



## **Leader Environmental Technologies Limited**

Condensed consolidated interim financial statements  
For the six months ended 30 June 2024

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Legends:

HY2024	– 6 months ended 30 June 2024
HY2023	– 6 months ended 30 June 2023
FY2023	- 12 months ended 31 December 2023
NM	– not meaningful

# Condensed consolidated statements of financial position

## As at 30 June 2024

	Note	Group		Company	
		30 June 2024 RMB'000	31 December 2023 RMB'000* (Reclassified)	30 June 2024 RMB'000	31 December 2023 RMB'000* (Reclassified)
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	3	79,557	75,577	15,250	11,464
Intangible assets	4	4,767	4,282	-	-
Investment in subsidiaries		-	-	119,157	112,652
Associate		509	-	-	-
<b>Total non-current assets</b>		<b>84,833</b>	<b>79,859</b>	<b>134,407</b>	<b>124,116</b>
<b>Current Assets</b>					
Contract assets	5	36,771	53,789	-	-
Inventories	6	7,149	6,504	-	-
Trade and other receivables	7	11,541	15,209	22,202	15,313
Prepayments		1,599	580	74	46
Cash and bank balances		91,828	98,505	50,156	68,244
<b>Total current assets</b>		<b>148,888</b>	<b>174,587</b>	<b>72,432</b>	<b>83,603</b>
<b>Total assets</b>		<b>233,721</b>	<b>254,446</b>	<b>206,839</b>	<b>207,719</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	13	375,049	375,049	375,049	375,049
PRC statutory common reserve		1,168	1,168	-	-
Currency translation reserve		2,544	2,573	-	-
Share option reserve		3,396	2,636	3,396	2,636
Accumulated losses		(314,388)	(303,194)	(279,477)	(278,121)
<b>Equity attributable to owners of the Company</b>		<b>67,769</b>	<b>78,232</b>	<b>98,968</b>	<b>99,564</b>
Non-controlling interests		11,682	14,504	-	-
<b>Total equity</b>		<b>79,451</b>	<b>92,736</b>	<b>98,968</b>	<b>99,564</b>
<b>Non-Current Liabilities</b>					
Bank borrowings	8	20,414	21,879	-	-
Lease liabilities		1,272	425	720	-
Provision for restoration costs	10	521	518	-	-
Other liabilities	12	203	238	-	-
<b>Total non-current liabilities</b>		<b>22,410</b>	<b>23,060</b>	<b>720</b>	<b>-</b>
<b>Current Liabilities</b>					
Bank borrowings	8	11,217	6,610	-	-
Convertible bonds*	9	81,858	88,800	81,858	88,800
Lease liabilities		832	1,388	359	132
Trade and other payables	11	7,074	10,809	17,653	17,641
Other liabilities	12	26,806	26,970	7,281	1,582
Income tax payable		4,073	4,073	-	-
<b>Total current liabilities</b>		<b>131,860</b>	<b>138,650</b>	<b>107,151</b>	<b>108,155</b>
<b>Total liabilities</b>		<b>154,270</b>	<b>161,710</b>	<b>107,871</b>	<b>108,155</b>
<b>Total equity and liabilities</b>		<b>233,721</b>	<b>254,446</b>	<b>206,839</b>	<b>207,719</b>

\*: The comparative amounts for Convertible bonds have been reclassified. Refer to Notes 2.3 and 9 for further details.

# Condensed consolidated statement of profit or loss and other comprehensive income

## For the half year ended 30 June 2024

	Note	Group		Change %
		HY2024 RMB'000	HY2023 RMB'000	
<b>Revenue</b>	15	<b>8,520</b>	5,456	56.1
Cost of sales		<b>(4,480)</b>	(5,210)	(14.0)
<b>Gross profit</b>		<b>4,040</b>	246	1,642.3
Finance income		<b>1,184</b>	154	668.8
Other income		<b>78</b>	157	(50.3)
Selling and distribution expenses		<b>(845)</b>	(838)	1.0
Administrative expenses		<b>(24,576)</b>	(22,140)	11.0
Finance costs		<b>(6,933)</b>	(2,343)	195.9
Impairment loss on financial assets and contract assets - net		<b>(761)</b>	(748)	1.7
Fair value gain of embedded derivatives on convertible bonds		<b>15,158</b>	-	NM
Other expenses		<b>(1,334)</b>	(276)	383.3
Share of results of associate, net of tax		<b>9</b>	706	(98.7)
<b>Loss before taxation</b>	16	<b>(13,980)</b>	(25,082)	(44.3)
Taxation	17	<b>(22)</b>	(1)	NM
<b>Loss for the period</b>		<b>(14,002)</b>	(25,083)	(44.2)
<b>Other comprehensive income after tax</b>				
<b><u>Items that may be reclassified subsequently to profit or loss</u></b>				
Currency translation differences		<b>(29)</b>	869	NM
<b><u>Items that will not reclassified subsequently to profit or loss</u></b>				
Currency translation differences		<b>(14)</b>	579	NM
Other comprehensive income after tax		<b>(43)</b>	1,448	NM
<b>Total comprehensive loss for the period</b>		<b>(14,045)</b>	(23,635)	(40.6)
<b>Loss for the financial period, net of tax attributable to:</b>				
Owners of the Company		<b>(11,194)</b>	(22,176)	(49.5)
Non-controlling interests		<b>(2,808)</b>	(2,907)	(3.4)
Loss for the financial period		<b>(14,002)</b>	(25,083)	(44.2)
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company		<b>(11,223)</b>	(21,307)	(47.3)
Non-controlling interests		<b>(2,822)</b>	(2,328)	21.2
Total comprehensive loss for the period		<b>(14,045)</b>	(23,635)	(40.6)
<b>Loss per share</b>				
Basic (RMB in cents)	19	<b>(0.73)</b>	(1.44)	
Diluted (RMB in cents)	19	<b>(1.16)</b>	(1.44)	

## Condensed consolidated statements of changes in equity

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)
<b><i>Transactions with owners, recognised directly in equity</i></b>								
Recognition of share-based payments	-	-	-	760	-	760	-	760
Total transactions with owners	-	-	-	760	-	760	-	760
<b>At 30 June 2024</b>	<b>375,049</b>	<b>1,168</b>	<b>2,544</b>	<b>3,396</b>	<b>(314,388)</b>	<b>67,769</b>	<b>11,682</b>	<b>79,451</b>

## Condensed consolidated statements of changes in equity (Cont'd)

Half year ended 30 June 2023

The Group	Attributable to owners of the Company							Total attributable to owners of the Company RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	PRC statutory common reserve RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Currency translation Reserve RMB'000	Other reserves <sup>(1)</sup> RMB'000	Accumulated losses RMB'000			
At 1 January 2023	375,049	32,917	(454)	21	1,650	663	(291,739)	118,107	20,742	138,849
Loss for the period	-	-	-	-	-	-	(22,176)	(22,176)	(2,907)	(25,083)
Other comprehensive income	-	-	-	-	869	-	-	869	579	1,448
Total comprehensive income/(loss) for the period	-	-	-	-	869	-	(22,176)	(21,307)	(2,328)	(23,635)
<b>Transactions with owners, recognised directly in equity</b>										
Recognition of share-based payments	-	-	-	-	-	957	-	957	-	957
Capital contributions from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	3,000	3,000
Total transactions with owners	-	-	-	-	-	957	-	957	3,000	3,957
<b>At 30 June 2023</b>	<b>375,049</b>	<b>32,917</b>	<b>(454)</b>	<b>21</b>	<b>2,519</b>	<b>1,620</b>	<b>(313,915)</b>	<b>97,757</b>	<b>21,414</b>	<b>119,171</b>

<sup>(1)</sup> As at 30 June 2023, other reserves comprise stock option reserve and share award reserve of RMB1.5 million (31 December 2022: RMB0.7 million) and RMB0.1 million (31 December 2022: Nil) respectively. They relate to the Leader Environmental Technologies Share Option Scheme and Share Award Plan which were approved by the shareholders during an Extraordinary General Meeting held on 23 December 2021. The stock option and share award were granted to the Group's Directors, CEO and employees on 4 March 2022 and 13 March 2023 respectively.

# Condensed consolidated statements of changes in equity (Cont'd)

Half year ended 30 June 2024

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)
<b>Transactions with owners, recognised directly in equity</b>				
Recognition of share-based payments	-	760	-	760
Total transactions with owners	-	760	-	760
<b>At 30 June 2024</b>	<b>375,049</b>	<b>3,396</b>	<b>(279,477)</b>	<b>98,968</b>
At 1 January 2023	375,049	663	(264,182)	111,530
Loss for the period	-	-	(9,957)	(9,957)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	-	-	(9,957)	(9,957)
<b>Transactions with owners, recognised directly in equity</b>				
Recognition of share-based payments	-	957	-	957
Total transactions with owners	-	957	-	957
At 30 June 2023	375,049	1,620	(274,139)	102,530

# Condensed consolidated statement of cash flows

## For the Half year ended 30 June 2024

	Group	
	HY2024 RMB'000	HY2023 RMB'000
<b>Cash Flows from Operating Activities</b>		
Loss before taxation	(13,980)	(25,082)
Adjustments for:		
Depreciation of property, plant and equipment	3,626	4,078
Share-based payment expenses	760	957
Amortisation of intangible assets	127	127
Fixed asset written off	-	145
Fair value gain of embedded derivatives on convertible bonds	(15,158)	-
Impairment loss on financial assets and contract assets	812	748
Reversal of impairment loss on financial assets and contract assets	(51)	-
Share of results of associate, net of tax	(9)	(706)
Exchange loss on convertible bonds	2,123	1,913
Finance costs	6,933	2,343
Finance income	(1,184)	(154)
Operating loss before working capital changes	(16,001)	(15,631)
Decrease/(Increase) in contract assets	16,206	(929)
Increase in inventories	(667)	(1,054)
Decrease/(Increase) in trade and other receivables	3,772	(773)
Increase in prepayments	(1,019)	(661)
Decrease in trade and other payables	(6,818)	(2,506)
(Decrease)/Increase in other liabilities	(199)	3,326
Cash used in operations	(4,726)	(18,228)
Income tax paid	(21)	(36)
Net cash used in operating activities	(4,747)	(18,264)
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(3,816)	(1,973)
Additions to intangible assets	(612)	(2,003)
Investment in an associated company	(500)	-
Interest income received	1,184	154
Net cash used in investing activities	(3,744)	(3,822)
<b>Cash Flows from Financing Activities</b>		
Capital contributions from non-controlling shareholders of subsidiaries	-	3,000
Proceeds from bank borrowings	5,673	5,000
Proceeds from issuance of convertible bonds	-	40,342
Repayments of bank borrowings	(2,531)	(1,180)
Repayments of lease liabilities	(842)	(901)
Interest paid	(774)	(860)
Decrease (Increase) in bank deposits pledged	2,000	(207)
Net cash from financing activities	3,526	45,194
Net (decrease) / increase in cash and cash equivalents	(4,965)	23,108
Cash and cash equivalents at beginning of year	91,767	43,303
Effect of exchange rate changes on the balance of cash held in foreign currencies	301	(367)
Cash and cash equivalents at end of period (Note A)	87,103	66,044



# Condensed consolidated statement of cash flows (cont'd)

## For the Half year ended 30 June 2024

### 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:

	<b>30 June 2024 RMB'000</b>	30 June 2023 RMB'000
Bank balances, deposits & cash	<b>91,828</b>	72,007
Less:		
Deposits pledged to secure bank borrowing	<b>(3,963)</b>	(3,963)
Deposit placed as performance bond	<b>(762)</b>	(2,000)
Cash and cash equivalents	<b>87,103</b>	66,044

Deposits pledged of RMB4.0 million (31 December 2023: RMB4.0 million) represent funds earmarked in a debt service reserve account as mandated by certain bank to secure the bank loan to partly finance the outright lease payments of leasehold land and building for the membrane manufacturing facility.

The deposit placed for the performance bond of RMB0.8 million (31 December 2023: RMB2.8 million) was for the Group to undertake the sludge treatment project in Suining city. During the period, the performance bond placed for the Bazhou project of RMB2.0 million was released following the change in Bazhou's project arrangements under the directive of the Chinese Central Government (Note 5) for all Public-Private-Partnership projects to be ceased.

### B Cash flow analysis

#### Half year ended 30 June 2024

Net cash used in operating activities was RMB4.7 million due to working capital requirements.

Net cash used in investing activities was RMB3.7 million was due to acquisition of property, plant and equipment and intangible assets of approximately RMB4.4 million and investment in an associated company of RMB0.5 million, partly offset by interest income of RMB1.2 million.

Net cash from financing activities was RMB3.5 million due to proceeds from bank borrowings of RMB5.7 million and a decrease in bank deposits pledged of RMB2.0 million, partly offset by repayments of bank borrowings of RMB2.5 million, repayments of lease liabilities of RMB0.9 million and interest paid of RMB0.8 million.

# Notes to the condensed consolidated 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 consolidated interim financial statements as at 30 June 2024 and for the six months ended 30 June 2024 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) Provision of AIWater (i.e. artificial intelligence technology in water management) and operation and maintenance services in respect of sludge and water treatment;
- (c) Manufacturing of high performance membrane products; and
- (d) Greentech investments in start-ups in technologies, high-tech products and services relating to environmental protection.

## 2 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed consolidated 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 2023.

The condensed consolidated 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 2023.

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 consolidated 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 consolidated 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 2024. Save for the reclassification of the convertible bonds (“CB”) issued by the Company, the Group and Company did not have to change its accounting policies nor made any retrospective adjustments as a result of adopting these standards.

During the HY2024, the Group reclassified the CB 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 9 of the condensed consolidated interim financial statements for further details.

## 2.4. Use of judgements and estimates

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. 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 2023.

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 FY2023 annual report, and there are no deviations for HY2024.

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

### Acquisitions and disposals

In HY2024, the Group:

- acquired new PPE and right-of-use assets with an aggregate cost amounting to RMB7,986,000 (31 December 2023: RMB18,828,000). A balance of RMB4,170,000 (31 December 2023: RMB8,324,000) remained unpaid as at 30 June 2024.
- recognised a negative exchange realignment movement of RMB181,000 (31 December 2023: a positive exchange realignment of RMB2,493,000) arising from currency translation differences.
- recognised a balance of RMB14,137,000 (31 December 2023: RM11,208,000) under "Construction in progress" which will be classified as "Machinery and Equipment" upon the completion of the construction of the sludge treatment demonstration plant.

In addition to the above, there was no impairment loss, re-measurement adjustment and provision for restoration costs in HY 2024 and HY2023 for the Group's PPE.

## 4. Intangible assets

### Group

	<u>Patents</u> RMB'000	<u>Software development cost</u> RMB'000	<u>Total</u> RMB'000
<b><u>Cost:</u></b>			
At 1 January 2023	2,163	2,374	4,537
Additions	-	369	369
<b>At 31 December 2023</b>	<b>2,163</b>	<b>2,743</b>	<b>4,906</b>
Additions	-	612	612
<b>At 30 June 2024</b>	<b>2,163</b>	<b>3,355</b>	<b>5,518</b>
<b><u>Accumulated amortisation:</u></b>			
At 1 January 2023	372	-	372
Amortisation for the year	252	-	252
<b>At 31 December 2023</b>	<b>624</b>	<b>-</b>	<b>624</b>
Amortisation for the period	127	-	127
<b>At 30 June 2024</b>	<b>751</b>	<b>-</b>	<b>751</b>
<b><u>Carrying amount:</u></b>			
<b>30 June 2024</b>	<b>1,412</b>	<b>3,355</b>	<b>4,767</b>
31 December 2023	1,539	2,743	4,282

### Patents

- (a) The two patented sludge treatment technologies with a carrying amount of RMB1,167,000 (FY2023: RMB1,257,000) were amortised over a 10-year period. As at 30 June 2024, the patents have remaining tenure of 78 months ( FY2023: 84 months).
- (b) The acquired oil sludge treatment technology with a carrying amount of RMB245,000 (FY2023: RMB282,000) was amortised over a 5-year period, and it has a remaining useful life of 40 months (FY2023: 46 months) as at 30 June 2024.

### Software development costs

This relates to the development and application of an artificial intelligence water treatment model with the key objective of optimising the operations and maintenance of water treatment plants to reduce the overall treatment costs such as energy and chemical costs.

The Group collaborated with a Science Academy in China, over a three-year period commencing from January 2022, to develop the software. The carrying amount of software development costs of RMB3,355,000 (FY2023: RMB2,743,000) is still under development as at HY2024 and hence, there was no amortisation charged.

### **Impairment test for cash generating unit (“CGU”) containing patents**

The recoverable amount of the costs paid in relation to the acquired sludge treatment patents and oil sludge treatment patents were based on the value in use (“VIU”) and was determined by discounting the future cash flows to be generated from the continuing use of the respective CGUs. The key assumptions used in the calculation of recoverable amounts of patent costs were discount rates and growth rates.

The discount rates used were pre-tax and based on the risk-free rate for the relevant market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systemic risk of the specific business activities. No impairment was required for the carrying amount of patent costs as at 30 June 2024 as the recoverable amount was in excess of the carrying amount.

## **5. Contract assets**

Contract assets comprise the following:

	<b>30 June 2024 RMB'000</b>	<b>Group 31 December 2023 RMB'000</b>
Sludge treatment project	<b>46,376</b>	46,376
Engineering and technical service contracts	<b>3,208</b>	16,082
Specialised equipment	<b>4,902</b>	8,234
Total	<b>54,486</b>	70,692
Less: loss allowance#	<b>(17,715)</b>	(16,903)
Net	<b>36,771</b>	53,789

Contract assets mainly comprise Shijiazhuang project of RMB2,497,000 (FY2023: RMB12,974,000) and Bazhou sludge treatment project of RMB46,376,000 (FY2023: RMB46,376,000). As disclosed in Note 39 of the Group's FY2023 Annual Report, the Group had been informed by the local authority of Bazhou city that all Public-Private-Partnership (“PPP”) projects were ceased under the directive of the Chinese Central Government. The Group is in on-going discussions with the local authority to recover the contract assets delivered prior to the issuance of the directive.

The Shijiazhuang and Bazhou projects were recognised based on the percentage work completed, using the input method, but were not billed at the reporting date.

During the half year ended 30 June 2024, there was allowance for impairments recognised on the contract assets amounting to RMB812,000 (30 June 2023: RMB682,000) 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**

	<b>Group</b>	
	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Raw materials, at cost	4,982	5,322
Finished goods	446	-
Work-in-progress	1,721	1,182
<b>Total</b>	<b>7,149</b>	<b>6,504</b>

**7. Trade and other receivables**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Trade and other receivables (Gross)	5,602	9,346	-	-
Allowance for impairments	(189)	(240)	-	-
Trade receivables (net)	5,413	9,106	-	-
Interest receivables	131	136	131	136
Sundry receivables				
- Amounts due from subsidiaries	-	-	22,071	15,075
- Advances to trade suppliers	674	-	-	-
- Advances to non-trade suppliers	471	196	-	-
- VAT and other tax receivables	4,208	5,020	-	-
- Others	644	751	-	102
	<b>5,997</b>	5,967	<b>22,071</b>	15,177
<b>Total</b>	<b>11,541</b>	15,209	<b>22,202</b>	15,313

During the six months ended 30 June 2024, the Group recognised allowance for impairment loss on financial assets relating to advances to trade and non-trade suppliers amounting to RMB Nil (30 June 2023: RMB66,000) in aggregate. This was in accordance with the provision matrix under the expected credit loss model.

**8. Borrowings**

	<b>Group</b>	
	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
<b>Non-current liabilities</b>		
Bank loans - secured	20,414	21,879
<b>Current liabilities</b>		
Bank loans - secured	8,472	3,810
Bank loans – unsecured	2,745	2,800
<b>Total</b>	<b>11,217</b>	6,610
<b>Total borrowings</b>	<b>31,631</b>	28,489

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 RMB3,963,000 (31 December 2023: RMB3,976,000) 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 4.11% (31 December 2023: 4.13%) 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 2024, there were no known instances of any breaches of bank covenants by the subsidiary.

## 9. Convertible Bonds

	<b>Group and Company</b>	
	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Debt host liability component, at amortised cost	<b>95,592</b>	87,376
Derivative (asset) liability component, at fair value	<b>(13,734)</b>	1,424
Total	<b>81,858</b>	88,800

On 28 February 2023, the Company obtained shareholders' approval in respect of an aggregate principal amount of up to USD15 million Convertible bonds ("CB") with a conversion price of S\$0.10 per share. On 2 March 2023 and 31 July 2023, the Company completed the issuance of the CB at a nominal value of USD 6 million (first tranche) and USD 9 million (second tranche) of the CB respectively. Both tranches of the CB, in aggregation, are potentially convertible into a total of 85,704,000 of 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.

	<b>Group and Company</b>	
	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Nominal value of CB issued	<b>105,787</b>	105,787
Less: transaction costs	<b>(2,294)</b>	(2,294)
Net value of CB issued	<b>103,493</b>	103,493
Accumulated interest expense accrued	<b>12,861</b>	6,768
Fair value gain on embedded derivatives on CB	<b>(37,163)</b>	(22,005)
Currency translation differences	<b>2,667</b>	544
Debt host and derivative liability component at end of period	<b>81,858</b>	88,800

The interest accrued is calculated by applying an effective interest rate of 12.51% (31 December 2023: 12.51%) per annum and 13.61% (31 December 2023: 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 2024 approximates its fair value.

### Reclassification of the CB

As CB holder has the option to convert the CB 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, under the technical advice rendered to the Company, the CB is reclassified 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 after 1<sup>st</sup> January 2024.

Notwithstanding the above reclassification, the contractual maturity date of the CB 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 CB, the Company may, at its discretion, extend the final maturity date of the CB for a further period of up to 2 years. As such, in the event that the CB holder does not exercise its option to convert the CB into the Company's equity shares, the Company will continue to have the sole discretion to control the timing of the CB repayment up till 2 March 2028 and 31 July 2028 respectively.

In the event that the CB holder exercises its right to convert, the Company will satisfy the CB by issuing new shares to the CB holder. There will not be any cash outflow arising from the settlement of CB via conversion to equity.

### 10. Provision for restoration costs

	Group	
	30 June 2024 RMB'000	31 December 2023 RMB'000
Beginning of the financial period	518	488
Unwinding of the discount	4	12
Currency translation differences	(1)	18
End of the financial period	521	518
Presented as:		
Non-current	521	518

### 11. Trade and other payables

	Group		Company	
	30 June 2024 RMB'000	31 December 2023 RMB'000	30 June 2024 RMB'000	31 December 2023 RMB'000
Trade payables	6,744	10,364	-	-
Sundry payables	121	215	89	55
VAT and other tax payables	15	35	-	-
Amount due to a related party	194	195	-	-
Amount due to subsidiaries	-	-	17,564	17,586
<b>Total</b>	<b>7,074</b>	10,809	<b>17,653</b>	17,641

### 12. Other liabilities

	Group		Company	
	30 June 2024 RMB'000	31 December 2023 RMB'000	30 June 2024 RMB'000	31 December 2023 RMB'000
Accrued purchases	17,110	18,392	-	-
Accrued salaries and related expenses	2,308	1,847	825	375
Accrued operating expenses	753	1,407	657	1,207
Accrued capital expenditure	6,567	5,257	5,799	-
Deferred capital grant	271	305	-	-
<b>Total</b>	<b>27,009</b>	27,208	<b>7,281</b>	1,582

	Group		Company	
	30 June 2024 RMB'000	31 December 2023 RMB'000	30 June 2024 RMB'000	31 December 2023 RMB'000
Presented as:				
Current	26,806	26,970	7,281	1,582
Non-current	203	238	-	-
	<b>27,009</b>	<b>27,208</b>	<b>7,281</b>	<b>1,582</b>

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.

Advance from customer pertained to the payment received from a customer for a sludge treatment project.

Deferred capital grant relates to the Enterprise Development Grant amounting to RMB271,000 received by a subsidiary of the Group in 2023 for the purchase of machinery and equipment which will be amortised to the profit or loss in line with the useful life of these machinery and equipment.

### 13. Share capital

	30 June 2024		Company 31 December 2023	
	Number of shares	Amount RMB'000	Number of shares	Amount RMB'000
At beginning and end of period	<b>1,534,878,360</b>	<b>375,049</b>	1,534,878,360	375,049

The Company did not hold any treasury shares as at 30 June 2024 and 31 December 2023.

The Company's subsidiaries did not hold any shares in the Company as at 30 June 2024 and 31 December 2023.

#### Outstanding shares as at 30 June 2024

- Share options to subscribe for 26,700,000 ordinary shares (31 December 2023: 27,900,000) were outstanding under the Leader Environmental Technologies Share Option Scheme; and
- 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.

### 14. Seasonal operations

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

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

- Engineering solution services in respect of sludge and water treatment;
- AIWater (i.e. artificial intelligence technology in water management) and sludge treatment services;
- manufacturing of high-performance membrane products; and
- others.

There are no operating segments that have been aggregated to form the above reportable operating segments. For entities which are not generating revenue, their operating expenses are grouped under "Others". Others include other income received and expenses incurred which are considered to be the 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 2024 and 2023 respectively.



## 15. 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.

### a) Reportable segments

**30 June 2024**

Group	Engineering solution services	AIWater and sludge treatment services	Manufacturing of high- performance membrane products	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue</b>						
Sales to external customers	4,469	3,863	188	-	-	8,520
Inter-segment sales	899	208	-	-	(1,107)	-
Total	5,368	4,071	188	-	(1,107)	8,520
<b>Results</b>						
Segmental results	(369)	(3,950)	(2,112)	(12,453)	-	(18,884)
Impairment loss on financial assets and contract assets	(761)	-	-	-	-	(761)
Fair value changes of embedded derivatives on convertible bonds	-	-	-	15,158	-	15,158
<b>EBITDA*</b>	(1,130)	(3,950)	(2,112)	2,705	-	(4,487)
Depreciation and amortisation	(1,017)	(317)	(1,871)	(548)	-	(3,753)
Interest expenses	(177)	(2)	(623)	(6,131)	-	(6,933)
Interest income	114	12	1	1,057	-	1,184
Share of results of an associate	9	-	-	-	-	9
<b>Loss before taxation</b>	(2,201)	(4,257)	(4,605)	(2,917)	-	(13,980)
Taxation	(22)	-	-	-	-	(22)
<b>Loss for the period</b>	(2,223)	(4,257)	(4,605)	(2,917)	-	(14,002)

30 June 2023

Group	Engineering solution services	AIWater and sludge treatment services	Manufacturing of high-performance membrane products	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue</b>						
Sales to external customers	4,389	958	109	-	-	5,456
Inter-segment sales	841	734	-	-	(1,575)	-
Total	5,230	1,692	109	-	(1,575)	5,456
<b>Results</b>						
Segmental results	(5,020)	(1,748)	(3,238)	(8,318)	(322)	(18,646)
Impairment loss on financial assets and contract assets	(748)	-	-	-	-	(748)
<b>EBITDA*</b>	(5,768)	(1,748)	(3,238)	(8,318)	(322)	(19,394)
Depreciation and amortisation	(1,620)	(289)	(2,051)	(245)	-	(4,205)
Interest expenses	(207)	(7)	(734)	(1,395)	-	(2,343)
Interest income	135	17	2	-	-	154
Share of results of an associate	-	706	-	-	-	706
<b>Loss before taxation</b>	(7,460)	(1,321)	(6,021)	(9,958)	(322)	(25,082)
Taxation	(1)	-	-	-	-	(1)
<b>Loss for the period</b>	(7,461)	(1,321)	(6,021)	(9,958)	(322)	(25,083)

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

## b) Geographical information

Revenue based on geographical location is as follows:

	Group	
	30 June 2024 RMB'000	30 June 2023 RMB'000
PRC	8,332	5,317
Others	188	139
	<b>8,520</b>	<b>5,456</b>

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

	Group	
	30 June 2024 RMB'000	31 December 2023 RMB'000
Singapore <sup>(1)</sup>	64,883	62,956
PRC <sup>#</sup>	19,950	16,903
	<b>84,833</b>	<b>79,859</b>

<sup>#</sup> included the intangible assets amounting to RMB4,767,000 (31 December 2023 – RMB4,282,000).

<sup>(1)</sup> included non-current assets of RMB49,973,000 (31 December 2023: RMB51,831,000), belonging to a subsidiary, whose operation is classified under the operating segment – manufacturing of high performance membrane.

**c) Information about major customers**

Revenue of RMB8.5 million is mainly derived from 4 PRC customers. During the period ended 30 June 2024, RMB4.5 million was attributable to the engineering segment and RMB3.9 million was attributable to the treatment services segment.

In the same corresponding period of last year, the revenue of RMB4.4 million was derived from 4 PRC customers which was attributable to the engineering segment and RMB0.9 million was attributable to the treatment services segment.

**d) Disaggregation of revenue**

The Group derives revenue from transfer of goods and services over time and at a point in time as follows:

	Group	
	HY2024 RMB'000	HY2023 RMB'000
<b>Over time:</b>		
Engineering revenue	4,469	4,389
Treatment revenue	3,863	958
<b>At a point in time:</b>		
Sale of equipment and parts	188	109
	<b>8,520</b>	<b>5,456</b>

**16. Loss before taxation**

This includes the following charges (credits):

	HY2024 RMB'000	HY2023 RMB'000
Government grant	(70)	(62)
Share-based payment expenses	779	957
Impairment loss on financial assets and contract assets	812	748
Reversal of impairment loss on financial assets and contract assets	(51)	-
Interest income	(1,184)	(154)
Interest expenses on lease liabilities	63	91
Interest expenses on bank borrowings and other trade financing	773	860
Interest on provision for restoration costs	4	4
Interest on convertible bonds	6,093	1,388
Depreciation of property, plant and equipment	3,626	4,078
Amortisation of intangible assets	127	127
Foreign exchange loss - net	1,317	246
Short term operating lease expenses	16	58
<b><u>Directors' remunerations</u></b>		
- Directors' fees	624	548
- Salaries and short-term benefits	1,739	1,661
- Contributions to defined contribution plans	81	56
- Share-based payments	85	156
<b><u>Key Management Personnel (other than Directors)</u></b>		
- Salaries and short-term benefits	3,322	3,298
- Contributions to defined contribution plans	206	200
- Share-based payments	409	455
<b><u>Other employees (other than Directors and Key Management Personnel)</u></b>		
- Salaries and short-term benefits	10,190	6,359
- Contributions to defined contribution plans	2,104	1,137
- Share-based payments	285	346

The Group's Key Management Personnel mainly comprises Chief Executive Officer ("CEO"), Deputy CEO – Business, Deputy CEO – Technical, Chief Technology Officer and Group Financial Controller.

## 17. Taxation

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 expense in the condensed interim consolidated statement of profit or loss are:

	<b>Group</b>	
	<b>HY2024</b>	<b>HY2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Current year taxation	<b>22</b>	<b>1</b>

## 18. 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:

	<b>Group</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Technical services charged to an associate <sup>(1)</sup>	-	(98)
Manpower services charged to an associate <sup>(1)</sup>	-	(209)
Treatment income <sup>(2)</sup>	-	(2,358)
Sale of goods to a related party*	-	(6)

\* The related party refers to Nanosun Pte. Ltd. ("Nanosun"), a non-controlling shareholder of NTi Memtech Pte. Ltd. ("NTi"), formerly known as Nanosun Membrane Pte. Ltd.

By virtue of NTi being a key subsidiary of the Group, transactions between Nanosun and NTi will be disclosed as related party transactions.

- (1) The provision of manpower support and technical services was provided by a subsidiary of the Group, United Greentech (Tianjin) Co. Ltd to United Greentech (Yishui) Co. Ltd.
- (2) The treatment of animal manure service was rendered to the minority shareholder of United Greentech (Yishui) Co., Ltd., which was an associate of the Group.

## 19. 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:

	<u>Group</u>	
	<u>HY2024</u>	<u>HY2023</u>
<b>(a) <u>Basic loss per share</u></b>		
Loss attributable to owners of the Company (RMB'000)	(11,194)	(22,176)
<b><u>Number of shares</u></b>		
Weighted average number of ordinary shares outstanding for the purpose of basic loss per share	1,534,878,360	1,534,878,360
<b>Basic loss per share (RMB cents)</b>	<b>(0.73)</b>	<b>(1.44)</b>
<b>(b) <u>Diluted loss per share</u></b>		
Loss attributable to owners of the Company (RMB'000)	(11,194)	(22,176)
<u>Adjustment for:</u>		
- Interest expense on Convertible Bonds ("CB") (RMB'000)	6,093	-
- Fair value gain on embedded derivatives on CB (RMB'000)	(15,158)	-
Net loss used to determine diluted earnings per share (RMB'000) <sup>(1)</sup>	<u>(20,259)</u>	<u>(22,176)</u>
<b><u>Number of shares</u></b>		
Weighted average number of ordinary shares outstanding for the purpose of basic loss per share	1,534,878,360	1,534,878,360
<u>Adjustment for:</u>		
- CB conversion	214,260,000	-
Weighted average number of ordinary shares outstanding for the purpose of diluted loss per share <sup>(1)</sup>	<u>1,749,138,360</u>	<u>1,534,878,360</u>
<b>Diluted loss per share (RMB cents)</b>	<b>(1.16)</b>	<b>(1.44)</b>

<sup>(1)</sup> As the adjustment for CB interest and assumed conversion of CB shares is anti-dilutive, the calculation of diluted loss per share for HY2023 did not include these effects.

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 derivative 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 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.

**20. Net Asset Value**

	Group		Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Net asset value per ordinary share (RMB cents per share)	<b>4.42</b>	5.10	<b>6.45</b>	6.49

Net asset value of the Group and Company as at 30 June 2024 and 31 December 2023 is computed based on 1,534,878,360 ordinary shares in issue at the end of the financial period/year respectively.

**21. Dividends**

No interim dividend is paid during the six months ended 30 June 2024 and 30 June 2023. The Group needs to preserve its cash for working capital requirements.

**22. 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 2024 and 2023 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:

	Group		Company	
	30 June 2024 RMB'000	31 December 2023 RMB'000	30 June 2024 RMB'000	31 December 2023 RMB'000
<b>Financial assets</b>				
Trade and other receivables* (excluding VAT and other tax receivables)	<b>11,541</b>	10,189	<b>22,202</b>	15,313
Cash and bank balances	<b>91,828</b>	98,505	<b>50,156</b>	68,244
	<b>103,369</b>	108,694	<b>72,358</b>	83,557
<b>Financial liabilities</b>				
Bank borrowings	<b>31,631</b>	28,489	-	-
Convertible bond – host liability	<b>95,592</b>	87,376	<b>95,592</b>	87,376
Lease liabilities	<b>2,104</b>	1,813	<b>1,079</b>	132
Provision for restoration costs	<b>521</b>	518	-	-
Trade and other payables (excluding VAT and other tax payables)	<b>7,059</b>	10,774	<b>17,653</b>	17,641
Other liabilities	<b>26,738</b>	26,903	<b>7,281</b>	1,582
	<b>163,645</b>	155,873	<b>121,605</b>	106,731
<b>At fair value through profit or loss</b>				
Embedded derivative financial (asset) liability for convertible bond	<b>(13,734)</b>	1,424	<b>(13,734)</b>	1,424

\* Excludes advances to trade suppliers and related party for goods to be received and rendered.

**23. Commitments**

Significant capital commitments:	<b>30 June 2024</b> RMB'000	31 December 2023 RMB'000
Installation of equipment for AIWater implementation contracts	14,771	4,760
Purchase of oil sludge equipment	2,200	3,280
Construction of sludge treatment demonstration plant	268	3,672

**24. Financial guarantees**

	<b>30 June 2024</b> RMB'000	31 December 2023 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	<u>23,159</u>	<u>27,400</u>
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	<u>4,717</u>	<u>5,900</u>

As at 30 June 2024, the fair values of the financial guarantees determined based on the expected loss arising from the risk of default is negligible.

**25. Events after the reporting period**

Other than those disclosed in SGX.net, there were no material events after the reporting period.


**Leader Environmental Technologies Limited**

利德环保技术有限公司

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

(Company Registration Number: 200611799H)

**Other Information required by Listing Rule Appendix 7.2**
**Audit**

The statements of financial position as at 30 June 2024 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 2024 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**
**Revenue**

	<b>HY2024</b>	<b>Group</b>	<b>HY2023</b>
	<b>RMB'000</b>		<b>RMB'000</b>
Engineering revenue	<b>4,469</b>		4,389
Treatment revenue	<b>3,863</b>		958
Sales of equipment and parts	<b>188</b>		109
	<b>8,520</b>		5,456

The Group’s revenue increased by RMB3.1 million in HY2024, from RMB5.5 million in HY2023 to RMB8.5 million in HY2024. The increase was mainly due to the increase in treatment revenue of RMB2.9 million in HY2024 relating to operations & maintenance (“O&M”) services rendered for certain AIWater contracts.

**Gross profit** increased by RMB3.8 million in HY2024, from RMB0.2 million in HY2023 to RMB4.0 million in HY2024 due to the increase in revenue and better margins from O&M projects.

**Finance income** was higher by RMB1.0 million in HY2024, from RMB0.2 million in HY2023 to RMB1.1 million in HY2024 mainly due to fixed deposit interest income earned on the cash proceeds from the convertible bonds.

**Other income** was lower by RMB0.1 million in HY2024, from RMB0.2 million in HY2023 to RMB0.1 million in HY2024 mainly due to lower government subsidies received.

**Other items of expense**

Administrative expenses increased by RMB2.5 million in HY2024, from RMB22.1 million in HY2023 to RMB24.6 million in HY2024. The increase was mainly due to increased payroll and related costs arising from additional headcount to expand the engineering and treatment segments of the Group.





**Leader Environmental Technologies Limited**  
 利德环保技术有限公司  
 (Incorporated in the Republic of Singapore on 15 August 2006)  
 (Company Registration Number: 200611799H)

## **REVIEW OF GROUP PERFORMANCE (cont'd)**

### **Other items of expense (cont'd)**

**Finance costs** increased by RMB4.6 million from RMB2.3 million in HY2023 to RMB6.9 million in HY2024 mainly due to the higher interest expense recorded for the US\$15 million Convertible Bonds ("CB") balance in HY2024 against the US\$6 million CB balance in HY2023.

While the convertible bonds issued by the Group bear zero coupon interest, the Group imputed interest rates of 12.51% and 13.61% per annum respectively to fair value the liability component of the CB under SFRS(I) 9.

The components for the (impairment loss)/write-back of impairment loss (charged to) or credited from the profit or loss account are as follows:

	<b><u>HY2024</u></b> <b>RMB'000</b>	<b><u>HY2023</u></b> <b>RMB'000</b>
<b><i>Credited from/(Charged to) profit or loss</i></b>		
Contract assets	(812)	(682)
Trade receivables	51	-
Advances to non-trade suppliers	-	(53)
Advances to trade suppliers	-	(13)
Charged to profit and loss	<u>(761)</u>	<u>(748)</u>

There had 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 and financial assets which was estimated under the expected credit loss model under SFRS(I) 9.

**Other expenses** increased by RMB1.1 million in HY2024, from RMB0.3 million in HY2023 to RMB1.3 million in HY2024 mainly due to net foreign exchange losses incurred by the Group due to the depreciation of RMB against USD.

### **Taxation**

In 1H2024, the Group recorded income tax expenses of RMB22,000 based on the chargeable income for the period.

### **Profit after taxation**

In view of the above, the Group recorded a loss after taxation of RMB14.0 million (HY2023: RMB25.1 million).

## **Consolidated Statement of Financial Position**

### **Equity:**

Total equity decreased by RMB13.3 million due mainly to accumulated losses of RMB 11.2 million recognised and NCI share of losses for the period amounting to RMB2.8 million offset by the recognition of share-based payment on the employee stock options of RMB0.7 million.



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## **REVIEW OF GROUP PERFORMANCE (cont'd)**

### **Consolidated Statement of Financial Position (cont'd)**

#### **Assets:**

Total Group assets decreased by RMB20.7 million to RMB233.7 million as at 30 June 2024 from RMB254.4 million as at 31 December 2023 due to higher non-current assets of RMB5.0 million offset by lower current assets of RMB25.7 million.

The increase in non-current assets of RMB5.0 million was due mainly to (i) additional cost capitalised under construction in progress for sludge treatment demonstration plant and oily sludge equipment amounting to RMB4.3 million, (ii) AIWater projects implementation cost of RMB2.0 million, (iii) additions in intangibles of RMB0.6 million from capitalised software development costs, (iv) investment made in a 50% owned associate, Zhongsheng United Environmental Protection Equipment Manufacturing (Jiangsu) Co. Ltd., amounting to RMB0.5 million and (v) additions in ROU asset due to renewal of office premises lease amounting to RMB1.3 million. This increase was offset by depreciation and amortisation expenses recorded of RMB3.7 million.

The decrease in current assets of RMB25.7 million was due to lower (i) cash balances of RMB6.7 million due to project working capital requirements; (ii) contracts assets of RMB17.0 million due to transfers to trade receivables upon customer acknowledgement and invoicing and (iii) trade and other receivables of RMB3.7 million arising from cash collections from customers. This decrease was offset by a higher (i) inventory balance of RMB0.7 million arising from finished goods to be delivered to customers and (ii) rent prepayments of RMB1.0 million made for office premises.

In HY2024, the Group collected a total amount of RMB21.7 million from its trade customers.

#### **Liabilities:**

Total Group liabilities decreased by RMB7.4 million to RMB154.3 million as at 30 June 2024 from RMB161.7 million as at 31 December 2023 due to lower current and non-current liabilities of RMB6.8 million and RMB0.6 million respectively.

The decrease in current liabilities of RMB6.8 million was mainly attributed to (i) decrease in trade and other payables of RMB3.7 million, (ii) decrease in convertible bonds of RMB6.9 million due to RMB15.2 million fair value adjustment gain offset by RMB6.1 million additional interest accrued and RMB2.1 million currency realignment losses; and (iii) decrease in lease liabilities of RMB0.6 million. This decrease was offset by an increase in short term bank borrowings of RMB4.5 million undertaken by a subsidiary for working capital purposes.

The decrease in non-current liabilities of RMB0.6 million was mainly due to the repayment of bank borrowings amounting to RMB1.4 million which was offset by an increase in lease liabilities of RMB0.8 million arising from renewal of the lease for office premises.

#### **Key liquidity ratios (RMB'000):**

In HY2024, the Group reclassified its convertible bonds (Note 9) 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 after 1<sup>st</sup> January 2024.

	<u>Group</u>	
	<u>1H2024</u>	<u>FY2023</u>
<b><u>After CB reclassification (Note 9):</u></b>		
<i>Net current asset (liabilities)</i>	<b>17,028</b>	35,937
<i>Current ratio (Current assets/current liabilities)</i>	<b>1.13</b>	1.26
<b><u>Before CB reclassification (Note 9):</u></b>		
<i>Net current asset (liabilities)</i>	<b>98,886</b>	124,737
<i>Current ratio (Current assets/current liabilities)</i>	<b>2.98</b>	3.50



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### **VARIANCE FROM PROSPECT STATEMENT**

Not applicable as no prospect statement is given.

### **PROSPECTS**

Against the backdrop of China's quest to reduce carbon footprint, we believe that there is a significant market potential for the Group's proprietary Continuous Thermal Hydrolysis ("CTH") and Pyrolysis sludge treatment technology. Sludge is a by-product of wastewater treatment. There are more than 4,500 municipal sewage treatment plants in China generating more than 60 million tons of sludge annually. We believe that our CTH and Pyrolysis technologies can provide cost-effective solutions to address the sludge issue in China while reducing carbon emissions.

In Singapore, the Group is in the midst of commissioning our sludge treatment demonstration plant. The demonstration plant is designed and installed by the Group which utilises our proprietary CTH and Pyrolysis technologies to treat the sludge. The demonstration plant is able to achieve a closed-loop sludge treatment to achieve zero-waste discharge and full resource recovery. The Group is well positioned to penetrate the sludge treatment market 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 at 30 June 2024, the Group secured 11 new projects in the period of 1H2024 with total treatment capacity of 1.0 million ton/day of municipal and industrial wastewater. This brings the total AIWater projects to 26 with combined treatment capacity of approximately 2.5 million ton/day. The Group will build on the current momentum to secure more AIWater projects.

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

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

	<b>S\$'000</b>
<b>Balance as at 1 January 2024</b>	13,721
<b><u>95% of the net proceeds earmarked for business investments and acquisitions of environmental related business</u></b>	
Advance to membrane business segment	(600)
Capital injection into AIWater	(1,308)
Capital injection into sludge business segment	(93)
Cost relating to the demonstration sludge treatment demonstration plant	(2,644)
Investment in equipment for oil sludge business segment	(393)
Total disbursements	<u>(5,038)</u>
<b>Balance as at 30 June 2024</b>	<u>8,683</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.



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

S/N	Company Name	Place of Incorporation	Additional capital injections during the 6 months period ended 30 June 2024 (RMB'000)	Principal Activities	Effective interest held by the Group	Issued and fully paid-up capital (RMB'000) as at 30 June 2024
1.	AIWater (Anhui) Co., Ltd	China	7,000	Investment and development of artificial intelligent technology in water treatment system	70.0%	34,941
2.	Zhongsheng United Environmental Protection Equipment Manufacturing (Jiangsu) Co. Ltd <sup>(1)</sup>	China	500	Fabrication of sludge treatment equipment	50.0%	1,000
3	United Greentech (Guangzhou) Co. Ltd.	China	2,100	Municipal sludge treatment, industrial wastewater treatment and other environmental related projects	100.0%	44,600

**Notes:**

- Zhongsheng United Environmental Protection Equipment Manufacturing (Jiangsu) Co. Ltd ("Zhongsheng") is a newly incorporated associated company whose principal activity is in the fabrication of sludge treatment equipment. Zhongsheng is a joint venture company between United Greentech (Guangzhou) Co. Ltd. and Jiangsu Zhongsheng New Energy Holdings Co., Ltd.

**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.

**NEGATIVE ASSURANCE 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 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Mr Ngoo Lin Fong  
Executive Director

Mr Lim Kuan Meng  
Lead Independent Director

**BY ORDER OF THE BOARD**  
**Leader Environmental Technologies Limited**

Mr Ngoo Lin Fong  
Executive Director  
7 August 2024