,356)	(1,356)
Transactions with owners, recognised directly in equity				
Recognition of share-based payments	-	760	-	760
Total transactions with owners	-	760	-	760
At 30 June 2024	375,049	3,396	(279,477)	98,968

Consolidated statement of cash flows

For the Half year ended 30 June 2025

	Group	
	HY2025 RMB'000	HY2024 RMB'000
Operating Activities		
Loss before taxation – continuing operations	(28,967)	(13,980)
Loss before taxation – discontinued operations	(4,789)	-
	(33,756)	(13,980)
Adjustments for:		
Depreciation of property, plant and equipment	4,299	3,626
Share-based payment expenses	276	779
Amortisation of intangible assets	127	127
Fair value loss (gain) of embedded derivatives on convertible bonds	3,277	(15,158)
Impairment loss on financial assets and contract assets	-	812
Reversal of impairment loss on financial assets and contract assets	-	(51)
Share of results of associate, net of tax	624	(9)
Exchange (gain) loss on convertible bonds	(1,960)	2,123
Finance costs	7,482	6,933
Finance income	(108)	(1,184)
Operating loss before working capital changes	(19,739)	(15,982)
(Increase)/Decrease in contract assets	(894)	16,206
Decrease/(Increase) in inventories	2,218	(667)
(Increase)/Decrease in trade and other receivables	(93)	3,772
Increase in prepayments	(322)	(1,019)
Decrease in contract liabilities	(469)	-
Increase/(Decrease) in trade and other payables	1,113	(6,837)
Decrease in other liabilities	(1,320)	(199)
Cash used in operations	(19,506)	(4,726)
Income tax paid	-	(21)
Net cash used in operating activities	(19,506)	(4,747)
Investing Activities		
Acquisition of property, plant and equipment	(2,968)	(3,816)
Additions to intangible assets	-	(612)
Investment in an associated company	-	(500)
Interest income received	108	1,184
Net cash used in investing activities	(2,860)	(3,744)
Financing Activities		
Proceeds from bank borrowings	-	5,673
Repayments of bank borrowings	(1,932)	(2,531)
Repayments of lease liabilities	(850)	(842)
Grants received	2,545	-
Interest paid	(548)	(774)
Decrease in bank deposits pledged	2,198	2,000
Net cash from financing activities	1,413	3,526
Net decrease in cash and cash equivalents	(20,953)	(4,965)
Cash and cash equivalents at beginning of year	49,093	91,767
Effect of exchange rate changes on the balance of cash held in foreign currencies	(159)	301
Cash and cash equivalents at end of period (Note A)	27,981	87,103

Consolidated statement of cash flows (cont'd)

For the Half year ended 30 June 2025

A Cash and Cash Equivalents

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

	30 June 2025 RMB'000	31 December 2024 RMB'000
Cash and bank balances – continuing operations	29,978	50,007
Cash and bank balances – discontinued operations	2,851	6,132
Total	32,829	56,139
<u>Less:</u>		
Deposits pledged to secure bank borrowing	(4,158)	(3,959)
Deposit placed as performance bond	-	(2,397)
Restricted cash	(690)	(690)
Cash and cash equivalents	27,981	49,093

Deposits pledged of RMB4.2 million (31 December 2024: RMB4.0 million) represent funds earmarked in a debt service reserve account as mandated by a bank to secure the bank loan to partly finance the outright lease payments of leasehold land and building for the membrane manufacturing facility.

The deposits of RMB Nil (31 December 2024: RMB2.4 million) is placed as performance bond with the respective banks for the Group to undertake the Group's sludge and water treatment projects.

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

B Cash flow analysis

Half year ended 30 June 2025

Net cash used in operating activities was RMB19.5 million as compared with RMB4.7 million in the same period last year mainly due to higher operating loss before working capital changes offset by inventories sold.

Net cash used in investing activities was RMB2.9 million due to acquisitions of property, plant and equipment and right-of-use assets amounting to RMB3.0 million which is offset by interest income of RMB0.1 million received during the year.

Net cash generated from financing activities was RMB1.4 million due to proceeds from government grant of RMB2.5 million and decrease in pledged bank deposits of RMB2.2 million which is partly offset by net repayments of bank borrowings of RMB1.9 million, repayments of lease liabilities of RMB0.9 million and interest paid of RMB0.5 million.

Notes to the condensed interim financial statements

1 Corporate information

Leader Environmental Technologies Limited is incorporated and domiciled in Singapore, and its registered office is located at 38 Beach Road, South Beach Tower, #29-11, Singapore 189767. These condensed interim financial statements as at 30 June 2025 and for the six months ended 30 June 2025 comprise the Company and its subsidiaries (collectively, the "Group"). The principal activity of the Company is that of an investment holding company.

The principal activities of the Group are:

- (a) Provision of engineering, procurement and construction ("EPC") services in respect of sludge and water treatment;
- (b) Manufacturing of high performance membrane products;
- (c) Greentech investments in start-ups in technologies, high-tech products and services relating to environmental protection; and
- (d) Provision of AIWater (i.e. artificial intelligence technology in water management) and operation and maintenance services in respect of sludge and water treatment.

As at the date of this announcement, the Group has completed the disposal of the AIWater business and is in the process of completing the capital reduction and cash distribution exercise of returning S\$0.0287 per share to shareholders. Refer to Note 26 for further details.

2 Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2024.

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024. The accounting policies and methods of computation adopted in the interim financial statements are consistent with those of the previous audited financial year which were prepared in accordance with SFRS(I)s.

2.1 Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis except as otherwise described in the notes below. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

2.2 Functional and presentation currencies

The condensed interim financial statements are presented in RMB which is also the Company's functional currency.

2.3 New and amended standards adopted by the Group

There are a number of new and revised accounting standards that are effective for annual financial periods beginning on or after 1 January 2025. The Group and Company assessed these changes and did not have to change its accounting policies nor make any retrospective adjustments as a result of adopting these standards. In FY2024, the Group reclassified its convertible bonds from non-current liabilities to current liabilities in accordance with the amendments to *SFRS(I) 1-1 Classification of liabilities as current or non-current*. Please refer to Note 10 of the condensed consolidated financial statements for further details.

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

2.4. Use of judgements and estimates

Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2024.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in the FY2024 annual report, and there are no deviations for HY2025.

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

Acquisitions and disposals

In HY2025, the Group:

- (a) acquired new PPE and right-of-use assets with an aggregate cost amounting to RMB6,402,000 (31 December 2024: RMB14,494,000). A balance of RMB3,434,000 (31 December 2024: RMB1,859,000) remained unpaid as at 30 June 2025.
- (b) recognised a positive exchange realignment movement of RMB2,143,000 (31 December 2024: a negative exchange realignment of RMB245,000) arising from currency translation differences.
- (c) a net movement of RMB1,927,000 was transferred to the disposal group classified as held for sale.

4. Intangible assets

Group

	Patents RMB'000	Software development cost RMB'000	Total RMB'000
<u>Cost:</u>			
At 1 January 2024	2,163	2,743	4,906
Additions	-	1,303	1,303
Transfer to disposal group classified as held-for-sale		(4,046)	(4,046)
At 31 December 2024 and 30 June 2025	2,163	-	2,163
<u>Accumulated amortisation:</u>			
At 1 January 2024	624	-	624
Amortisation for the year	252	-	252
At 31 December 2024	876	-	876
Amortisation for the period	127	-	127
At 30 June 2025	1,003	-	1,003
<u>Carrying amount:</u>			
30 June 2025	1,160	-	1,160
31 December 2024	1,287	-	1,287

The above includes patented sludge treatment technologies with a carrying amount of RMB951,000 (FY2024: RMB1,078,000) were amortised over a 5 to 10-year period.

5. Contract assets

Contract assets comprise the following:

	30 June 2025 RMB'000	Group 31 December 2024 RMB'000
Sludge treatment project	46,375	46,375
Engineering and technical service contracts	2,614	3,280
Specialised equipment	72	72
Total	49,061	49,727
Less: loss allowance	(38,233)	(38,233)
Net	10,828	11,494

Contract assets mainly comprise Shijiazhuang project of RMB2,497,000 (FY2024: RMB2,497,000) and Bazhou sludge treatment project of RMB46,376,000 (FY2024: RMB46,376,000). These projects are recognised based on the percentage work completed, using the input method of revenue recognition but were not billed at the reporting date.

During the half year ended 30 June 2025, there was allowance for impairments recognised on the contract assets amounting to RMB Nil (30 June 2024: RMB812,000) based on the application of the expected credit loss model. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

6. Inventories

	30 June 2025 RMB'000	Group 31 December 2024 RMB'000
Raw materials, at cost	2,954	4,678
Finished goods	279	242
Work-in-progress	994	1,438
Total	4,227	6,358

7. Trade and other receivables

	30 June 2025 RMB'000	Group 31 December 2024 RMB'000	30 June 2025 RMB'000	Company 31 December 2024 RMB'000
Trade receivables	7,631	6,906	-	-
Allowance for impairments	(180)	(180)	-	-
Net trade receivables	7,451	6,726	-	-
Other receivables				
- Amounts due from subsidiaries	-	-	25,308	22,677
- Amounts due from related party	1,499	1,428	-	-
- Advances to non-trade suppliers	365	467	-	-
- Advances to related party	366	366	-	-
- VAT and other tax receivables	775	3,890	-	-
- Others	1,270	1,287	237	220
	4,275	7,438	25,545	22,897
Total	11,726	14,164	25,545	22,897

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

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

On 12 January 2025, the Group had executed a conditional share sale and purchase agreement with WJL Holdings ("Buyer") in relation to the proposed disposal of its equity interest in AIWater Group for a total consideration of RMB370 million. The disposal was approved by the shareholders of the Company in an extraordinary general meeting ("EGM") held on 29 April 2025.

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

The Group

	30 June 2025 RMB'000	31 December 2024 RMB'000
Assets		
Property, plant and equipment	13,242	11,315
Intangible assets	3,844	4,046
Contract assets	13,094	11,534
Inventories	823	707
Trade and other receivables	8,680	6,098
Others	467	145
Cash and bank balances	2,851	6,132
Assets of disposal group classified as held for sale	43,001	39,977
Liabilities		
Trade and other payables	(11,401)	(7,341)
Other liabilities	(746)	(1,011)
Lease liabilities	(495)	(605)
Deferred tax liabilities	(2,833)	(1,794)
Liabilities directly associated with disposal group classified as held for sale	(15,475)	(10,751)
Net assets of disposal group	27,526	29,226

(b) The results of the discontinued operation are as follows:

	30 June 2025 RMB'000	HY2024 RMB'000
Revenue	15,611	3,863
Cost of sales	(11,842)	(2,629)
Gross profit	3,769	1,234
Finance income	40	-
Other income	106	3
Other expense	(2)	-
Selling and distribution expenses	(314)	(479)
Administrative expenses	(8,388)	(5,015)
Finance costs	-	-
Loss from discontinued operation before taxation	(4,789)	(4,257)
Taxation	(1,039)	-
Loss from discontinued operation after taxation	(5,828)	(4,257)

9. Borrowings

	Group	
	30 June 2025	31 December 2024
	RMB'000	RMB'000
Non-current liabilities		
Bank loans - secured	18,249	18,936
Current liabilities		
Bank loans - secured	3,131	2,837
Bank loans – unsecured	3,000	4,539
Total	6,131	7,376
 Total borrowings	 24,380	 26,312

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

- (i) legal mortgage of leasehold property at 8 Tuas West Avenue Singapore;
- (ii) corporate guarantees for all monies owing to be provided by the holding company, Leader Environmental Technologies Limited and Nanosun Pte. Ltd, a related company; and
- (iii) bank deposit of RMB4,158,000 (FY2024: RMB3,959,000) earmarked in a debt service reserve account with the bank to make payments in the event of disruption of cash flows to the extent that the repayments cannot be made.

The secured bank loans are subjected to floating interest of 1% per annum above 3-month Singapore Inter-Bank Offer Rate ("3M SIBOR") for the first two years, and 3.48% per annum above 3M SIBOR thereafter.

The unsecured bank loans bear weighted average effective interest rate at 4.35% to 4.80% (FY2024: 4.35% to 5.11%) per annum.

One of the subsidiaries is subject to externally imposed bank covenant as it needs to maintain at all times a tangible net worth of not less than S\$6.0 million (approximately RMB32.2 million). During the financial period ended 30 June 2025, there were no known instances of any breaches of bank covenants by the subsidiary.

10. Convertible Bonds

	Group and Company	
	30 June 2025	31 December 2024
	RMB'000	RMB'000
Debt host liability component, at amortised cost	108,093	103,186
Derivative asset component, at fair value	(8,928)	(12,205)
Total	99,165	90,981

The above relates to US\$15 million Convertible Bonds ("CB") which are potentially convertible into a total of 214,260,000 new shares.

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

	Group and Company	
	30 June 2025	31 December 2024
	RMB'000	RMB'000
Nominal value of CB issued	105,787	105,787
Less: transaction costs	(2,294)	(2,294)
Net value of CB issued	103,493	103,493
Accumulated interest expense accrued	26,531	19,664
Fair value gain on embedded derivatives on CB	(32,357)	(35,634)
Currency translation differences	1,498	3,458
Debt host and derivative liability component at end of period	99,165	90,981

The interest accrued is calculated by applying an effective interest rate of 12.51% (FY2024: 12.51%) per annum and 13.61% (FY2024: 13.61%) to the liability component of the first and second tranche of the CB respectively.

Management estimated that the carrying amount of the liability component of the CB as at 30 June 2025 and 31 December 2024 approximates its fair value.

If the Group exercises the extension option, the CBs will be matured on 2 March 2028 for the US\$6 million CB tranche and 31 July 2028 for the US\$9 million CB tranche respectively.

11. Provision for restoration costs

	Group	
	30 June 2025	31 December 2024
	RMB'000	RMB'000
Beginning of the financial period/year	529	518
Provision	48	-
Unwinding interest	6	13
Currency translation differences	22	(2)
End of the financial period/year	605	529

12. Trade and other payables

	Group		Company	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Third parties (trade)	4,125	4,540	-	-
Sundry payables	1,325	876	1,222	179
Deposits from customer	913	888	-	-
VAT and other tax payables	23	94	-	-
Amounts due to related parties	703	1,024	-	-
Amounts due to associate	1,499	1,428	-	-
Amounts due to subsidiaries	-	-	11,984	12,486
Total	8,588	8,850	13,206	12,665

13. Other liabilities

	Group		Company	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued purchases	13,077	14,488	-	-
Accrued salaries and related expenses	1,177	917	140	347
Accrued operating expenses	1,751	1,671	1,611	1,521
Accrued capital expenditure	805	767	-	-
Deferred capital grant	12,038	9,561	11,896	9,324
Total	28,848	27,404	13,647	11,192

	<u>Group</u>		<u>Company</u>	
	30 June 2025 RMB'000	1 December 2024 RMB'000	30 June 2025 RMB'000	31 December 2024 RMB'000
<u>Presented as:</u>				
Current	16,810	17,911	1,751	1,868
Non-current	12,038	9,493	11,896	9,324
	28,848	27,404	13,647	11,192

Accrued purchases mainly pertained to unbilled invoices from the suppliers in respect of the equipment and systems received for the industrial wastewater plant in Shijiazhuang, and construction of sludge treatment plant in Bazhou city.

Deferred capital grant relates to government grants received by the Company for the construction of a sludge treatment demonstration plant.

14. Share capital

	<u>Company</u>			
	30 June 2025		31 December 2024	
	Number of shares	Amount RMB'000	Number of shares	Amount RMB'000
At beginning and end of period	1,534,878,360	375,049	1,534,878,360	375,049

The Company did not hold any treasury shares as at 30 June 2025 and 31 December 2024.

The Company's subsidiaries did not hold any shares in the Company as at 30 June 2025 and 31 December 2024.

Outstanding shares as at 30 June 2025

1. Share options to subscribe for 26,700,000 ordinary shares (FY2024: 26,700,000) were outstanding under the Leader Environmental Technologies Share Option Scheme; and
2. The Convertible bonds ("CB") of USD15 million was issued on 2 March 2023 and 31 July 2023 respectively which has a maturity date of 3 years, and an extension option by the Company of further 2 years. The CB potentially can be convertible into 214,260,000 new shares.

15. Seasonal operations

The Group's business is not affected significantly by seasonal or cyclical factors.

16. Segment and revenue information

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

- (i) Engineering and sludge treatment services;
- (ii) Manufacturing of high-performance membrane products
- (iii) AIWater (i.e. artificial intelligence technology in water management) treatment services; and
- (iv) Others.

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

"Others" include other income received and expenses incurred which are considered non-core business of the Group and does not meet any of the Group's quantitative thresholds for determining reportable segments during the financial period ended 30 June 2025 and 2024 respectively.

16. Segment and revenue information

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 makers review the results of the segment using segment's EBITDA and profit/(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 makers.

16. Segment and revenue information (Cont'd)
a) Reportable segments

Group	30 June 2025						
	<-----Continuing operations----->				Discontinued operations		Total continuing and discontinued operations
	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	Inter-segment elimination RMB'000	
Revenue							
Sales to external customers	1,685	379	-	2,064	15,611	-	17,675
Inter-segment sales	1,014	-	-	1,014	943	(1,957)	-
Total	2,699	379	-	3,078	16,554	(1,957)	17,675
Results							
Segmental results	(4,351)	(2,186)	(7,208)	(13,745)	(4,438)	-	(18,183)
Fair value loss from convertible bond	-	-	(3,277)	(3,277)	-	-	(3,277)
EBITDA	(4,351)	(2,186)	(10,485)	(17,022)	(4,438)	-	(21,460)
Depreciation and amortisation	(1,561)	(1,961)	(385)	(3,908)	(391)	-	(4,299)
Finance costs	(60)	(485)	(6,937)	(7,482)	-	-	(7,482)
Finance income	20	-	49	69	40	-	109
Share of results of an associate	9	(633)	-	(624)	-	-	(624)
Loss before taxation	(5,943)	(5,265)	(17,759)	(28,967)	(4,789)	-	(33,756)
Taxation	-	-	-	-	(1,039)	-	(1,039)
Loss for the period	(5,943)	(5,265)	(17,759)	(28,967)	(5,828)	-	(34,795)

* EBITDA – Earnings before interest, taxation, depreciation and amortisation.

16. Segment and revenue information (Cont'd)
a) Reportable segments

Group	30 June 2024						
	<-----Continuing operations----->				Discontinued operations		Total continuing and discontinued operations
	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	Inter-segment elimination RMB'000	
Revenue							
Sales to external customers	4,469	188	-	4,657	3,863	-	8,520
Inter-segment sales	899	-	-	899	208	(1,107)	-
Total	5,368	188	-	5,556	4,071	(1,107)	8,520
Results							
Segmental results	(369)	(2,112)	(12,562)	(15,043)	(3,958)	-	(19,001)
Fair value gain from convertible bond	-	-	15,158	15,158	-	-	15,158
Impairment loss on financial assets and contract assets	(761)	-	-	(761)	-	-	(761)
EBITDA	(1,130)	(2,112)	2,596	(646)	(3,958)	-	(4,604)
Depreciation and amortisation	(1,017)	(1,871)	(439)	(3,327)	(299)	-	(3,626)
Finance costs	(177)	(623)	(6,131)	(6,931)	-	-	(6,931)
Finance income	114	1	1,057	1,172	-	-	1,172
Share of results of an associate	9	-	-	9	-	-	9
Loss before taxation	(2,201)	(4,605)	(2,917)	(9,723)	(4,257)	-	(13,980)
Taxation	(22)	-	-	(22)	-	-	(22)
Loss for the period	(2,223)	(4,605)	(2,917)	(9,745)	(4,257)	-	(14,002)

b) Geographical information

Revenue based on geographical location is as follows:

	30 June 2025	Group
	RMB'000	HY2024
		RMB'000
PRC	17,296	8,332
Others	379	188
	17,675	8,520

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

	30 June 2025	Group
	RMB'000	31 December 2024
		RMB'000
Singapore ⁽¹⁾	78,204	74,764
PRC #	7,968	9,838
	86,172	84,602

included the intangible assets (Note 4) amounting to RMB1,160,000 (FY2024: RMB1,287,000).

⁽¹⁾ included non-current assets of RMB59,153,000 (FY2024: RMB58,179,000), belonging to a subsidiary, whose operation is classified under the operating segment – manufacturing of high performance membrane.

c) Information about major customers

Revenue of RMB17.7 million is mainly derived from 3 PRC customers. During the period ended 30 June 2025, RMB1.7 million was attributable to the engineering segment and RMB15.6 million was attributable to the treatment services segment.

In the same corresponding period of last year, the revenue of RMB8.5 million was derived from 4 PRC customers. RMB4.5 million was attributable to the engineering segment and RMB3.9 million was attributable to the treatment services segment.

d) Disaggregation of revenue

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

HY2025 and HY2024

	<u>Continuing operations</u>		<u>Discontinued operations</u>		<u>Total</u>	
	HY2025	HY2024	HY2025	HY2024	HY2025	HY2024
<u>The Group</u>	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Over time:						
Engineering revenue	1,685	4,469	-	-	1,685	4,469
Treatment revenue	-	-	4,531	3,863	4,531	3,863
Operation & maintenance revenue	-	-	11,080	-	11,080	-
At a point in time:						
Sale of equipment and parts	379	188	-	-	379	188
	2,064	4,657	15,611	3,863	17,675	8,520

17. Loss before taxation

This includes the following charges (credits):

<u>The Group</u>	<u>Continuing operations</u>		<u>Discontinued operation</u>		<u>Total</u>	
	<u>HY2025</u> RMB'000	<u>HY2024</u> RMB'000	<u>HY2025</u> RMB'000	<u>HY2024</u> RMB'000	<u>HY2025</u> RMB'000	<u>HY2024</u> RMB'000
Government grant income	(72)	(70)	(100)	-	(172)	(70)
Share-based payment expenses	171	623	105	156	276	779
Impairment loss on financial assets and contract assets	-	812	-	-	-	812
Reversal of impairment loss on financial assets and contract assets	-	(51)	-	-	-	(51)
Fair value gain from convertible bond	3,277	(15,158)	-	-	3,277	(15,158)
Interest income	(68)	(1,184)	(40)	-	(108)	(1,184)
Interest on lease liabilities	61	61	-	-	61	61
Interest on bank borrowings	548	773	-	-	548	773
Interest on restoration costs	6	4	-	-	6	4
Interest on convertible bonds	6,867	6,093	-	-	6,867	6,093
Depreciation of property, plant and equipment	3,908	3,327	391	299	4,299	3,626
Amortisation of intangible assets	127	127	-	-	127	127
Foreign exchange (gain) loss	(1,974)	1,317	-	-	(1,974)	1,317
Short term operating lease expenses	27	40	76	104	103	144
<u>Directors' remunerations</u>						
- Directors' fees	725	624	-	-	725	624
- Salaries and short-term benefits	1,028	1,739	-	-	1,028	1,739
- Contributions to defined contribution plans	59	81	-	-	59	81
- Stocks options granted	37	85	-	-	37	85
<u>Key Management Personnel (other than Directors)</u>						
- Salaries and short-term benefits	1,519	2,460	1,269	862	2,788	3,322
- Contributions to defined contribution plans	98	152	35	54	133	206
- Stocks options granted	75	409	-	-	75	409
<u>Other employees (other than Directors and Key Management Personnel)</u>						
- Salaries and short-term benefits	2,571	4,741	6,211	5,449	8,782	10,190
- Contributions to defined contribution plans	719	1,140	907	964	1,626	2,104
- Stocks options granted	76	129	88	156	164	285

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

18. Taxation

Deferred tax

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

Income tax expense (credit)

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

From continuing operations

	Group	
	HY2025 RMB'000	HY2024 RMB'000
Current tax	-	22

From discontinued operations:

Deferred tax	1,039	-
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19. Related party transactions

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

	Group	
	HY2025 RMB'000	HY2024 RMB'000
Sale of membrane products to a related party*	374	120
Operation and maintenance services ("O&M") rendered to related parties ⁽¹⁾	11,080	-

* By virtue of NTi Memtech being a key subsidiary of the Group, any transactions between related party companies and NTi 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.

20. Loss per share

The loss per share is calculated based on the consolidated loss attributable to ordinary shareholders of the Company divided by the weighted average number of shares in issue of shares during the financial year. The following table reflects the loss and share data used in the computation of loss per share for the 6-month period ended 30 June:

	Group	
	30 June 2025 RMB'000	30 June 2024 RMB'000
<u>Loss:</u>		
<u>Continuing & discontinued operations:</u>		
Loss attributable to equity holders of the Company	(32,960)	(11,194)
<u>Adjustments for:</u>		
Interest expense on convertible bond ("CB")	6,867	6,115
Fair value loss (gain) on embedded derivatives on CB	3,277	(15,158)
Net loss used to determine diluted earnings per share	(22,816)	(20,237)
<u>Continuing operations:</u>		
Loss attributable to equity holders of the Company	(26,994)	(8,166)
<u>Adjustments for:</u>		
Interest expense on convertible bond ("CB")	6,867	6,115
Fair value gain on embedded derivatives on CB	3,277	(15,158)
Net loss used to determine diluted earnings per share	(16,850)	(17,209)
<u>Discontinued operations:</u>		
Loss attributable to equity holders of the Company	(5,966)	(3,028)
	Group	
	30 June 2025	30 June 2024
<u>Number of shares</u>		
Weighted average number of ordinary shares outstanding for purpose of basic loss per share	1,534,878,360	1,534,878,360
<u>Adjustment for:</u>		
Convertible bonds	214,260,000	214,260,000
Weighted average number of ordinary shares in issue for purpose of diluted loss per share	1,749,138,360	1,749,138,360
	Group	
	30 June 2025 RMB cents	30 June 2024 RMB cents
<u>Loss per share</u>		
<u>Continuing & discontinued operations:</u>		
Loss per share		
basic	(2.15)	(0.73)
diluted	(2.15) [#]	(1.16)
<u>Continuing operations:</u>		
Loss per share		
- basic	(1.76)	(0.53)
- diluted	(1.76) [#]	(0.98)
<u>Discontinued operations:</u>		
Loss per share		
- basic	(0.39)	(0.20)
- diluted	(0.39) [#]	(0.20) [#]

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

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. In HY2024 and HY2025, the Group's diluted loss per share has been presented to be equal to the basic loss per share if it has an anti-dilutive effect on the loss per share.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options are exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the average market value of the Company's shares) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options has been based on quoted market prices for the period during which the options are outstanding. No adjustment is made to the net profit. For the periods ended 30 June 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 an anti-dilutive effect on the earnings per share calculation.

21. Net Asset Value

	<u>Group</u>		<u>Company</u>	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
Net asset value per ordinary share (RMB cents per share)	(0.63)	1.43	2.23	3.56

Net asset value of the Group and Company as at 30 June 2025 and 31 December 2024 is computed based on 1,534,878,360 ordinary shares in issue at the end of the financial period/year respectively.

22. Dividends

No interim dividend is paid during the six months ended 30 June 2025 and 30 June 2024. The Group needs to preserve its cash for working capital requirements.

23. Fair value measurement

Financial instruments - *Accounting classifications of financial assets and financial liabilities.*

There are no financial assets and financial liabilities measured at fair value as at 30 June 2025 and 2024 except for the derivative liability component of the convertible bonds as disclosed in Note 9. The carrying amounts of financial assets and financial liabilities in each category are as follows:

Continuing operations:

	<u>Group</u>		<u>Company</u>	
	30 June 2025 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000	31 December 2024 RMB'000
Financial assets				
<u>At amortised cost:</u>				
Trade and other receivables*	10,951	10,274	25,545	22,897
(excluding VAT and other tax receivables)	29,978	50,007	6,866	20,562
Cash and bank balances	40,929	60,281	32,411	43,459

Financial liabilities

At amortised cost:

Convertible bonds – debt host liability	108,093	103,186	108,093	103,186
Trade and other payables				
(excluding VAT and other tax payables)	8,565	8,756	13,206	12,665
Bank borrowings	24,380	26,312	-	-
Lease liabilities	2,361	1,858	729	902
Other liabilities (excluding deferred capital grants)	16,810	17,843	1,751	1,868
	160,209	157,955	123,779	118,621

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

Continuing operations:

	<u>Group</u>		<u>Company</u>	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
	RMB'000	RMB'000	RMB'000	RMB'000
At fair value through profit or loss				
Embedded derivative financial asset for convertible bond	(8,928)	(12,205)	(8,928)	(12,205)

24. Commitments

Significant capital commitments:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Installation of equipment for AIWater implementation contracts	4,023	6,547
Capital investment in sludge treatment projects	3,790	-
Construction of sludge treatment demonstration plant	-	3,780

25. Financial guarantees

	30 June 2025 RMB'000	31 December 2024 RMB'000
Guarantee in respect of bank loan granted to a subsidiary to finance the outright lease payments of land and building for purpose of membrane manufacturing plant	21,380	21,774
Bank guarantee to a related company to secure a credit facility to finance the procurement of equipment, systems and machineries in relation to the membrane manufacturing facility in a subsidiary	2,393	3,748

As at 30 June 2025, the fair values of the financial guarantees determined based on the expected loss arising from the risk of default is negligible.

26. Events after the reporting periodDisposal of the AIWater Group

On 13 January 2025, the Company, through its wholly-owned subsidiary, United Greentech Holdings Pte. Ltd., entered into a conditional share sale & purchase agreement with WJL Holding Pte Ltd ("**the Buyer**") in relation to the proposed disposal of all the shares in AIWater (Anhui) Co. Ltd, UG Water Pte. Ltd. and Xinwo AIWater (Hubei) Co. Ltd ("**Target Companies**") for a total consideration of RMB 370 million (collectively, the "**Proposed Transactions**")

The proposed disposal constitute a major transaction under Chapter 10 of the Listing Manual of the SGX ST and an interested party transaction as defined under Chapter 9 of the SGX-ST Listing Manual. The Proposed Transactions was approved by the independent shareholders of the Company at an extraordinary general meeting held on 29 April 2025.

On 25 July 2025, the Proposed Transactions were completed. The corresponding capital reduction, to reduce the Company's issued and paid-up share capital from S\$76,493,234.991 to S\$32,442,225.991, has been lodged with ACRA. A cash distribution of S\$27,307,912 (equivalent to RMB154,207,777), being S\$0.0287 per share, will be paid to the Shareholders of the Company on 11 August 2025.

Based on the unaudited interim financial statements as at 30 June 2025, the Company is expected to record an estimated gain from disposal of RMB319.8 million for the financial year ending 31 December 2025.


Leader Environmental Technologies Limited

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Other Information required by Listing Rule Appendix 7.2
Audit

The statements of financial position as at 30 June 2025 and the related consolidated statement of profit or loss and comprehensive income, statements of changes in equity and consolidated statement of cash flows for the six months ended on 30 June 2025 and the selected explanatory notes ("the Condensed Interim Financial Statements") have not been audited or reviewed by the Company's auditors.

REVIEW OF GROUP PERFORMANCE
Consolidated Statement of Profit or Loss (Continuing operations)
Revenue

	Group	
	HY2025 RMB'000	HY2024 RMB'000
Engineering revenue	1,685	4,469
Sales of equipment and parts	379	188
	2,064	4,657

Revenue

The Group's revenue decreased by RMB2.6 million in HY2025. The decrease was mainly due to lower project activities in the engineering segment HY2025 as compared to HY2024.

Gross profit and gross profit margin

The decrease in gross profit generated of RMB2.6 million in HY2025 was mainly due to lower revenue generated in HY2025 of RMB2.1 million as compared to RMB4.7 million in HY2024.

The gross profit margin decreased, from 60.3% in HY2024 to 8.3% in HY2025, mainly due to lower margin generated from sale of equipment and parts in HY2025 as compared to higher margins generated from technical services rendered in HY2024.

Other items of expense

- (a) Finance income decreased by RMB1.1 million, from RMB1.2 million in HY2024 to RMB0.1 million in HY2025, due to lower interest income from fixed deposits.
- (b) Other income increased by RMB2.5 million, from RMB0.1 million in HY2024 to RMB2.6 million in HY2025, mainly due to unrealised foreign exchange gains arising from the appreciation of RMB against USD.
- (c) Fair value gains on convertible bonds ("CB") amounted to RMB15.2 million in HY2024 as compared to a fair value loss of RMB3.3 million in HY2025, which was mainly due to the revaluation of the embedded derivative in the CB.
- (d) Share of results of associates recorded a loss of RMB0.6 million in HY2025 mainly due to negative contributions from an associated company.


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REVIEW OF GROUP PERFORMANCE (cont'd)
Other items of expense (cont'd)
Income tax expense

In HY2025, the Group did not record any income tax expenses as there was no chargeable income for the period.

Loss after taxation

In view of the foregoing, the Group reported a loss after taxation of RMB29.0 million in HY2025 as compared to RMB9.7 million recorded in HY2024.

Consolidated Statement of Profit or Loss (Discontinued operations)
Revenue by business segment:

	HY2025 RMB'000	Group HY2024 RMB'000
Treatment revenue	4,531	3,863
Operation & maintenance revenue	11,080	-
	15,611	3,863

Revenue

Revenue increased by RMB11.7 million in HY2025, from RMB3.9 million in HY2024 to RMB15.6 million in HY2025. The increase was due to additional operation & maintenance ("O&M") revenue generated for a new contract secured in the second half of FY2024.

Gross profit and gross profit margin

The increase in gross profit generated of RMB2.6 million in HY2025 was mainly due to higher revenue generated in HY2025 by the additional O&M project secured.

The gross profit margin decreased, from 31.9% in HY2024 to 24.4% in HY2025, mainly due to a lower margin commanded by the O&M project.

Other items of expense

Administrative expenses increased by RMB3.3 million in HY2025, from RMB5.0 million in HY2024 to RMB8.3 million in HY2025 due to an increase in staff salaries.

Income tax expense

The Group recorded deferred tax expense of RMB1.0 million due to the timing difference of its contract assets.

Loss after taxation

In view of the foregoing, the AIWater Group reported a loss after taxation of RMB5.8 million in HY2025 as compared to loss after taxation of RMB4.3 million in HY2024.


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利德环保技术有限公司

(Incorporated in the Republic of Singapore on 15 August 2006)

(Company Registration Number: 200611799H)

REVIEW OF GROUP PERFORMANCE (cont'd)
Consolidated Statement of Financial Position (continuing operations)

Total equity decreased by RMB32.9 million from RMB38.6 million in FY2024 to RMB5.7 million in HY2025, mainly due to total comprehensive loss of RMB33.2 million attributable to the owners of the Company during the period.

Total Group assets as at 30 June 2025 decreased by RMB20.7 million, from RMB207.0 million in FY2024 to RMB186.3 million in HY2025, due to higher non-current assets of RMB2.1 million and lower current assets of RMB22.3 million respectively.

The increase in non-current assets of RMB1.6 million from RMB84.6 million in FY2024 to RMB86.2 million in HY2025, were mainly due to additions to right-of-use assets from renewal of office lease offset by routine depreciation and amortisation.

The decrease in current assets of RMB22.3 million, from RMB122.4 million in FY2024 to RMB100.2 million in HY2025, was mainly due to lower bank balances used in the working capital requirements of the Group and inventories sold.

Total liabilities increased by RMB12.3 million, from RMB168.4 million in FY2024 to RMB180.6 million in HY2025, mainly due to increase in convertible bonds of RMB8.2 million, an increase of RMB2.4 million arising from capital grant received to partially finance the demonstration plant and an increase of RMB4.1 million in trade and other payables under "assets classified as held for sale". The increase is partially offset by repayment of bank borrowings of RMB1.9 million.

Key liquidity ratios (RMB'000):

Since FY2024, the Group reclassified its convertible bonds (Note 10) to current liabilities to conform to the application of the amendments to *SFRS(I) 1-1 Classification of liabilities as current or non-current* which was effective since 1st January 2024.

	30 June 2025	Group 31 December 2024
<u>After CB reclassification (Note 10):</u>		
<i>Net current liabilities</i>	(47,015)	(14,761)
<i>Current ratio (Current assets/current liabilities)</i>	(0.68)	(0.89)
<u>Before CB reclassification (Note 10):</u>		
<i>Net current assets</i>	52,150	76,220
<i>Current ratio (Current assets/current liabilities)</i>	2.09	2.65

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

As at the date of this announcement, the Group foresees that the CB maturity will not affect the Group's liquidity for the next 12 months from 1st July 2025.


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VARIANCE FROM PROSPECT STATEMENT

Not applicable as no prospect statement is given.

PROSPECTS

The Group has undergone a strategic transformation to sharpen its focus on its core competencies and position itself for sustainable long-term growth. On 25 July 2025, the Company completed the disposal of its AIWater business. This divestment marks a significant milestone in our restructuring efforts, enabling the Group to reallocate capital and management resources toward its high-potential sludge treatment business and advanced membrane manufacturing capabilities.

Looking ahead, the Group's strategy will concentrate on scaling its sludge treatment platform, which integrates our proprietary Continuous Thermal Hydrolysis (CTH) and pyrolysis technologies. These systems form a closed-loop, zero-waste discharge model that allows for full resource recovery, addressing critical environmental challenges faced by urban municipalities and industrial operators. With mounting regulatory and sustainability pressures within our region, the Group is confident that its innovative technologies will be increasingly sought after in solving the sludge disposal issues.

In July 2025, the Group achieved a major operational milestone with the completion of a demonstration plant (the "Plant") in Singapore. The successful completion of the demonstration Plant validates the technical feasibility of our closed-loop sludge treatment and serves as a strong reference point to support our business development activities. The Plant is able to achieve cost efficiency, consistency and reliable performance in treating high organic content sewage sludge to produce biochar, a potentially valuable resource.

The Group will continue to pursue strategic partnerships to accelerate its technology deployment and market access. In China, our collaboration with Econ Technology Co., Ltd., a subsidiary of the state-owned Shandong Hi-Speed Co., Ltd. ("SDHS"), had secured two contracts for the supply of sludge treatment equipment in Henan Province, China using the Group's proprietary CTH technology. These projects have a combined contract value of approximately RMB 70 million. The two project companies, in which the Group holds a 10% stake each, have been incorporated to carry out the respective concession agreements.

In parallel, our joint venture in high-performance membrane production through NTi Technology Pte. Ltd., will complement the Group's growth strategy by supporting industrial water recycling and treatment needs. This business remains an important pillar alongside sludge treatment, given the increasing demand for membrane-based solutions across various industries.

With these developments, the Group is entering a new chapter with a refined business focus and a clearer path towards improving its near-term business performance.


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Use of proceeds from the convertible bonds ("CB")

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

	S\$'000
Balance as at 1 January 2025	6,790
<u>95% of the net proceeds earmarked for business investments and acquisitions of environmental related business</u>	
Advance to membrane business segment	(94)
Cost relating to the demonstration sludge treatment demonstration plant	(111)
	<u>(205)</u>
<u>Re-designation of the balance net proceeds from business investments and acquisitions to capital commitment and working capital purposes</u>	
<u>Working capital</u>	
Directors' fees, remunerations, salaries and related costs	(2,694)
Professional fees and compliance costs	(396)
Repayment of secured bank loan	(265)
Rental and utilities	(38)
AGM related costs and investor relations expenses	(13)
Total working capital disbursements	<u>(3,406)</u>
Balance as at 30 June 2025	<u>3,179</u>

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

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

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

The Group confirmed that there were no incorporations, acquisitions, or realisations of shares during the financial period pursuant to Rule 706A of the SGX-ST Listing Manual.

CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.



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NEGATIVE ASSUARANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which render the unaudited interim financial results for the half year ended 30 June 2025 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Mr Ngoo Lin Fong
Executive Chairman

Mr Lim Kuan Meng
Lead Independent Director

BY ORDER OF THE BOARD

Leader Environmental Technologies Limited

Mr Ngoo Lin Fong
Executive Chairman
7 August 2025