LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED

GREEN ACTION FOR A SUSTAINABLE FUTURE

ANNUAL REPORT 2025

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We are a
TECHNOLOGY-DRIVEN
environmental solutions
provider

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Ngoo Lin Fong
Executive Chairman

Zhao Fu
Non-Independent Non-Executive Director

Lim Kuan Meng
Lead Independent Non-Executive Director

Lee Suan Hiang
Independent Non-Executive Director

Dr Ng Wun Jern
Independent Non-Executive Director

Ng Sook Zhen
Independent Non-Executive Director

AUDIT COMMITTEE

Lim Kuan Meng *(Chairman)*
Lee Suan Hiang
Dr Ng Wun Jern
Zhao Fu
Ng Sook Zhen

NOMINATING COMMITTEE

Lee Suan Hiang *(Chairman)*
Lim Kuan Meng
Ngoo Lin Fong
Dr Ng Wun Jern
Zhao Fu
Ng Sook Zhen

REMUNERATION COMMITTEE

Dr Ng Wun Jern *(Chairman)*
Lim Kuan Meng
Lee Suan Hiang
Zhao Fu
Ng Sook Zhen

PRINCIPAL PLACE OF BUSINESS AND CONTACT NUMBERS

41 Science Park Road #04-11
The Gemini Singapore 117610
Telephone: (65) 6950 7700

JOINT COMPANY SECRETARIES

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

REGISTERED OFFICE

5 Shenton Way, #12-01
UIC Building, Singapore 068808

SHARE REGISTRAR

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

AUDITORS

Forvis Mazars LLP
Public Accountants and Chartered Accountants
135 Cecil St, #10-01, MYP Plaza
Singapore 069536
Partner-in-charge: Chin Chee Choon
(Year of appointment: with effect from the financial year ended 31 December 2025)

PRINCIPAL BANKERS

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

CORPORATE **PROFILE**

OUR BUSINESS FOCUS

01

Municipal/Oily Sludge Treatment

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

02

High Performance Membrane

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

Greentech Investments

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

03

Leader focuses on 3 key business segments namely, municipal/oily sludge treatment, high performance membrane manufacturing and greentech investments.

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

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

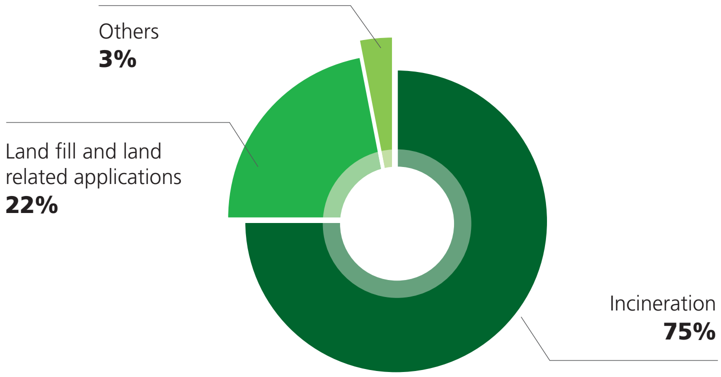
CORPORATE **PROFILE**

SLUDGE TREATMENT

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

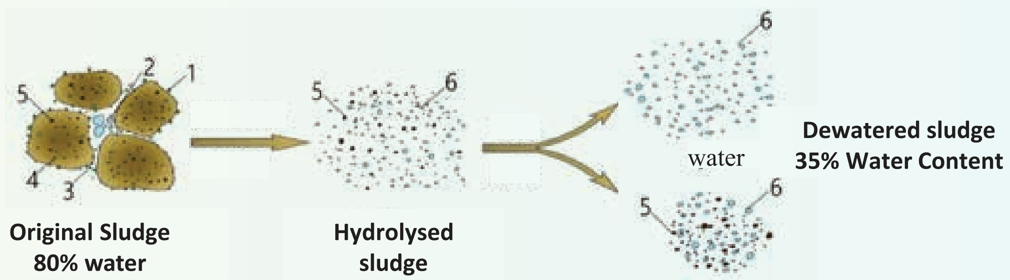
Number of Wastewater Treatment Plants (2024):	Wastewater Treatment Capacity:	Annual Sludge Produced:	Forecasted Sludge Production by 2028
>14,000	**>330 million m³/d**	**>50 million tons**	**>75 million tons**

SLUDGE DISPOSAL METHOD



MORE THAN **14,000** Wastewater Treatment Plants IN CHINA

OUR PROPRIETARY TECHNOLOGY – CONTINUOUS THERMAL HYDROLYSIS

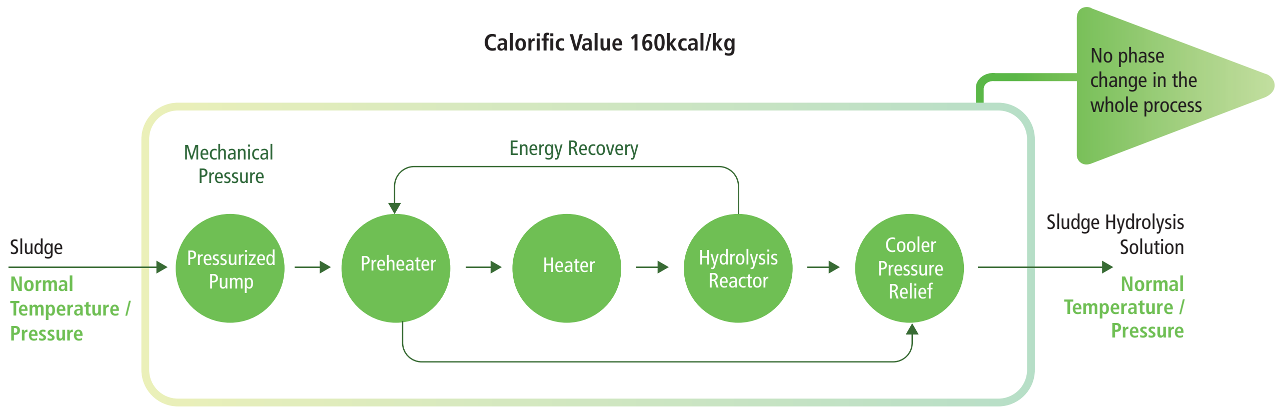


1. Surface water
2. Bound water
3. Free water
4. Interstitial water
5. Solids
6. Free water

CORPORATE **PROFILE**

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

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



OILY SLUDGE TREATMENT

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

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

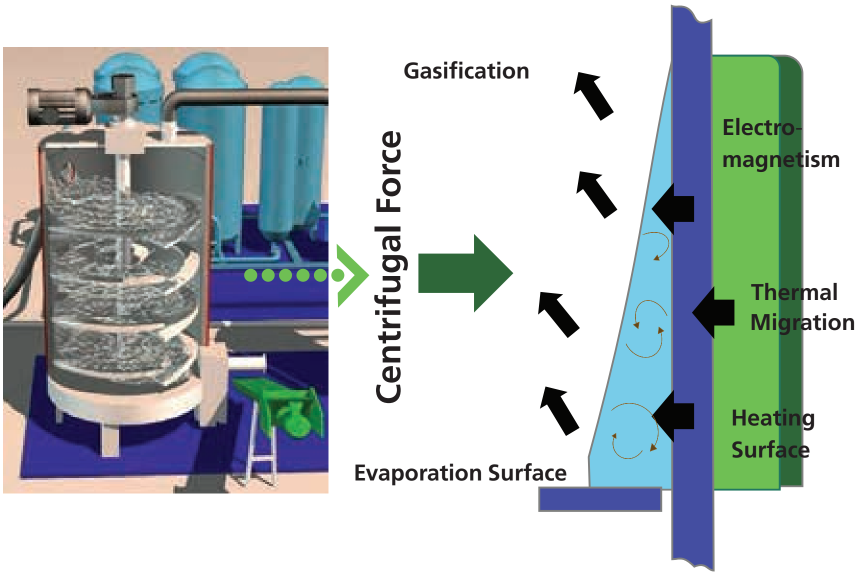
In order to fully address the challenge of treatment and disposal of oily sludge during offshore oil exploration and development, Leader has independently developed an **Electromagnetic Induction Thermal** desorption device for oily sludge. This device has the significant advantages of being flexible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

CORPORATE **PROFILE**

PRINCIPLE OF ELECTROMAGNETIC INDUCTION PYROLYSIS TECHNOLOGY

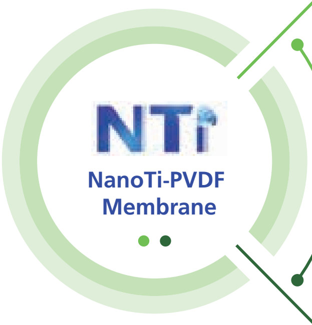
Residue meet disposal standards

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



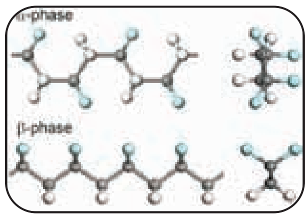
- No Open Flame
- Even Heating
- Oil Recovery

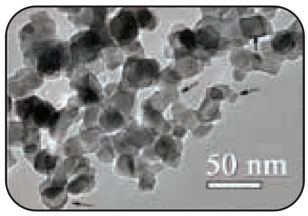
HIGH PERFORMANCE MEMBRANE



Organic Polymer – PVDF
- Heat Resistance
- Chemical Stability
- Radiation Resistance
- Great Mechanical Property

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





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

PROPRIETARY **TECHNOLOGIES**

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

GROUP STRUCTURE

As at 31 December 2025

- **Leader Environmental Technologies Limited**
  - 100% United Greentech Holdings Pte. Ltd.
    - 100% United Greentech (Guangzhou) Co., Ltd.
      - 50% Zhongsheng United Environmental Protection Equipment Manufacturing (Jiangsu) Co. Ltd*
      - 100% United Greentech (Tianjin) Co., Ltd.
      - 100% Bituo Environmental Technologies (Tianjin) Co., Ltd.
      - 79.98% United Greentech (Bazhou) Co., Ltd
      - 70% Zhejiang Bofeng Environmental Technology Co., Ltd
  - 80% Leader Investment Pte. Ltd.
  - 66.67% NTi Memtech Pte. Ltd.
    - 50% NTi Technology Pte Ltd*
      - 100% Nano-Jin Membrane Manufacturing (Ningbo) Co., Ltd.*

Note:

*	*Associated companies*

CHAIRMAN'S **STATEMENT**

NGOO LIN FONG
Executive Chairman

Chairman Statement
2025 was a defining year that demonstrated the resilience and agility of the Group. Our early venture into the AIWater segment proved to be fruitful.

A key strategic milestone was the successful divestment of our AIWater business segment, which delivered an exceptional return on investment of more than 13 times over its four-year development period. This divestment marks the successful conclusion of this venture and underscores the Group's disciplined approach to capital allocation, our ability to identify emerging opportunities, and our commitment to crystallising value at the appropriate time. The value realised from the divestment has strengthened the Group's financial position and supported the Board's decision to declare and distribute approximately S$44.05 million in FY2025, equivalent to S$0.0287 per share.

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

In tandem, we implemented a series of structural enhancements across the organisation to refine our operating model, optimise resource deployment, and strengthen accountability. These initiatives have resulted in a leaner, more agile team to support sustainable growth and improve execution efficiency.

As we move forward, we remain focused on strengthening our existing operations, expanding our technology capabilities, and exploring new growth drivers to enhance shareholder value. We are confident that the foundations laid over the years, coupled with our disciplined execution and organisational resilience, will continue to support the Group's long-term aspirations.

2025 RECAP
Our sludge treatment demonstration plant in Changi Water Reclamation Plant, Singapore, showcasing our proprietary Continuous Thermal Hydrolysis ("CTH") and Pyrolysis technology, was successfully completed in July 2025. The results validated that our integrated CTH-Pyrolysis processes can significantly reduce sludge volumes and mass, and improve energy efficiency, while maintaining continuous and stable operations. The CTH–Pyrolysis system offers clear advantages over conventional treatment methods.

Notably, the system converts the sludge into biochar, creating potential pathways for value-added use in areas such as soil remediation, renewable fuel, construction materials, and also for odour and heavy metal control following the material's upgrading. These outcomes collectively contribute to a reduced carbon footprint and advance our alignment with circular economy objectives.

Traditional sludge treatment methods are becoming increasingly unsustainable. Conventional approaches rely heavily on energy-intensive drying, chemical conditioning, and incineration processes that drive up operating costs, offer limited opportunities for resource recovery, yet contribute to high carbon emissions. At the same time, tightening environmental standards and rising disposal costs across the region continue to challenge the long-term viability of these legacy systems. These structural constraints underscore the urgent need for modern, circular, and cost-efficient solutions.

Successful demonstration of our CTH–Pyrolysis process marks an important milestone in showcasing our technologies and strengthening our positioning within the sludge treatment solutions domain. With a clear value proposition, we are now well placed to pursue greater business opportunities in China, Singapore, and our surrounding regions.

Our membrane business continued to draw on the capabilities of our joint venture company, NTi Technology Pte. Ltd. ("NTi Tech"), to support the production of high-performance membranes. With manufacturing facilities in both Singapore and China, the Group is well positioned to serve a wider customer base. Leveraging on NTi Tech's technical expertise and advanced technology, we are able to offer customised membrane solutions that cater to municipal and industrial applications alike, while maintaining competitive pricing and quality assurance.

CHAIRMAN'S **STATEMENT**

Building on the Group's strong technical expertise and synergy in both sludge treatment and advanced membrane technologies, we have developed an innovative membrane condenser system which can further enhance the existing CTH platform's performance. Supported by the Living Lab Grant from National Research Foundation, a demonstration plant will commence operation in 2026. This project enables the Group to demonstrate its membrane technology in a live operational environment, deepen system integration and application capabilities, and enhance the commercial readiness of the membrane division, supporting its longer-term growth prospects.

ACCELERATING INTO 2026

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

With the joint venture company being formally established, this partnership underscores our commitment to an asset-light business model. By contributing our proprietary sludge treatment technology, along with our engineering expertise, the Group can participate in sizeable infrastructure projects without taking on significant debt or capital expenditure. The construction and financing of the treatment facilities will be undertaken by our joint venture partner and consortium members, allowing us to capture value through technology deployment.

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

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

TRIBUTE TO DR LIN YUCHENG

The Board records with deep sorrow the passing of Dr Lin Yucheng ("Dr Lin") on 3 January 2026. Dr Lin had previously retired as Executive Chairman and was appointed Emeritus Chairman and Senior Advisor with effect from 1 February 2025. Since 2020, Dr Lin played a pivotal role in reshaping the Group's strategic direction, transforming it into a technology-driven environmental solutions company with strong capabilities in sludge treatment, membrane manufacturing and AI-enabled water management.

A visionary founder and respected techno-entrepreneur, Dr Lin's leadership, conviction and commitment to innovation laid the foundation for the Group's long-term growth. The Board and Management pay tribute to his remarkable legacy and remain resolute in carrying forward his vision of technological excellence and value creation for all stakeholders.

APPRECIATION

We thank our shareholders, customers, management team and employees for their unwavering support. As we move into 2026, the operating environment is expected to remain volatile, and the Group will continue to monitor developments closely. Our priority is to ensure that the Company remains operationally resilient and appropriately positioned to respond to opportunities as market conditions evolve.

On behalf of the Board, I would like to express my heartfelt appreciation to Independent Non-Executive Director, Dr. Ng Wun Jern. He will retire on 28 April 2026 after serving 2 years with the Company. We would like to express our appreciation for his invaluable contributions and wish him all the best in his future endeavours.

Mr. Ngoo Lin Fong
Executive Chairman

BALANCING GROWTH WITH **STABILITY**

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

OPERATIONS & FINANCIAL **REVIEW**

CONTINUING OPERATIONS

REVENUE

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

PROFITABILITY

The increase in gross profit generated of RMB3.5 million in FY2025 was mainly due to higher engineering revenue generated in FY2025 of RMB11.5 million which commanded higher profit margins, as compared to FY2024 of RMB7.0 million. Accordingly, the gross profit margin increased, from 25.1% in FY2024 to 30.2% in FY2025.

NON-OPERATING INCOME

Finance income decreased due to lower interest rates and cash balances held in fixed deposits in FY2025 as compared to FY2024.

Other income increased from RMB0.3 million in FY2024 to RMB3.0 million in FY2025 mainly due to foreign exchange gains recorded in FY2025 against foreign exchange losses recorded in FY2024.

OPERATING EXPENSES

Fair value losses on convertible bonds ("CB") of RMB12.2 million was recorded in FY2025 as compared to a fair value gain on CB of RMB13.6 million recorded in FY2024, mainly due to the fair value accounting adjustments on the extension option being exercised by the Group.

The selling and distribution expenses increased by RMB0.8 million, from RMB0.6 million in FY2024 to RMB1.4 million in FY2025 due to higher marketing and travelling expenses incurred by the Group.

Administrative expenses decreased by RMB10.1 million, from RMB39.1 million in FY2024 to RMB29.0 million in FY2025, due to lower staff costs and other operating expenses resulting from the disposal of the AIWater Group.

Finance costs decreased by RMB3.8 million in FY2025, from RMB14.5 million in FY2024 to RMB10.7 million in FY2025. The decrease was due to a lower CB interest expense after the disposal of AIWater Group which reduced the future interest accrual based on the CB's revised effective rate of return.

Impairment losses decreased by RMB5.7 million from FY2024 to RMB21.8 million to 16.1 million in FY2025 and is computed based on the Group's Expected Credit Loss ("ECL") model under SFRS(I) 9 to reflect the credit risk assessment made by management on the recoverability of the Group's contract assets.

Other expenses increased by RMB36.7 million in FY2025, from RMB2.8 million in FY2024 to RMB39.5 million in FY2025. This increase was mainly due to a special payment made to CB holders of RMB34.7 million as compared to FY2024 where the Group incurred foreign exchange losses due to the appreciation of USD against RMB.

ASSOCIATES

Share of results of associate and joint venture recorded a loss of RMB1.4 million in FY2025 as compared to a profit of RMB0.4 million in FY2024 due to negative result contributions from the associated companies.

OPERATIONS & FINANCIAL **REVIEW**

GROUP LOSS AFTER TAX

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

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

In view of the foregoing, the Group reported a loss after taxation of RMB106.9 million in FY2025 as compared to loss after taxation of RMB58.3 million recorded in FY2024.

DISCONTINUED OPERATIONS

Discontinued operations relates to the results of AIWater Group and the Group completed the disposal on 25 July 2025.

REVENUE

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

PROFITABILITY

The decrease in gross profit generated of RMB3.8 million in FY2025 was mainly due to lower O&M revenue generated in FY2025 which had higher margins as compared to treatment revenue. The gross profit margin decreased, from 38.9% in FY2024 to 28.8% in FY2025, mainly due to a lower margins commanded by the treatment projects secured in FY2025.

NON-OPERATING INCOME

In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the gain on disposal of RMB318.6 million arising from the disposal of the AIWater Group is included within discontinued operations, as it forms part of the results of the disposed component.

OPERATING EXPENSES

The selling and distribution expenses decreased by RMB0.5 million in FY2025, from RMB0.9 million in FY2024 to RMB0.4 million in FY2025 due to lower marketing and travelling expenses.

Impairment losses increased by RMB0.7 million in FY2025, from RMB0.2 million in FY2024 to RMB0.9 million in FY2025, due to impairment losses recognised for certain contract assets using the Group's ECL model under SFRS(I) 9.

GROUP PROFIT AFTER TAX

In FY2025, the Group did not recognise any tax expenses as there is no chargeable income. In FY2024, the Group recorded deferred tax expense of RMB1.8 million due to the timing difference of its contract assets.

In view of the foregoing, the discontinued operations reported a profit after taxation of RMB313.0 million in FY2025 as compared to loss after taxation of RMB3.9 million in FY2024.

OPERATIONS & FINANCIAL **REVIEW**

FINANCIAL POSITION

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

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

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

The increase in currents assets of RMB6.7 million, from RMB122.4 million in FY2024 to RMB129.1 million in FY2025, was mainly due to recognition and realisation of trade receivables & contract assets of RMB5.3 million, cash and bank balances increase of RMB45.0 million arising from net proceeds from AIWater disposal net off working capital requirements. This increase is offset by inventories sold of RMB3.8 million and assets of disposal group derecognised of RMB40.0 million.

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

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

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

CASH FLOW POSITION

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

Net cash generated from investing activities was RMB240.5 million mainly due to net cash inflow arising from the disposal of the AIWater Group of subsidiaries of RMB239.0 million and proceeds from government grant of RMB6.1 million and interest income received of RMB0.2 million. This was partly offset by acquisitions of property, plant and equipment of RMB4.9 million

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

BOARD OF **DIRECTORS**

NGOO LIN FONG
Executive Chairman

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

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

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

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

ZHAO FU
Non-Independent Non-Executive Director

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

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

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

BOARD OF **DIRECTORS**

LIM KUAN MENG

Lead Independent Non-Executive Director

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

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

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

LEE SUAN HIANG

Independent Non-Executive Director

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

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

BOARD OF **DIRECTORS**

DR NG WUN JERN
Independent Non-Executive Director

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

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

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

MS NG SOOK ZHEN
Independent Non-Executive Director

Ms Ng Sook Zhen is the founder and managing director of Zenbridge Law LLC, a boutique law firm focused on bridging legal and business opportunities across Singapore, Japan, China and ASEAN. Prior to establishing Zenbridge Law, she practiced for more than a decade at leading international law firms in Singapore and Tokyo, where she advised clients on cross-border transactions, regulatory compliance, employment law, and dispute resolution matters.

Recognized as one of Singapore's 18 most influential lawyers under 40 by the Singapore Business Review in 2021, Ms Ng also serves as a panel arbitrator for the Japan Commercial Arbitration Association and Beihai Asia International Arbitration Centre, and as a specialist mediator with the Singapore International Mediation Centre.

She graduated from the National University of Singapore (NUS) and was called to the Singapore Bar in 2012.

KEY MANAGEMENT TEAM

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

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

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

DR JERRY LIU JIANLIN
Deputy CEO

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

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

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

MR OLIVER WU
Deputy CEO

KEY MANAGEMENT TEAM

MR DOMINIC TAN
Chief Financial Officer

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

Mr Tan has over 14 years of financial reporting & accounting experience and was previously with Deloitte & Touche LLP as a Senior Audit Manager. Prior to joining the Group, he was the Financial Controller of Wearnes Automotive Singapore overseeing the full spectrum of retail finance operations.

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

MR SHI YINGJUN
General Manager

Mr Shi Yingjun holds a Master's degree in Environmental Engineering from Harbin Institute of Technology. He is a National First-Class Registered Municipal Constructor and a Senior Engineer in Engineering Technology.

Mr Shi previously worked at Tianjin Mechanical & Electrical Import & Export Co., Ltd., where he held key technical leadership roles including Technical Director and Chief Engineer of the Complete Environmental Protection Equipment Business Unit.

He possesses extensive experience in engineering procurement and construction (EPC) for environmental protection equipment, having successfully delivered dozens of wastewater treatment plant equipment general contracting projects.

As a core developer of the continuous sludge thermal hydrolysis technology, Mr Shi led the technology's development across its entire lifecycle – from laboratory research and pilot testing to full commercial application. The technology has been recognised as internationally advanced.

He also played a leading role in the implementation of sludge treatment projects in Singapore, Taiwan, Tangyin and Tongxu (Henan Province), among others.

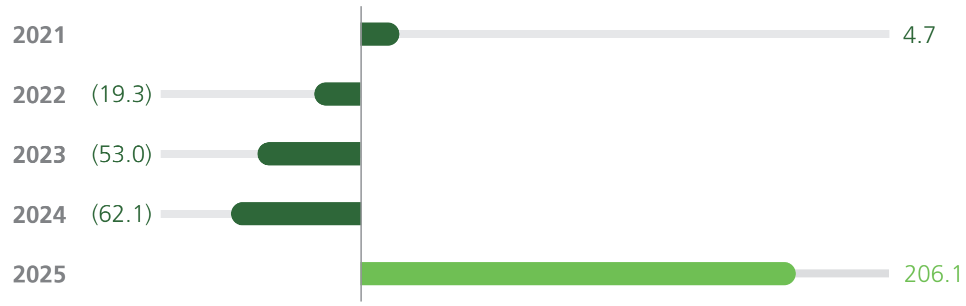
OUR **PEOPLE**

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

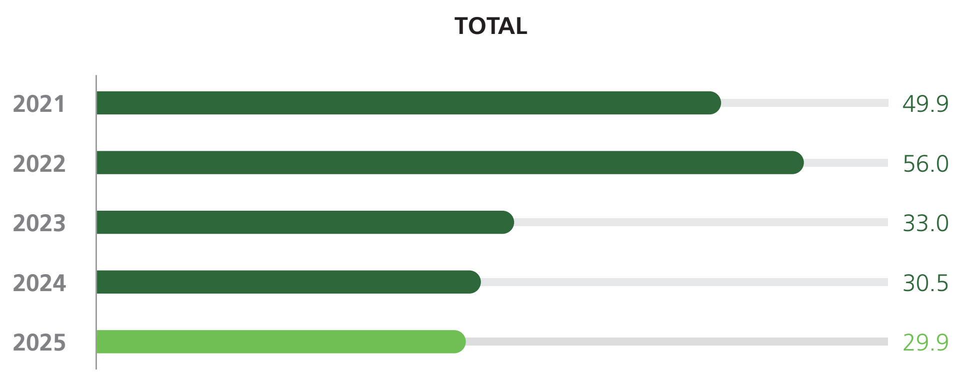
FINANCIAL **HIGHLIGHTS**

NET EQUITY (RMB' MILLION)

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



REVENUE (RMB' MILLION)



CORPORATE **GOVERNANCE REPORT**

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

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

The Board is pleased to outline in this report the Company's corporate governance practices and structures in the financial year ended 31 December 2025 ("FY2025"), with specific reference made to each of the principles and provisions set out in the Code. Other than deviations which are explained in this report, the Company has generally adhered to the principles and guidelines set out in the Code.

BOARD MATTERS

The Board's Conduct of Affairs

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

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

During FY2025, apart from its statutory responsibilities, the Board also performed the following roles:

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

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

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

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

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

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

CORPORATE **GOVERNANCE REPORT**

Provision 1.1 – Conflicts of Interest

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

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

Provision 1.2 – Director's Orientation and Training

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

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

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

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

During FY2025, the Directors were provided with updates at Board meetings on regulatory changes, continuing listing obligations and changes in financial reporting standards and issues which have a direct impact on financial statements. In addition, the Management regularly updates the Directors on the business activities and developments of the Group during Board and Board committee meetings.

Provision 1.3 – Matters Requiring Board's Approval

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

CORPORATE **GOVERNANCE REPORT**

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

i. material acquisition and disposal of assets/investments;

ii. incorporation of new entities;

iii. corporate/financial restructuring and corporate exercises;

iv. material financial/funding arrangements and capital expenditures;

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

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

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

viii. Sustainability Report.

Mr. Ngoo Lin Fong, the Group's Executive Chairman, leads the Board in setting the Group's strategic direction and provides oversight of its overall business.

The Executive Chairman has delegated the day-to-day management of the Group's business operations in China to Mr. Jerry Liu Jianlin (Deputy CEO – Technical) and Mr. Oliver Wu (Deputy CEO – Marketing), who jointly assume the responsibilities of Chief Executive Officer ("CEOs"). While the Executive Chairman retains ultimate responsibility, the Deputy CEOs are entrusted to discharge their duties diligently and in the best interests of the Group at all times.

<u>Provision 1.4 – Delegation to Board Committees</u>
<u>Provision 1.5 – Board and Board Committee Meetings and Attendance Records</u>

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

CORPORATE **GOVERNANCE REPORT**

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

	Board Committees					
	Board	AC	NC	RC	Annual General Meeting	Extraordinary General Meeting#
Number of meetings held	4	4	1	1	1	2
Mr Ngoo Lin Fong	4	4*	1	1*	1	2
Mr Zhao Fu	4	4	1	1	–	–
Mr Lim Kuan Meng	4	4	1	1	1	2
Mr Lee Suan Hiang	4	4	1	1	1	2
Dr Ng Wun Jern	4	4	1	1	1	1
Ms Ng Sook Zhen	4	4	1	1	1	2

* By Invitation.

\# There were 2 extraordinary general meetings held during the year, 1) Disposal of AIWater Group and 2) Change of Auditor to Forvis Mazars LLP.

Provision 1.6 – Access to Information

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

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

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

In 25 July 2025, the Group had completed the disposal of AIWater (Anhui) Co. Ltd., UG Water Pte Ltd and Xinwo AIWater (Hubei) Co. Ltd ("AIWater Group") for an aggregate disposal consideration of RMB370 million. Refer to "**Material Contracts**" section for further details.

Other than the above, the Group did not enter into any other major transaction or business proposal outside of the ordinary course of business.

CORPORATE **GOVERNANCE REPORT**

Provision 1.7 – Access to Management and Company Secretary

The Joint Company Secretaries of the Company are Ms Low Mei Mei, Maureen and Dominic Tan Wei Yao (Chief Financial Officer ("CFO")).

The Directors have separate and independent access to the joint Company Secretaries. The joint Company Secretaries and/or her/his/their representatives attend/s all Board meetings and ensure/s that Board procedures and the provisions of applicable laws, the Companies Act, the Constitution and the Listing Rules are followed. The joint Company Secretaries also assist with the circulation of Board papers, update the Directors on changes in laws and regulations relevant to the Company as well as advise the Board on all governance matters.

The appointment and removal of the Company Secretary are subject to the Board's approval. The Board (whether as individual members or as a group) has direct access to independent professional advisers, where so requested by the Board, at the expense of the Group.

Principle 2: ***Board Composition and Guidance***

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

Mr Ngoo Lin Fong	Executive Chairman
Mr Zhao Fu	Non-Independent Non-Executive Director
Mr Lim Kuan Meng	Lead Independent Non-Executive Director
Mr Lee Suan Hiang	Independent Non-Executive Director
Dr Ng Wun Jern	Independent Non-Executive Director
Ms Ng Sook Zhen	Independent Non-Executive Director

Provision 2.1 – Board Independence

The Group endeavours to maintain a strong and independent element on the Board. Where the Chairman is not independent, the requirement of the Code is that at least the independent directors make up a majority of the Board. During FY2025, the Board comprised four Independent Non-Executive Directors, one Non-Independent Non-Executive Director and one Executive Director. The foregoing compositions demonstrate compliance with the independence requirements by the Board since Independent Non-Executive Directors make up a majority of the Board. The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, officers, or its substantial shareholders with shareholdings of 5% or more voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of the Group.

The Nominating Committee has reviewed and determined, according to the Code's definition of "Independent Director" and relevant guidance, that (i) for FY2025, each of Mr Lim Kuan Meng, Mr Lee Suan Hiang, Dr Ng Wun Jern and Ms Ng Sook Zhen is non-executive and independent; and (ii) as at the date of this report, each of Mr Lim Kuan Meng, Mr Lee Suan Hiang, Dr Ng Wun Jern and Ms Ng Sook Zhen is non-executive and independent. As at the date of this report, each of Mr Lim Kuan Meng and Mr Lee Suan Hiang have vested interest in the Company's shares and/or share options (as applicable) during their tenure as director, but will abstain from discussion or voting on any conflict-related matter due to their vested interest in the Company.

CORPORATE **GOVERNANCE REPORT**

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

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

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

Board Diversity Policy

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

In line with the SGX-ST's requirements on board diversity disclosures, the Board adopted a written Board Diversity Policy in November 2022. The policy, which sets out diversity objectives, measurable targets, plans, timelines and progress, is reviewed annually by the NC. These objectives include maintaining a mix of executive, non-executive and independent directors, ensuring representation of female directors, and sustaining a balance of skills and international experience relevant to the Group's business. Progress against these objectives is monitored and reported to the Board.

The Nominating Committee ("NC") integrates diversity considerations into succession planning and director appointments to ensure the Board continues to meet the evolving needs of the Group and its stakeholders.

As disclosed in the FY2024 Annual Report, the appointment of Ms. Ng Sook Zhen as the first female director marked a significant step in strengthening the Board's commitment to diversity. Her international experience, multilingual background and legal expertise contribute valuable perspectives, enhancing both gender and age diversity on the Board.

The Board as currently constituted reflects a broad mix of professional backgrounds, including engineering and technical expertise, business development, finance, corporate management and law. It also comprises directors across different age groups and both genders. Independent directors form a majority of the Board, in compliance with Provision 2.1 of the Code, thereby ensuring objectivity, balance of views and effective oversight.

Provision 2.5 – Meeting of Independent Directors without Management

The Independent Non-Executive Directors play a critical role in constructively challenging and contributing to the development of the Group's business strategies and proposals. They also provide objective oversight by reviewing Management's performance against agreed goals and key performance indicators. Where appropriate, the Independent Non-Executive Directors may convene meetings without the presence of Management to facilitate open discussion. Feedback and views arising from such meetings are subsequently communicated to the Executive Chairman, as appropriate.

The Independent Non-Executive Directors also have unrestricted and independent access to Management and may seek clarification or additional information at any time. Where necessary, they may initiate meetings to address specific matters relating to the Group or the conduct of Management.

CORPORATE **GOVERNANCE REPORT**

Executive Chairman and Chief Executive Officer ("CEOs")

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

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

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

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

On 1 February 2025, Dr Lin Yucheng ("Dr Lin") retired from the Board and will remain in the Group as Emeritus Chairman and Senior Advisor, with Mr Ngoo Lin Fong being appointed as the Executive Chairman. In his new role, Dr Lin received an advisor fee of S$275,000 in FY2025.

On 1 September 2025, Mr. Li Li stepped down as CEO of the Company following his appointment as CEO of AIWater Group, subsequent to the completion of the Group's disposal of the AIWater business. The Group's Deputy Chief Executive Officers, Dr. JerryLiu Jianlin and Mr. Oliver Wu (collectively the "CEOs"), have jointly assumed the CEOs' duties to ensure continuity of operations and a smooth transition.

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

Provision 3.2 – Role of Executive Chairman and CEOs

Mr Ngoo Lin Fong ("Mr Ngoo"), the Group's Executive Chairman, focuses on leading the Board in the review of the Group's strategy to transform itself into a technology driven company, specialising in its core sludge treatment businesses and membrane technology. Mr Ngoo provides guidance in the Group's executions of its transformation plans and business strategies. As Chairman of the Board, Mr Ngoo will lead and ensure the effectiveness of the Board, including: (a) promoting a culture of openness and debate at the Board; (b) facilitating the effective contribution of all Directors; and (c) promoting high standards of corporate governance. Externally, the Chairman is the face of the Board, and Mr Ngoo will ensure effective communication with shareholders and other stakeholders. Within the Company, he will ensure appropriate relations within the Board, and between the Board and Management, in particular, between the Board and the CEOs.

One of the CEO, is primarily based in China, and spearheads the Group's business operations to drive the Group's future growth.

Provision 3.3 – Appointment of Lead Independent Director

Taking into consideration that the Chairman of the Board plays an executive role in the Company and thus, not independent, the Board has designated Mr Lim Kuan Meng as the Lead Independent Non-Executive Director. Currently, he is also the Chairman of the AC. To uphold the spirit of corporate governance and in accordance with the Code, Mr Lim Kuan Meng will be available to shareholders where they have concerns and for which contact through the normal channels of the Executive Chairman or CEOs has failed to resolve or is inappropriate. In FY2025, there were no queries or requests received on any matters which requires the Lead Independent Director's attention.

CORPORATE **GOVERNANCE REPORT**

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

Board Membership

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

Provisions 4.1 and 4.2 – NC composition and terms of reference

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

Mr Lee Suan Hiang	Chairman, Independent Non-Executive Director
Mr Lim Kuan Meng	Member, Lead Independent Non-Executive Director
Dr Ng Wun Jern	Member, Independent Non-Executive Director
Mr Zhao Fu	Member, Non-Independent Non-Executive Director
Ms Ng Sook Zhen	Member, Independent Non-Executive Director
Mr Ngoo Lin Fong	Member, Executive Director

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

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

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

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

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

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

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

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

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

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

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

CORPORATE **GOVERNANCE REPORT**

Regulation 104 of the Company's Constitution requires one-third of the Directors to retire from office at least once every three years at each Annual General Meeting ("AGM"). Regulation 114 of the Constitution provides that a Director appointed to fill a casual vacancy shall hold office only until the next AGM of the Company and shall then be eligible for re-election.

In accordance with Regulation 104 and by the recommendation of the NC, Mr Lim Kuan Meng and Dr Ng Wun Jern will retire at the forthcoming AGM.

Mr Lim Kuan Meng, being eligible, has offered himself for re-election. The Nominating Committee ("NC"), having reviewed his performance, independence and contributions to the Board, has recommended his re-election to the Board. Upon re-election, Mr Lim will continue to serve as the Lead Independent Non-Executive Director, Chairman of the Audit Committee ("AC"), and member of the NC and the Remuneration Committee ("RC").

Dr Ng Wun Jern has informed the Board that he will not be seeking re-election in order to devote more time to his other professional commitments. Accordingly, Dr Ng will retire from the Board at the conclusion of the forthcoming AGM. The Board wishes to record its appreciation to Dr Ng for his invaluable contributions and dedicated service during his tenure as an Independent Non-Executive Director, Chairman of the RC, and member of the NC and the AC.

Following Dr Ng Wun Jern's retirement, Ms Ng Sook Zhen will assume the role of Chairperson of the RC.

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

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

Name of Director	Lim Kuan Meng
Date of Appointment	8 June 2020
Date of last re-appointment (if applicable)	29 April 2024
Age	56
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	After assessing Mr Lim's contribution and performance, the NC has recommended that he be re-elected as Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive appointment.
Job title (e.g. Lead ID, AC Chairman, AC Member etc)	Independent Non-Executive Director, Chairman of AC, Member of NC and RC
Professional qualification	Bachelor of Accountancy (Merit) degree from Nanyang Technological University, and a member of Institute of Singapore Chartered Accountants

CORPORATE **GOVERNANCE REPORT**

Name of Director	Lim Kuan Meng
Working experience and occupation(s) during the past 10 years	December 2013 – present: Managing Partner of Pinnacle Partnership LLP August 2013 – present: Managing Partner of JB Chua & Co July 2014 – April 2022: Director of Pinnacle Financial Advisory Services Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	600,000 stock options awarded under Leader Environmental Technologies Share Option Scheme
Any relationship (including immediate family relationships) with any existing director, existing executive director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships – (for the last 5 years)	Past 5 years: 1. Pinnacle Financial Advisory Services Pte Ltd 2. Aric Partners LLP
Other Principal Commitments Including Directorships – (present)	Present: 1. Triyards Holdings Limited (in process of liquidation) 2. NauticAWT Limited (in process of liquidation) 3. Pinnacle Partnership LLP 4. JB Chua & Co 5. Capstone CA LLP
Disclose the following matters concerning the appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

CORPORATE **GOVERNANCE REPORT**

Name of Director	Lim Kuan Meng
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being partnership) of which he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Mr Lim is the Independent Non-Executive Director, Triyards Holdings Limited, a company listed on the SGX-ST which is currently in the process of liquidation. Mr Lim is the Independent Non-Executive Director, NauticAWT Limited, a company delisted from SGX-ST and is currently in the process of liquidation.
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No

CORPORATE **GOVERNANCE REPORT**

Name of Director	Lim Kuan Meng
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management of conduct, in Singapore or elsewhere, of the affairs of:–	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business in trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No)	Yes, this relates to re-appointment of Director.
If yes, please provide details of prior experience.	Please refer to the past and present directorships and "Provision 4.5 – Multiple Directorships and Directors' Time Commitments".
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange	N.A

CORPORATE **GOVERNANCE REPORT**

Name of Director	Lim Kuan Meng
Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.

<u>Provision 4.4 – Continuous Review of Directors' Independence</u>

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

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

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

Messrs Lim Kuan Meng and Dr Ng Wun Jern have been nominated for re-election at the forthcoming AGM, and their details are set out in the section above entitled "Provision 4.3 – Selection, appointment and re-appointment process for directors" and in the section below entitled "Provision 4.5 – Multiple Directorships and Directors' Time Commitments".

<u>Provision 4.5 – Multiple Directorships and Directors' Time Commitments</u>

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

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

CORPORATE **GOVERNANCE REPORT**

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

Key information on the Directors is set out below:

Name	Appointment	Date of initial Appointment	Date of last re-election	Directorship in other listed companies
Ngoo Lin Fong Age: 53	Executive Chairman	15 November 2021	29 April 2025	**Present Directorship** Sunpower Group Ltd
Lim Kuan Meng Age: 56	Lead Independent Non-Executive Director	8 June 2020	29 April 2024	**Present Directorship** Triyards Holdings Limited (in process of liquidation) **Past Directorships (in the last three preceding years)** NauticAWT Limited (delisted and in process of liquidation)
Lee Suan Hiang Age: 75	Independent Non-Executive Director	16 July 2020	29 April 2025	**Present Directorships** MindChamps PreSchool Limited (up to 14 August 2025) Anacle Systems Limited (up to 11 June 2025) **Past Directorships (in the last three preceding years)** Viking Offshore and Marine Limited
Dr Ng Wun Jern Age: 71	Independent Non-Executive Director	26 February 2024	29 April 2024	Nil
Zhao Fu Age: 45	Non-Independent Non-Executive Director	1 August 2024	29 April 2025	Nil
Ng Sook Zhen Age: 37	Independent Non-Executive Director	1 August 2024	29 April 2025	Nil

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

CORPORATE **GOVERNANCE REPORT**

Board Performance

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

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

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

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

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

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

REMUNERATION MATTERS

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

Provisions 6.1 and 6.2
RC Composition and Terms of Reference

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

Dr Ng Wun Jern	Chairman, Independent Non-Executive Director
Mr Lim Kuan Meng	Member, Lead Independent Non-Executive Director
Mr Lee Suan Hiang	Member, Independent Non-Executive Director
Mr Zhao Fu	Member, Non-Independent Non-Executive Director
Ms Ng Sook Zhen	Member, Independent Non-Executive Director

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

CORPORATE **GOVERNANCE REPORT**

The responsibilities of the RC are:

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

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

– to review the remuneration of key management personnel;

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

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

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

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

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

<u>Provision 6.3 – Developing Remuneration Framework</u>

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

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

<u>Provision 6.4 – RC's Access to Advice on Remuneration Matters</u>

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

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

During FY2025, the RC did not see the need to engage and appoint any remuneration consultant to advise on the Company's remuneration matters.

CORPORATE **GOVERNANCE REPORT**

Level and Mix of Remuneration

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

Provision 7.1 Remuneration of Directors and Key Management Personnel

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

On 2 January 2025, the Company has entered into a service agreement with Mr Ngoo Lin Fong of which he was appointed the Executive Chairman of the Company. His service agreement is valid for an initial period of three years with effect from 1 February 2025. Upon the expiry of the initial period of three years, the aforesaid service agreement of Mr Ngoo Lin Fong will be automatically renewed on a year-to-year basis on such terms and conditions as agreed by the parties. During the continuance of the service agreement, either party may terminate the service agreement at any time by giving to the other party not less than three months' prior notice in writing, or in lieu of notice, payment of an amount equivalent to three months' salary.

There are also service agreements entered into with the Group's Deputy CEOs, Dr Jerry Liu Jianlin and Mr Oliver Wu, on 12 June 2023 and 16 November 2023 respectively. Their service agreements are valid for an initial period of three years. Upon the expiry of the initial period of three years, the aforesaid service agreements of Dr Jerry Liu Jianlin and Mr Oliver Wu will be automatically renewed on a year-to-year basis on such terms and conditions as agreed by the parties. During the continuance of the service agreement, either party may terminate the service agreement at any time by giving to the other party not less than three months' prior notice in writing, or in lieu of notice, payment of an amount equivalent to three months' salary.

Provision 7.2 Remuneration of Non-Executive Directors

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

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

Mr. Zhao Fu, who is a Non-Independent Non-Executive Director of the Company, has waived his director fee for FY2025.

At the Remuneration Committee ("RC") meeting held on 26 February 2026, the RC reviewed and approved a reduction in Directors' fees for FY2026 in line with the Group's ongoing cost optimisation initiatives.

CORPORATE GOVERNANCE REPORT

For FY2026, the annual Directors' fee will be as follows:

Annual Director Fees	Chairman	Member
1. Board	–	S$45,000
2. Audit Committee	S$15,000	–
3. Nominating Committee	S$15,000	–
4. Remuneration Committee	S$15,000	–

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

The Company has made substantial progress in its efforts to become a high-technology company, specialising in sludge treatment and membrane technology. In order to attract and retain key management personnel and talents, Management has put in place a new set of incentive schemes to better recognise, reward, motivate and retain its employees, key management personnel as well as its Executive Directors, CEOs and Independent Directors who have made positive contributions to the Company.

The Leader Environmental Technologies Share Option Scheme and Share Award Plan were as approved by the shareholders during an Extraordinary General Meeting held on 23 December 2021.

Disclosure on remuneration

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

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

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

The remunerations for the Executive Chairman and the CEOs are based on the terms as set out in their respective service contracts entered into with the Company. Based on the terms of the service contract which were applicable for FY2025, Mr Ngoo Lin Fong joined the Board as an Executive Director/Finance Director on 15 November 2021 and was appointed as the Executive Chairman on 1 February 2025. He is remunerated with a basic monthly salary and a 13th month annual wage supplement for his services rendered in FY2025. In addition, the Deputy CEO, Dr Jerry Liu Jianlin, was remunerated with a basic salary and a 13th month annual wage supplement for his services rendered in FY2025.

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

CORPORATE **GOVERNANCE REPORT**

The performance conditions were benchmarked closely to market practice and the quantum of the reward is comparable to companies of the same size. No variable or performance bonuses were paid to Mr Ngoo Lin Fong, Dr Jerry Liu Jianlin and Mr Oliver Wu in FY2025.

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

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

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

There were no share options awarded to the Executive Chairman, CEOs, Non Independent Non-Executive Director and the Independent Non-Executive Directors under the Leader Environmental Technologies Share Option Scheme in FY2025.

There were no performance shares awarded under the Leader Environmental Technologies Share Award Plan to the Executive Chairman, CEOs, Non Independent Non-Executive Director and the Independent Non-Executive Directors.

CORPORATE **GOVERNANCE REPORT**

Remuneration of the Directors, CEO and KMP

A breakdown showing the level and mix of each individual Director's remuneration for the financial year ended 31 December 2025 is set out below:

Remuneration band (in %)/Name of Director/CEO	Salary	Fees	Bonus[1]	Fair value of share-based incentives[2]	Other Benefits[3]	Total
	%	%	%	%	%	S$
>S$250,000 but <S$500,000						
Mr Ngoo Lin Fong	85.8	–	7.3	1.8	5.1	343,700
Mr Li Li[5]	92.3	–	–	4.4	3.3	216,600
Below S$100,000						
Mr Lim Kuan Meng	–	100.0	–	–	–	70,000
Mr Lee Suan Hiang	–	100.0	–	–	–	70,000
Dr Ng Wun Jern	–	100.0	–	–	–	70,000
Ms Ng Sook Zhen	–	100.0	–	–	–	50,000
Mr Zhao Fu[6]	–	–	–	–	–	–

1 Bonus relates to the 13th month annual wage supplement.
2 There were no stock options granted for the financial year ended 31 December 2025.
3 Other benefits include contributions to defined contribution plans.
4 Fair value of share-based incentives relates to stock option issued in FY2022, was fully vested in March 2024.
5 Mr Li Li has ceased to be the Group CEO on 1st September 2025. Dr Jerry Liu Jianlin and Mr Oliver Wu jointly assumed his responsibilities and their remuneration are disclosed under the KMP section below.
6 Mr Zhao Fu has waived his director fee for FY2025.

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

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

CORPORATE **GOVERNANCE REPORT**

The breakdown of total remuneration of the top five key management personnel of the Group (who are not directors and CEO) for the year ended 31 December 2025 is set out below:–

Remuneration band (in %) Name of KMP[4]	**Salary & allowances**	**Bonus[1]**	**Fair value of Share-based incentives[2,4]**	**Other benefits[3]**
	%	**%**	**%**	**%**
>S$250,000 but <S$500,000				
Dr Jerry Liu Jianlin	87.3	7.3	–	5.4
Below S$250,000				
Oliver Wu	100.0	–	–	–
Dominic Tan	81.7	6.8	–	11.5
Dr Yan Huaiguo[5]	100.0	–	–	–
Dr Hu Zhongqiao[5]	89.7	–	–	10.4

1 The bonus relates to 13th month annual wage supplement or variable bonuses paid or payable in FY2025.
2 There were no stock options granted for the financial year ended 31 December 2025.
3 Other benefits include contributions to defined contribution plans.
4 Fair value of share-based incentives relates to stock option issued in FY2022, was fully vested in March 2024.
5 In July 2025, following the disposal of AIWater Group, both Dr Yan Huaiguo and Dr Hu Zhongqiao have joined the disposal group.

The annual aggregate remunerations (inclusive of CPF contributions) paid to the top five KMP of the Company (who are not Directors, the Executive Chairman or CEO) for FY2025 was approximately S$777,000 (RMB4,275,000).

No employee who is an immediate family member of a Director was paid more than S$100,000 during FY2025. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister, and parent of such person.

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

The disclosure of the indicative range of the Executive Directors' and CEOs (above S$250,000 but less than S$500,000) and KMPs' remunerations (below S$250,000) as well as the composition of the remunerations into fixed salary, fees, bonus, fair values of stock options granted and other benefits do provide a reasonable and meaningful amount of information on the Company's remuneration framework for shareholders to understand the link between the Company's performance and the remunerations of the Directors, CEOs and KMP. In addition, the Group also disclosed the aggregate remunerations paid to five KMP of the Company (who are not Directors or the CEO) for FY2025 and any employees who are related to substantial shareholders or directors, and are paid more than S$100,000 annually.

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

CORPORATE **GOVERNANCE REPORT**

Leader Environmental Technologies Share Option Scheme
Leader Environmental Technologies Share Award Plan

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

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

ACCOUNTABILITY AND AUDIT

Accountability

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

<u>Provision 9.1 – Significant Risks, Objectives and Value Creation</u>

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

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

<u>Business/Operational Risks</u>

This relates to operations and includes security threats, occupational health and safety of employees, product qualities and efficiencies of the technology relating to sludge treatment, high performance membrane manufacturing, employee attribution, increased competition. Owners of such risks such as the departmental heads would monitor such risks.

<u>Compliance Risks</u>

Compliance with local laws and regulations in various geographical locations are monitored by the CFO, and local finance team in China and Singapore.

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

CORPORATE **GOVERNANCE REPORT**

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

During FY2025, the Board conducted a site visit to the Group's membrane manufacturing facility in Singapore. The visit provided Directors with firsthand exposure to the manufacturing operations, enabling the Board to better appreciate the technical processes, quality assurance protocols and operational procedures involved.

Financial Risks

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

Sanctions-related Risks, Subject or Activity

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

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

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

For the financial year under review:–

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

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

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

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

CORPORATE **GOVERNANCE REPORT**

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

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

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

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

(iii) The Board of Directors has also received assurance from the Executive Chairman and the CFO (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances for the year ended 31 December 2025; and (b) regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

(iv) With the consent obtained from the AC, the Group has tasked its outsourced internal auditors, NLA Risk Consulting Pte Ltd, on 23 June 2025 to review the internal controls in respect of the Group's sustainability reporting process. The internal audit review report was presented to the Board during the AC meeting on 17 November 2025. Based on the findings from the internal audit, the review did not highlight any significant internal controls lapses or deficiencies that warrant immediate actions by the Board. However, there were certain process and controls improvement recommendations proposed by the internal auditors, which Management has responded with remedial actions plans to further strengthen the internal controls.

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

Thus, based on the above said factors, the AC concurs with the Board and agreed that the Group's and Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2025.

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

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Audit Committee

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

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

The Audit Committee ("AC") comprises 4 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director:

Mr Lim Kuan Meng	Chairman, Lead Independent Non-Executive Director
Mr Lee Suan Hiang	Member, Independent Non-Executive Director
Dr Ng Wun Jern	Member, Independent Non-Executive Director
Mr Zhao Fu	Member, Non-Independent Non-Executive Director
Ms Ng Sook Zhen	Member, Independent Non-Executive Director

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

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

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

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

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

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

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

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

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

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

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

– reviewing any potential conflicts of interest;

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

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

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

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

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

The AC meets on a quarterly basis to perform independent reviews of the Company's quarterly and full-year results, SGXNet announcements and all related disclosures to shareholders before submission to the Board for approval. In the process, during FY2025, the AC had reviewed the key areas of Management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials.

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

<u>Provision 10.4 – Financial Reporting Matters</u>

Provided below is an overview of the matters which were identified as Key Audit Matters ("KAM") in the Independent Auditor's Report on the consolidated financial statements of the Group for FY2025. These KAM were discussed with the AC, Management and the external auditors and in the review carried out by the Audit Committee:

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The AC has discussed and concurred with the basis and conclusions in the auditors' report with respect to the following KAM identified by the external auditors for FY2025:

Matters considered	**Action**
Revenue recognition for construction contracts and project costing	During the presentation of FY2025's audit findings, the external auditors communicated to the Board that they have reviewed and evaluated the Group's revenue recognition policy in accordance to the Singapore Financial Reporting Standards (International) 15 ("SFRS(I) 15"). The audit procedures performed by the external auditors included, and were not be limited to, the following: • Obtained an understanding of the Group's consideration of SFRS(I) 15 Revenue from Contracts with Customers in their application of the corresponding requirements of the standard and assessed the appropriateness thereof; • Understood and evaluated the Group's design and implementation of its system of internal controls relating to revenue recognition, with focus on key controls; • Performed test of details and substantive cut off procedures; and • Review the completeness and appropriateness of corresponding disclosures made in the financial statements. Based on the work performed, there were no exceptions reported by the external auditors. Taking into account the above procedures, coupled with the quarterly reviews performed on the financial position of the Group as at 31 December 2025, the AC concurs with Management that the Group's revenue recognition is in line with the accounting standard on revenue recognition and no provision for foreseeable losses on the projects is required.

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Matters considered	Action
Valuation of Convertible Bonds ("CB")	On 10 October 2022, the Company entered into an Investment Agreement with InnoVision Pomelo ("Investor"), where the Investor agrees to subscribe and pay for the redeemable zero-coupon CB in aggregate principal amount of US$15,000,000 to be issued. The Company completed the issuance of two tranches of CB on 2 March 2023 and 31 July 2023 with a combined amount of US$15,000,000. The AC performed reviews of the Investment Agreement and the accounting treatment by management to account for the CB for both the host debt liability, convertible derivative component, the exercise of the extension option and the Special Payment made to CB holders. The AC concurs with Management on the accounting for the CB as at 31 December 2025. The audit procedures performed by the external auditors included, and were not be limited to, the following: • Obtained the Investment Agreement and extension notice, inspect board minutes to corroborate the Special Payment of RMB34,710,000 (equivalent to US$4.96 million) and the maturity extension to July 2028; • Recalculated the prospective EIR reset from 1 July 2025 (Tranche 1: 2.60%, Tranche 2: 4.93%), rebuild the amortisation schedules and agree interest accretion/finance cost postings to the GL; • Verified the extinguishment of the extension option and reperform the remeasurement loss of RMB12.24 million, inspect supporting workings and test related journal entries; • For the residual conversion right (FVTPL), independently challenged management's fair value using a calibrated CRR/binomial model, performed sensitivity analyses (share price, volatility, credit yield) and reconciled to the recorded carrying amount; • Reperformed foreign-currency translation and review classification/presentation (current vs non-current) after extension; • Evaluated the competence, capabilities and objectivity of management expert; • Obtained an understanding of the work of management expert and evaluated the appropriateness of that management expert's work by involving our in-house valuation expert; and • Assess the adequacy of the corresponding disclosures in the financial statements. During the year, the Group recognised a fair value loss of RMB12.24 million arising from the revaluation of the embedded derivative in the CB.

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External Audit

The AC is responsible for conducting an annual review of the volume of audit and non-audit services provided by the external auditors to ensure that such services will not prejudice the independence and objectivity of the external auditors. For FY2025, the aggregate amount of audit fees paid and/or payable to the external auditors was approximately RMB968,000 (FY2024 – RMB1,155,000).

The amount of fees paid and/or payable to other independent auditors from Singapore and China amounted to approximately RMB74,000 (FY2024 – RMB109,000) during the financial year. In FY2025, there were also tax services and valuation review work performed of RMB92,000 in aggregate (FY2024 – RMB93,000).

The Company complies with Rule 712 and Rule 715 of the Listing Rules of the SGX-ST in engaging Forvis Mazars LLP, a firm registered with the Accounting and Corporate Regulatory Authority ("ACRA"), as the external auditors of the Company. Mr. Chin Chee Choon ("Mr Chin") is the audit partner of the Group and its subsidiaries. Refer to the SGX circular dated 5 September 2025 in SGXNet for further information regarding the appointment.

Mr. Chin has over 20 years of professional experience in public accounting in Singapore and has extensive experience in financial audit of listed, private and multinational companies across a range of industries, including companies listed on the SGX-ST, including several initial public offerings and reverse takeovers of listed companies. Mr Chin has not been subject to any current or past restrictions, disciplinary actions and/or conditions imposed by any regulatory authority or professional body in Singapore or elsewhere.

Forvis Mazars LLP ("Mazars Singapore") serves as the external auditor of the Company and the Group. The Company's subsidiaries in the PRC are audited by Forvis Mazars (Beijing) Certified Public Accountants ("Mazars Beijing"), an independent member firm of the Forvis Mazars network in the PRC. Mazars Beijing provides audit clearance to Mazars Singapore, which is responsible for auditing the Group's consolidated financial statements.

On an ongoing basis, the AC reviews the adequacy, effectiveness, independence, scope and results of the external auditors annually, taking into account the following:

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

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

(iii) assesses the independence of the external auditors annually based on factors such as performance, skills and independence and is satisfied that the non-audit services provided by the external auditors in FY2025 did not affect the independence or objectivity of the external auditors.

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

Internal Audit

The primary role of internal audit is to assist the Board to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Group, review the internal controls of the Group to ensure prompt and accurate recording of transactions and proper safeguarding of assets and review that the Group complies with the relevant laws, regulations and policies established. The internal audit function plans its internal audit schedule

CORPORATE **GOVERNANCE REPORT**

in consultation with, but independent of Management, and the internal auditors report directly to the AC Chairman. The AC reviews the internal audit plan and determines the scope of audit examination. It also oversees the implementation of the improvements required on internal control weaknesses identified and ensures that Management provides the necessary co-operation to enable the internal auditors to perform its function.

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

In addition to the above, the AC also affirms and concurs with the Board that the internal audit function is adequately resourced as it was staffed by suitably qualified and experienced independent professionals with the relevant experience to perform its function effectively, and the appointed internal audit professionals shall have unfettered access to all the company's documents, records, properties and personnel, including access to the AC. The AC also noted that the necessary co-operation was provided by Management to enable the internal auditor to perform its function. Taking the above into consideration, the AC concurs with the Board that the overall internal audit function is effective for FY2025.

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

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

Whistle blowing Policy

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

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

During FY2025, there were no complaints, concerns or other matters received from the channel established under the whistle-blowing policy.

Provision 10.5 – Independent Meeting with External and Internal Auditors

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

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

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

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

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

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

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

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

The Company conducted poll voting for all resolutions passed at its last AGM held on 29 April 2025. An independent professional firm was appointed as the scrutineer to conduct the polling process at the last AGM and at the said EGM. The results of the poll voting on each resolution tabled at the last AGM and at the said EGM, including the total number of votes cast for or against each resolution, were also announced after the respective meetings via SGXNet.

Provision 11.2 – Separate Resolutions at General Meetings

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

AGM – April 2026

The forthcoming 2026 AGM will be held in a wholly physical format. There will be no option for shareholders to participate virtually. Arrangements relating to attendance at the 2026 AGM and voting at the 2026 AGM by shareholders or their duly appointed proxy(ies), are set out in a separate announcement released on the Company's website and SGXNet on 13 April 2026.

Provision 11.3 – Attendees at General Meetings

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

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The Executive Chairman, all the directors (including the Chairmen of the AC, RC and NC), the external auditors and the Company's secretary were present physically at the Company's AGM held on 29 April 2025. They will make themselves available at the forthcoming AGM which will be held physically on 28 April 2026.

Provision 11.4 – Absentia voting at General Meetings

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

Provision 11.5 – Minutes of General Meeting

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

Provision 11.6 – Dividend Policy

The Company does not have a fixed dividend policy and did not pay any dividend in FY2025 (except for a cash distribution made to shareholders following the disposal of AIWater Group – refer to "Material Contracts" section for further details) as the Group needs to preserve its cash for working capital requirements. Furthermore, pursuant to the Companies Act 1967, the Company is unable to pay dividends due to its accumulated losses position unless it starts to generate profits out of which it can use for dividends payments.

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

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

Provisions 12.1 and 12.2 – Communication with Shareholders

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

The Company conducts semi-annual reporting of its financial performance. Apart from financial information, the Company may consider providing voluntary business updates to shareholders in between its half-yearly financial reports so that shareholders are kept informed of the Company's development and progress.

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

<u>Provision 12.3 – Investor Relations Practices</u>

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

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

<u>Provisions 13.1, 13.2 – Managing Stakeholder Relationships</u>

In FY2025, as part of the Group's sustainability efforts, it has reported sustainability performance in accordance with the SGX Sustainability Report Guide, with reference to the core option of the Global Reporting Initiatives (GRI) framework. The Company has appropriate channels in place to identify and engage with its material stakeholder groups to build a sustainable growth and businesses. It recognises the importance of having intimate knowledge of its business and regular interactions with its stakeholders to determine material issues for its business.

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

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

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

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

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

The Company's approach to stakeholder engagement and materiality assessment can be found under the Sustainability Report 2025 which is available in electronic format via SGXNet.

<u>Provision 13.3 – Corporate Website</u>

The Company will make disclosure of all material information to shareholders. All material information on the performance and development of the Group and of the Company are disclosed in a timely, accurate and comprehensive manner through SGXNet and the Company maintains a corporate website at http://www.leaderet.com.

The Company has engaged professionals to set up the Company's corporate website so that it can better communicate and engage with all stakeholders. The website will be updated regularly, and serve as an important resource for investors and stakeholders. The Company regularly reviews ways to enhance its corporate reporting process and the ease of access to information released.

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DEALINGS IN SECURITIES

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

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

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

The Directors and Executive Officers are discouraged from trading in the Company's securities based on short-term considerations. Any purchase and sale of the Company's shares, the Company secretary will be notified of any change in his interest in the Company's shares within two business days of the change. With the additional measures implemented, the Board confirms that, for FY2025, the Company has complied with Rule 1207(19) of the Listing Rules.

MATERIAL CONTRACTS

There are no material contracts entered into by the Group and Company and its subsidiaries during FY2025 or still subsisting as at 31 December 2025 which involved the interests of any of the Directors or controlling shareholders of the Group and Company except for the disposal of the AIWater Group.

Completion of AIWater Group disposal, Cash distribution and Capital Reduction

On 25 July 2025, the Company had received the aggregate Disposal Consideration of RMB370,000,000 (equivalent to approximately S$65.52 million), comprising RMB240,847,363 (equivalent to approximately S$42.65 million) in cash and the balance RMB129,152,637 (equivalent to approximately S$22.87 million) being satisfied by the Buyer through the Set Off Arrangements.

On 11 August 2025, the Company has distributed to Shareholders approximately S$44.05 million, or S$0.0287 per Share. Following the completion of the disposal, the Company had lodged the Section 78E Documents with ACRA whereby the issued and paid-up share capital of the Company has been reduced from S$76,493,234.991 to S$32,442,225.991.

Following Completion, AI Water (Anhui) Co., Ltd., UG Water Pte Ltd and Xinwo AIWater (Hubei) Co., Ltd. have ceased to be subsidiaries of the Company.

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INTERESTED PERSON TRANSACTIONS

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

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST. There are no material interested person transactions entered into by the Group during FY2025 under review in accordance with Rule 907 of the Listing Rules except for the disposal of AIWater Group as described under "**Material Contracts**" in the preceding section.

USE OF PROCEEDS FROM CONVERTIBLE BOND ("CB") AND AIWATER GROUP DISPOSAL

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

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

The proceeds from the convertible bonds are fully utilised.

DIRECTORS' **STATEMENT**

The directors present their statement to the members together with the audited financial statements of Leader Environmental Technologies Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2025 and the statement of financial position of the Company as at 31 December 2025.

1. Opinion of the directors

In the opinion of the directors,

(i) the financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

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

Executive director
Ngoo Lin Fong (Executive Chairman)

Non-Independent non-executive director
Zhao Fu

Independent non-executive directors
Lim Kuan Meng (Lead Independent Non-Executive Director)
Lee Suan Hiang
Dr Ng Wun Jern
Ng Sook Zhen

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraph 4 and 5 below.

DIRECTORS' STATEMENT

4. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the financial year had no interest in the shares and debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as disclosed below:

	Number of ordinary shares					
	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
	As at 1.1.2025	As at 31.12.2025	As at 21.1.2026	As at 1.1.2025	As at 31.12.2025	As at 21.1.2026
The Company						
Leader Environmental Technologies Limited						
Ngoo Lin Fong	18,717,000	18,717,000	18,717,000	–	–	–
Lee Suan Hiang	5,000,000	5,000,000	5,000,000	3,000,000	3,000,000	3,000,000

5. Share options

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

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

Dr Ng Wun Jern (Chairman)
Lim Kuan Meng
Lee Suan Hiang
Ng Sook Zhen
Zhao Fu

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

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

Unissued shares under option

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

DIRECTORS' **STATEMENT**

5. Share options (Cont'd)

Unissued shares under option (Cont'd)

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

Name of director	Options granted during the financial year ended 31.12.2025	Aggregate options granted since commencement of the LET ESOS to 31.12.2025	Aggregate options exercised since commencement of the LET ESOS to 31.12.2025	Aggregate options forfeited since commencement of the LET ESOS to 31.12.2025	Aggregate options outstanding as at 31.12.2025
Ngoo Lin Fong	–	4,000,000	–	–	4,000,000
Lim Kuan Meng	–	600,000	–	–	600,000
Lee Suan Hiang	–	600,000	–	–	600,000

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

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

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

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

	Date of options granted	Balance at 1.1.2025	Granted (forfeited) during the year	Balance at 31.12.2025	Exercise price per share[1] SGD	Number of option holders at 31.12.2025	Exercisable period
Tranche 1[2]	4 March 2022	11,000,000	–	11,000,000	0.0233	14	4 March 2022 to 4 March 2032
Tranche 2	4 March 2022	500,000	–	500,000	0.0363	2	4 March 2022 to 4 March 2027
		11,500,000	–	11,500,000			
Tranche 1[2]	13 March 2023	14,500,000	–	14,500,000	0.0293	18	13 March 2023 to 13 March 2033
Tranche 2	13 March 2023	700,000	–	700,000	0.0433	2	13 March 2023 to 13 March 2028
		15,200,000	–	15,200,000			
	Total	26,700,000	–	26,700,000			

[1] In line with the LET ESOS, the exercise price per share was adjusted by SGD 0.0287 per share following the cash distribution (Note 13) made to the shareholders of the Company.

[2] Included above is a total of 17,150,000 share options, which were granted to former staff of the Group, following their departure due to the disposal of the AIWater Group (Note 13). As at the date of this Statement, these share options remain outstanding. During the financial year, the Board reviewed the circumstances of their departure in connection with the disposal of the AIWater business and resolved that these options granted will not be cancelled, in recognition of the former employees' contributions to the Group over the past years and their commitment to supporting the successful completion of the AIWater transaction.

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

DIRECTORS' **STATEMENT**

6. Audit Committee

The Audit Committee comprises five non-executive directors and at the date of this report, they are:

Lim Kuan Meng (Chairman)
Lee Suan Hiang
Dr Ng Wun Jern
Zhao Fu
Ng Sook Zhen

The Audit Committee has convened four meetings during the year with key management and the internal and external auditors of the Company.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee:

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

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

(iii) the periodic financial information and the statement of financial position of the Company as at 31 December 2025 and the consolidated financial statements of the Group for the financial year ended 31 December 2025 as well as the independent auditor's report thereon; and

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

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

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

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

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

DIRECTORS' **STATEMENT**

7. AUDITORS

The auditors, Forvis Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

Ngoo Lin Fong Director	**Lim Kuan Meng** Director

Singapore
2 April 2026

INDEPENDENT **AUDITOR'S REPORT**

To the members of Leader Environmental Technologies Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Leader Environmental Technologies Limited (the "Company") and its subsidiaries (the "Group") which comprise the statement of financial position of the Group and of the Company as at 31 December 2025, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

INDEPENDENT **AUDITOR'S REPORT**

To the members of Leader Environmental Technologies Limited

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters ("KAM")

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

Revenue recognition for contracts (Note 23 to the financial statements)	
Key audit matter	**Our audit response**
The Group is primarily involved in the business of design and installation of environmental protection systems, primarily for sludge and wastewater treatments. Engineering revenue from continuing operations was approximately 32% (2024: 18%) and treatment and operation and maintenance ("O&M") services revenue from discontinued operations was 62% (2024: 70%) of the Group's revenue for the year ended 31 December 2025. SSA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements* ("SSA 240") presumes an inherent risk of fraud in revenue recognition, which we have not rebutted in consideration of the nature of the Group's revenue streams. The Group's disclosures of material accounting policy information which relates to revenue recognition, contract assets and contract liabilities used by management are included in notes to the financial statements. We have identified revenue recognition for engineering revenue and technical services rendered including O&M services as a KAM under SSA 240 because the Group operates in engineering and project-based industry, which is more susceptible to misstatement.	Our audit procedures included, and were not be limited to, the following: – Obtained an understanding of the Group's consideration of SFRS(I) 15 *Revenue from Contracts with Customers* in their application of the corresponding requirements of the standard and assessed the appropriateness thereof; – Understood and evaluated the Group's design and implementation of its system of internal controls relating to revenue recognition, with focus on key controls; – Compared, for selected material projects, the contract sum against the latest approved project budgets, costs incurred to date and estimated costs to complete, and assessed the reasonableness of the projected profit margins used in recognising revenue; – Examined relevant supporting documentary evidence to assess whether the related revenue was recognised in the appropriate reporting period; and – Assessed the adequacy and appropriateness of the related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of Leader Environmental Technologies Limited

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters ("KAM") (Cont'd)

Valuation of foreign currency convertible bonds ("Bonds") (Note 18 to the financial statements)	
Key audit matter	**Our audit response**
The Company issued foreign currency convertible bonds ("Bonds") of USD15 million in the financial year ended 31 December 2023. During the current financial year, the maturity date of the Bonds was extended by an additional two years, with the final maturity dates being 3 March 2028 and 31 July 2028, respectively. Management has accounted for the Bonds by separating the host liability component and the embedded derivative components. The host liability component is subsequently measured at amortised cost, while the embedded derivative components are measured at fair value. The determination of the fair value of the embedded derivative components involves significant judgement and the use of assumptions and estimates. Management engaged an independent external valuer to assist in the fair value assessment of these embedded derivative components. We have identified the valuation of the Bonds as a KAM as it involves significant estimation uncertainty arising from unobservable inputs in the valuations which could result in material misstatement. The Group's disclosures of the Bonds and the critical accounting estimates and assumptions used by the management are included in notes to the financial statements.	Our audit procedures included, and were not be limited to, the following: – Evaluated the competence, capabilities and objectivity of management's expert; – Obtained an understanding of the work of management's expert and evaluated the appropriateness of that management's expert's work by involving our in-house valuation specialist; – Tested the accounting for the Bonds, including recomputation of the host liability component at amortised cost, testing of related journal entries, foreign currency translation and current/non-current classification; and – Assessed the adequacy of the Group's disclosures relating to the assumptions and key estimates used in determining the fair value of the embedded derivative component of the Bonds using the Cox Ross Rubinstein Binomial Option Pricing Model.

INDEPENDENT **AUDITOR'S REPORT**

To the members of Leader Environmental Technologies Limited

Report on the Audit of the Financial Statements (Cont'd)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

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

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

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

Responsibilities of Management and Director for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT **AUDITOR'S REPORT**

To the members of Leader Environmental Technologies Limited

Report on the Audit of the Financial Statements (Cont'd)

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT **AUDITOR'S REPORT**

To the members of Leader Environmental Technologies Limited

Other Matter

The financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2024 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 21 March 2025.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Chin Chee Choon.

FORVIS MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
2 April 2026

STATEMENTS OF **FINANCIAL POSITION**

For the financial year ended 31 December 2025

	Note	The Group		The Company	
		2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	**53,195**	71,759	**5,515**	18,387
Intangible assets	4	**1,033**	1,287	**–**	–
Investment in subsidiaries	5	**–**	–	**111,852**	108,521
Investment in associates	6	**10,344**	11,556	**–**	–
Deferred tax assets	7	**2,092**	–	**–**	–
Total non-current assets		**66,664**	84,602	**117,367**	126,908
Current Assets					
Contract assets	8	**9,196**	11,494	**–**	–
Inventories	9	**2,532**	6,358	**–**	–
Trade and other receivables	10	**21,804**	14,164	**82,645**	22,897
Prepayments	11	**616**	404	**121**	54
Cash and bank balances	12	**94,986**	50,007	**8,401**	20,562
Assets of disposal group classified as held-for-sale	13	**–**	39,977	**–**	–
Total current assets		**129,134**	122,404	**91,167**	43,513
Total assets		**195,798**	207,006	**208,534**	170,421
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	14	**126,399**	375,049	**126,399**	375,049
PRC statutory reserve	15	**1,168**	1,168	**–**	–
Share option reserve	27	**4,365**	4,102	**4,365**	4,102
Currency translation reserve	16	**2,982**	2,484	**–**	–
Accumulated losses		**(151,306)**	(360,883)	**(40,236)**	(324,470)
Equity attributable to owners of the Company		**(16,392)**	21,920	**90,528**	54,681
Non-controlling interests	5	**5,493**	16,718	**–**	–
Total (capital deficiency)/equity		**(10,899)**	38,638	**90,528**	54,681
Non-Current Liabilities					
Bank borrowings	17	**16,279**	18,936	**–**	–
Lease liabilities	19	**747**	1,031	**155**	535
Provision for restoration costs	20	**595**	529	**–**	–
Other liabilities	21	**–**	9,493	**–**	9,324
Deferred tax liabilities	7	**–**	1,214	**–**	–
Total non-current liabilities		**17,621**	31,203	**155**	9,859
Current Liabilities					
Contract liabilities	8	**–**	469	**–**	–
Bank borrowings	17	**5,950**	7,376	**–**	–
Convertible bonds	18	**108,090**	90,981	**108,090**	90,981
Lease liabilities	19	**1,011**	827	**386**	367
Other liabilities	21	**2,653**	17,911	**1,230**	1,868
Trade and other payables	22	**64,830**	8,850	**8,145**	12,665
Income tax payable		**6,542**	–	**–**	–
Liabilities directly associated with disposal group classified as held-for-sale	13	**–**	10,751	**–**	–
Total current liabilities		**189,076**	137,165	**117,851**	105,881
Total liabilities		**206,697**	168,368	**118,006**	115,740
Total equity and liabilities		**195,798**	207,006	**208,534**	170,421

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

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the financial year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
The Group			
Continuing operations			
Revenue	23	**11,500**	7,028
Cost of sales		**(8,030)**	(5,264)
Gross profit		**3,470**	1,764
Finance income	23(a)	**209**	1,641
Other income	23(b)	**2,928**	297
Fair value (loss)/gain of embedded derivatives on convertible bonds	23(c)	**(12,205)**	13,629
Selling and distribution expenses		**(1,368)**	(621)
Administrative expenses		**(29,037)**	(39,057)
Impairment loss	23(c)	**(16,133)**	(21,811)
Finance costs	23(a)	**(10,684)**	(14,502)
Other expenses		**(39,538)**	(2,799)
Share of results of associates, net of tax	23(c)	**(1,376)**	349
Loss from continuing operations, before taxation		**(103,734)**	(61,110)
Taxation	24	**(3,188)**	2,837
Loss from continuing operations net of taxation		**(106,922)**	(58,273)
Discontinued operations			
Profit/(Loss) from discontinued operations, net of taxation	13, 24	**312,994**	(3,865)
Profit/(Loss) for the year		**206,072**	(62,138)
Other comprehensive income/(loss) after taxation			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**498**	(89)
Items that will not be reclassified subsequently to profit or loss			
Currency translation differences	16	**249**	(44)
Other comprehensive income/(loss) after taxation	16	**747**	(133)
Total comprehensive income/(loss) for the year		**206,819**	(62,271)
Profit/(Loss) attributable to:			
Owners of the Company	25	**209,577**	(57,689)
Non-controlling interests	25	**(3,505)**	(4,449)
		206,072	(62,138)
Total comprehensive profit/(loss) attributable to:			
Owners of the Company		**210,075**	(57,778)
Non-controlling interests		**(3,256)**	(4,493)
		206,819	(62,271)
Profit/(Loss) per share			
Continuing operations			
– Basic (RMB cents)	25	**(6.79)**	(3.47)
– Diluted (RMB cents)	25	**(6.79)**	(3.47)
Discontinued operations			
– Basic (RMB cents)	25	**20.44**	(0.28)
– Diluted (RMB cents)	25	**20.44**	(0.28)
Continuing and discontinued operations			
– Basic (RMB cents)	25	**13.65**	(3.75)
– Diluted (RMB cents)	25	**13.65**	(3.75)

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2025

	Attributable to owners of the Company							
	Share capital RMB'000	PRC statutory 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 year	–	–	–	–	(57,689)	(57,689)	(4,449)	(62,138)
Other comprehensive loss	–	–	(89)	–	–	(89)	(44)	(133)
Total comprehensive loss for the year	–	–	(89)	–	(57,689)	(57,778)	(4,493)	(62,271)
Transaction with owners of the Company recognised directly in equity:								
Issuance of new shares to non-controlling interests of subsidiaries	–	–	–	–	–	–	6,707	6,707
Recognition of share-based payments (Note 27)	–	–	–	1,466	–	1,466	–	1,466
Total transactions with owners	–	–	–	1,466	–	1,466	6,707	8,173
At 31 December 2024	375,049	1,168	2,484	4,102	(360,883)	21,920	16,718	38,638
Profit for the year	–	–	–	–	209,577	209,577	(3,505)	206,072
Other comprehensive profit	–	–	498	–	–	498	249	747
Total comprehensive profit for the year	–	–	498	–	209,577	210,075	(3,256)	206,819
Transaction with owners of the Company recognised directly in equity:								
Capital contribution from non-controlling interests of a subsidiary	–	–	–	–	–	–	2,000	2,000
Disposal of subsidiaries (Note 13)	–	–	–	–	–	–	(9,969)	(9,969)
Capital reduction and cash distribution to shareholders	(248,650)	–	–	–	–	(248,650)	–	(248,650)
Recognition of share-based payments (Note 27)	–	–	–	263	–	263	–	263
Total transactions with owners	(248,650)	–	–	263	–	(248,387)	(7,969)	(256,356)
As 31 December 2025	**126,399**	**1,168**	**2,982**	**4,365**	**(151,306)**	**(16,392)**	**5,493**	**(10,899)**

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
The Group			
Operating Activities			
Profit/(Loss) before taxation from continuing operations		**(103,734)**	(61,110)
Loss before taxation from discontinued operations	13	**312,994**	(2,071)
Profit/(Loss) before taxation		**209,260**	(63,181)
Adjustments for:			
Depreciation of property, plant and equipment	3	**7,385**	7,661
Amortisation of intangible assets	4	**254**	252
Inventories written off	9	**–**	236
Property, plant and equipment written off	23(c)	**–**	56
Share-based payment expenses	27	**263**	1,466
Gain on disposal of subsidiaries	13	**(318,618)**	–
Impairment loss on financial and non-financial assets	23(c)	**16,133**	21,998
Loss/(gain) on re-measurements/termination of lease liabilities	23(c)	**88**	(52)
Fair value loss/(gain) of embedded derivatives on convertible bonds	23(c)	**12,205**	(13,629)
Exchange (gain)/loss on convertible bonds		**(4,572)**	2,914
Share of results of associates, net of tax		**1,376**	(349)
Government grant income – amortised		**–**	(68)
Special payment to convertible bond holders	23(c)	**34,710**	–
Finance costs		**10,700**	14,510
Finance income		**(209)**	(1,658)
Total operating cash flows before movements in working capital		**(31,025)**	(29,844)
(Increase)/decrease in contract assets		**(13,391)**	9,244
Decrease/(increase) in inventories		**2,842**	(825)
Increase in trade and other receivables		**(12,225)**	(4,968)
(Decrease)/increase in contract liabilities		**(469)**	469
Increase in trade and other payables		**27,713**	3,494
Decrease in other liabilities		**(16,201)**	(8,043)
Cash used in operations		**(42,756)**	(30,473)
Income tax refunds/(paid)		**48**	(22)
Net cash used in operating activities		**(42,708)**	(30,495)
Investing Activities			
Acquisition of property, plant and equipment		**(4,902)**	(11,770)
Proceeds from government grant for property, plant and equipment		**6,143**	9,324
Additions to intangible assets		**–**	(1,303)
Interest income received		**209**	1,658
Investment in associates		**–**	(11,207)
Proceeds from disposal of subsidiaries – net		**239,012**	–
Net cash from/(used in) investing activities		**240,462**	(13,298)

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
The Group			
Financing Activities			
Capital contributions from non-controlling interests		**2,000**	6,707
Proceeds from bank borrowings		**–**	4,538
Repayments of bank borrowings		**(4,084)**	(6,617)
Repayments of lease liabilities		**(1,093)**	(1,723)
Return of capital contribution to shareholders		**(154,208)**	–
Interest paid		**(1,148)**	(1,476)
Decrease in bank deposits pledged		**2,222**	364
Increase in restricted cash		**–**	(690)
Net cash (used in)/from financing activities		**(156,311)**	1,103
Net increase/(decrease) in cash and cash equivalents		**41,443**	(42,690)
Effect of foreign exchange rate changes on balances held in foreign currencies		**(374)**	16
Cash and cash equivalents at beginning of year		**49,093**	91,767
Cash and cash equivalents at end of year	12	**90,162**	49,093

Note:

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

In financial year ended 31 December 2025, the Group acquired property, plant and equipment with an aggregate cost of RMB4,044,000 (2024: RMB14,494,000) (Note 3).

The Group made cash payments of RMB4,902,000 (2024: RMB11,770,000) to acquire property, plant and equipment.

B Intangible assets

There was no acquisition of intangible assets during the financial year ended 31 December 2025. In financial year ended 31 December 2024, the Group acquired intangible assets with an aggregate cost of RMB1,303,000 in cash (Note 4).

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 December 2025

Reconciliation of liabilities arising from financing activities

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

		Non-cash movements					Financing cash flows			
	1 January 2025 RMB'000	Addition during the year RMB'000	Fair value loss of embedded derivatives on convertibles bonds RMB'000	Re-measurement RMB'000	Foreign exchange movement RMB'000	Interest expense RMB'000	Interest paid RMB'000	Repayment/ pledged RMB'000	Proceeds RMB'000	31 December 2025 RMB'000
Bank borrowings	**26,312**	**–**	**–**	**–**	**–**	**1,049**	**(1,048)**	**(4,084)**	**–**	**22,229**
Convertible bonds	**90,981**	**–**	**12,205**	**–**	**(4,572)**	**9,476**	**–**	**–**	**–**	**108,090**
Lease liabilities	**1,858**	**1,003**	**–**	**(88)**	**78**	**100**	**(100)**	**(1,093)**	**–**	**1,758**
Bank deposits pledged	**(6,356)**	**–**	**–**	**–**	**–**	**–**	**–**	**2,222**	**–**	**(4,134)**

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

1. GENERAL INFORMATION

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

The registered office of the Company is located at 5 Shenton Way, #12-01 UIC Building Singapore 068808 (2024: 38 Beach Road, #29-11 South Beach Tower, Singapore 189767) and the principal place of business of the Group is located at 41 Science Park Road, #04-11, The Gemini, Singapore 117610.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries and associates are disclosed in Notes 5 and 6 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' statement.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis preparation

The financial statements of the Group and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I)s ("SFRS(I) INTs") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position of the Company are presented in Renminbi ("RMB") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("RMB'000"), unless otherwise indicated.

Going concern

The Group's cash flows are project-driven and remain sensitive to the timing of project execution, certification, billing and collection. As at 31 December 2025, the Group was in a net capital deficiency position of approximately RMB10,899,000 and recorded net cash used in operating activities of RMB42,708,000 for the financial year then ended. These conditions indicate that the Group's liquidity remains dependent on the timely conversion of its projects and receivables into cash.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis preparation (Cont'd)

Going concern (Cont'd)

Notwithstanding these conditions, the Directors have assessed that it remains appropriate to prepare the financial statements on a going concern basis and that there is no material uncertainty related to these conditions, based on the following:

(a) the holder of the convertible bonds extended its maturities to 3 March 2028 and 31 July 2028 respectively;

(b) the management has prepared, reviewed and approved the Group's cash flow forecasts covering a period of 12 months from the date of approval of these financial statements. The forecasts incorporate the Group's strategic focus on EPC and recurring O&M services, including secured EPC projects in the PRC under consortium arrangements (notably sludge treatment projects), as well as the establishment of a joint venture to develop its membrane manufacturing capabilities. Based on these forecasts, management expects the Group to generate sufficient operating cash inflows to support its operations and meet its obligations as they fall due over the forecast period;

(c) the Group's trade and other payables are expected to be settled within its normal operating cycle and in accordance with established credit terms, consistent with historical practice and the assumptions applied in the cash flow forecasts;

(d) the management has considered the cash proceeds received from the disposal completed during the financial year. To the extent that such proceeds remained available to the Group after the related distributions and settlement obligations, the remaining net cash resources have been reflected in the Group's cash flow forecasts and provide additional liquidity support during the forecast period; and

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

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

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INTs that are relevant to its operations and effective or annual periods beginning on or after 1 January 2025. The adoption of these new or revised SFRS(I)s and SFRS(I) INTs did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis preparation (Cont'd)

Going concern (Cont'd)

SFRS(I) and SFRS(I) INT issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I)s and SFRS(I) INTs that are relevant to the Group were issued but not yet effective:

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

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group does not intend to early adopt any of the above new or revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned new or revised standards, with the exception of SFRS(I) 18 *Presentation and Disclosure in Financial Statements* ("SFRS(I) 18"), will not have a material impact on the financial statements of the Group in the period of their initial adoption.

SFRS(I) 18, effective for annual periods beginning on or after 1 January 2027, replaces SFRS(I) 1-1 *Presentation of Financial Statements* and introduces new requirements for presentation and disclosure in financial statements. SFRS(I) 18 mandates a new structure for the statement of profit or loss and also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. As a consequential result of SFRS(I) 18 requirements, all entities are required to use the operating profit subtotal, instead of profit or loss, as the starting point for presenting operating cash flows under the indirect method. The classification of cash flows from dividends and interests in either operating, investing and financing cash flows is also fixed.

SFRS(I) 18 will apply retrospectively. The Group is still in the process of assessing the corresponding impact on the primary financial statements and notes to the financial statements.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* ("SFRS(I) 9") or, when applicable, the cost on initial recognition of an investment in associates or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method when the acquired set of activities and assets constitute a business. When determining the acquired set of activities and assets constitute a business, the Group assesses whether the acquired set of activities and assets includes, at a minimum, an input and substantive process, which together contribute to the creation of outputs.

The Group has the option to apply a "concentration test" as a simplified assessment to determine whether an acquired set of activities and assets is not a business. The Group makes the election separately for each transaction or other event. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* ("SFRS(I) 3") are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations* ("SFRS(I) 5"), which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* ("SFRS(I) 1-12") and SFRS(I) 1-19 *Employee Benefits* ("SFRS(I) 1-19") respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment* ("SFRS(I) 2"); and

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 Business combinations (Cont'd)

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

2.4 Investment in subsidiaries

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.5 Associate

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

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

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

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

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

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

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.5 Associate (Cont'd)

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

2.6 Intangible assets

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

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

<u>Patents</u>

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

<u>Software development costs</u>

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

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

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

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

– ability to use or sell it;

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

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

– the intangible asset can be reliably measured.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

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

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.8 Leases

Where the Group is the lessee

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

- *ROU*

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

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

- *Lease liabilities*

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

  Lease payments include the following:

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

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

  – Amount expected to be payable under residual value guarantees;

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

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.8 Leases (Cont'd)

Where the Group is the lessee (Cont'd)

- *Lease liabilities (Cont'd)*

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

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

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

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

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

- *Short-term and low value leases*

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

2.9 Financial assets

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

Amortised cost

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

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

Interest income

Interest income is recognised on a time-apportioned basis using the effective interest rate method.

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (Cont'd)

Amortised cost (Cont'd)

Interest income (Cont'd)

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

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

Impairment

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

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

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

(i) Significant increase in credit risk

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (Cont'd)

Impairment (Cont'd)

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

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

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

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

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (Cont'd)

Impairment (Cont'd)

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

(iv) Write -off-policy

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (Cont'd)

Impairment (Cont'd)

(v) Measurement and recognition of expected credit loss

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

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

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

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

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

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (Cont'd)

Recognition and derecognition

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

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

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

2.10 Contract assets

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

2.11 Trade receivables

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

2.12 Cash and cash equivalents

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

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

2.13 Inventories

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.14 Share capital

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

2.15 Financial liabilities

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

(i) Financial liabilities at amortised cost

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

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

(ii) Financial liabilities at FVPL

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

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

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.15 Financial liabilities (Cont'd)

Derecognition of financial liabilities

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

Trade and other payables, other liabilities and lease liabilities

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

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

Convertible bonds

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

Conversion option

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

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

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

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

Financial guarantees

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.15 Financial liabilities (Cont'd)

Financial guarantees (Cont'd)

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

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

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

Borrowings

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

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

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

<u>Bank borrowings</u>

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

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.16 Provisions

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

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

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately. The management reviews the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

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

2.17 Employee benefits

Pension obligations

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

Employee leave entitlements

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

Key management personnel

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.17 Employee benefits (Cont'd)

Employee share option scheme

The Company had existing share incentives schemes, namely, Leader Environmental Technologies Share Option Scheme ("LET ESOS").

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

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

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

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

2.18 Income taxes

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

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

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.18 Income taxes (Cont'd)

Deferred income tax is measured:

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

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

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

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

2.19 Impairment of non-financial assets

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

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

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

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

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

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.19 Impairment of non-financial assets (Cont'd)

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

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

2.20 Government grants or subsidies

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

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

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

2.21 Revenue recognition

The Group recognises revenue from the following major sources:

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

Revenue from environmental engineering contracts

Revenue from environmental engineering contracts are recognised when the outcome of the contract can be estimated reliably. The Group has assessed that these environmental engineering contracts qualify for over time revenue recognition as the Group has no alternative use on the outcome but has enforceable rights to payment for performance completed till date.

Revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of each reporting period, as measured by the proportion of contract costs incurred for work performed to date against the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer. The promised consideration can also vary if an entity's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event. Revenue from environmental engineering contracts are also adjusted with variations to the contracts claimable from customers, as well as liquidated damages due to delays or other causes, payable to customers.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.21 Revenue recognition (Cont'd)

Revenue from environmental engineering contracts (Cont'd)

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

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

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

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

Progress billings to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified milestones. If the value of the services rendered exceeded billing to the customer, a contract asset is recognised. If the billing to the customer exceeds revenue recognised to date, the Group recognises a contract liability. Revenue excludes value-added taxes ("VAT"), where applicable, and is arrived at after deduction of trade discounts.

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

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

Treatment income from operation and maintenance contracts

Income derived from the managing and operating of infrastructure under non-service concession arrangements is classified as treatment income and recognised over time.

Rendering of technical services

Revenue from a contract to provide technical services is recognised as a performance obligation over time based on the duration of the contract term.

Sale of equipment and parts

The Group sells equipment and finished parts to customers. Revenue from the sale of equipment and finished parts is recognised at a point in time when control of the goods has transferred to the customer and all criteria of acceptance have been satisfied. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.22 Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting period are recognised in the profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates at the date of the transactions.

Group entities

The results and financial positions of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of reporting period;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of transactions; and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

2.23 Operating segments

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the Chief Executive Officer who regularly review the segment results in order to allocate resources to the segments and to assess segment performance.

2.24 Profit/loss per share

The Group presents basic and diluted profit/loss per share data for its ordinary shares. Basic profit/loss per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted profit/loss per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible bonds and share options granted to employees, if any.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.25 Disposal groups held-for-sale and discontinued operations

Disposal groups are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs of disposal if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense in profit or loss. Any subsequent increase in fair value less costs of disposal resulting in a reversal of impairment (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations;

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss is re-presented as if the operation has been discontinued from the start of the comparative year.

2.26 Dividends

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

2.27 Contingencies

A contingent liability is:

(i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(ii) a present obligation that arises from past events but is not recognised because:

    (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

    (b) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.28 Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

2.28.1 Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2 of the financial statements, management has not made any judgements that will have a significant effect on the amounts recognised in the financial statements.

2.28.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

<u>Income tax</u>

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

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

<u>Impairment of property, plant and equipment (including ROU assets) (Note 3)</u>

The Group and the Company assess annually whether property, plant and equipment (including the ROU assets) have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment and ROU assets have been determined based on the value-in-use of the asset.

The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the asset based on such estimates. These calculations require the use of judgement and estimates.

The carrying amounts of the property, plant and equipment (including ROU assets) are disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.28 Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

2.28.2 Key sources of estimation uncertainty (Cont'd)

Impairment of investment in subsidiaries (Note 5)

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

Determining whether investment in subsidiaries are impaired require an estimation of the recoverable amounts of the investment in subsidiaries. The recoverable amounts of the investment in subsidiaries are estimated using the "value-in-use" approach. For value-in-use approach, the value-in-use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not committed to or significant investors that will enhance the asset's performance. Management has evaluated the recoverability of the investment based on such estimates. The carrying amount of the Company's investment in subsidiaries is disclosed in Note 5 to the financial statements.

Useful lives of property, plant and equipment and ROU assets (Note 3)

Property, plant and equipment and ROU assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment and ROU assets to be within 2 to 20 years. The carrying amounts of the Group's property, plant and equipment and ROU assets as at 31 December 2025 is RMB53,195,000 (2024: RMB71,759,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

ECL on contract assets, and trade and other receivables (Notes 8 and 10)

As at 31 December 2025, the Group's contract assets amounted to RMB9,196,000 (2024: RMB11,494,000) (Note 8) and trade and other receivables (excluding VAT and other tax receivables) amounted to RMB20,681,000 (2024: RMB10,274,000) (Note 10).

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.28 Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

2.28.2 Key sources of estimation uncertainty (Cont'd)

ECL on contract assets, and trade and other receivables (Notes 8 and 10) (Cont'd)

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

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

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

As at 31 December 2025, the expected credit losses model has been updated by reflecting the latest available macroeconomic outlook and identified bond default rate as the key indicators and inputs, where appropriate.

The carrying amount of the Group's and the Company's trade and other receivables and contract assets are disclosed in Note 8 and Note 10 respectively. As at the reporting date, the allowance for impairment for the Group's trade and other receivables totalled RMB 1,690,000 (2024: RMB 180,000) and RMB 14,454,000 (2024: RMB 38,233,000) for contract assets. The Group's and the Company's credit risk exposure for trade and other receivables and contract assets are set out in Note 32.2 to the financial statements.

Fair value measurements and valuation processes

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.28 Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

2.28.2 Key sources of estimation uncertainty (Cont'd)

Fair value measurements and valuation processes (Cont'd)

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

Embedded derivatives on convertible bonds

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

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

Host liability component of the convertible bonds

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

Details of the assumptions used are disclosed in Note 18 to the financial statements. The carrying amount of the convertible bonds of the Group and the Company is disclosed in Note 18 to the financial statements.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building RMB'000	Leasehold improvements RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction-in-progress RMB'000	Office premises on lease RMB'000	Total RMB'000
The Group								
Cost								
At 1 January 2024	46,309	8,885	17,508	1,129	2,195	16,045	5,551	97,622
Additions	–	–	41	–	53	13,536	864	14,494
Derecognition of right-of-use asset	–	–	–	–	–	–	(2,079)	(2,079)
Transfer	–	–	2,645	–	–	(2,645)	–	–
Remeasurement	–	–	–	–	–	–	1,825	1,825
Transfer to disposal group classified as held-for sale	–	(263)	(3,791)	(321)	(449)	(7,152)	(1,137)	(13,113)
Written off	–	–	–	–	–	(56)	–	(56)
Currency translation differences	(204)	(33)	(54)	–	(6)	–	–	(297)
At 31 December 2024	46,105	8,589	16,349	808	1,793	19,728	5,024	98,396
Additions	–	409	227	–	30	2,375	1,003	4,044
Transfer	–	–	20,896	–	–	(20,896)	–	–
Offset by government grant	–	–	(15,704)	–	–	–	–	(15,704)
Derecognition of right-of-use asset	–	–	–	–	(125)	–	(2,090)	(2,215)
Currency translation differences	700	113	176	–	71	–	–	1,060
At 31 December 2025	**46,805**	**9,111**	**21,944**	**808**	**1,769**	**1,207**	**3,937**	**85,581**
Accumulated depreciation								
At 1 January 2024	5,209	2,037	3,482	327	623	–	3,689	15,367
Depreciation	2,185	1,104	2,244	236	339	–	1,553	7,661
Derecognition of right-of-use asset	–	–	–	–	–	–	(1,728)	(1,728)
Transfer to disposal group classified as held-for sale	–	(263)	(744)	(147)	(210)	–	(434)	(1,798)
Currency translation differences	(32)	(8)	(10)	–	(2)	–	–	(52)
At 31 December 2024	7,362	2,870	4,972	416	750	–	3,080	19,450
Depreciation	2,238	921	2,134	175	104		1,213	6,785
Derecognition of right-of-use asset	–	–	–		(86)		(2,090)	(2,176)
Currency translation differences	83	19	26	–	5	–	–	133
At 31 December 2025	**9,683**	**3,810**	**7,132**	**591**	**773**	**–**	**2,203**	**24,192**
Accumulated impairment								
At 1 January 2024	2,295	–	3,862	–	521	–	–	6,678
Impairment loss	–	–	507	–	34	–	–	541
Currency translation differences	(10)	–	(19)	–	(3)	–	–	(32)
At 31 December 2024	2,285	–	4,350	–	552	–	–	7,187
Impairment loss	–	–	63	–	–	835	–	898
Currency translation differences	35	–	66	–	8	–	–	109
At 31 December 2025	**2,320**	**–**	**4,479**	**–**	**560**	**835**	**–**	**8,194**
Net book value								
At 31 December 2025	**34,802**	**5,301**	**10,333**	**217**	**436**	**372**	**1,734**	**53,195**
At 31 December 2024	36,458	5,719	7,027	392	491	19,728	1,944	71,759

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold improvements RMB'000	Machinery and equipment RMB'000	Office equipment RMB'000	Office premises on lease RMB'000	Construction-in-progress RMB'000	Total RMB'000
The Company						
Cost						
At 1 January 2024	490	–	117	969	11,208	12,784
Addition	–	–	19	–	6,262	6,281
Remeasurement	–	–	–	1,101	–	1,101
At 31 December 2024	490	–	136	2,070	17,470	20,166
Addition	–	–	–	10	3,426	3,436
Transfer	–	5,434	–	–	(5,434)	–
Offset by government grant	–	–	–	–	(15,462)	(15,462)
At 31 December 2025	**490**	**5,434**	**136**	**2,080**	**–**	**8,140**
Accumulated depreciation						
At 1 January 2024	423	–	55	842	–	1,320
Depreciation	67	–	32	360	–	459
At 31 December 2024	490	–	87	1,202	–	1,779
Depreciation	–	453	28	365	–	846
At 31 December 2025	**490**	**453**	**115**	**1,567**	**–**	**2,625**
Net book value						
At 31 December 2025	**–**	**4,981**	**21**	**513**	**–**	**5,515**
At 31 December 2024	–	–	49	868	17,470	18,387

	Note	2025 RMB'000	2024 RMB'000
The Group			
Depreciation expenses are allocated to:			
Continuing operations			
Cost of sales		**385**	262
Administrative expenses		**6,400**	6,563
	23(c)	**6,785**	6,825
Discontinued operations			
Cost of sales		**400**	440
Selling and distribution expenses		**–**	2
Administrative expenses		**200**	394
	23(c)	**600**	836
		7,385	7,661

(a) Included in the cost of leasehold improvements of RMB9,111,000 (2024: RMB8,589,000) is provision for restoration costs totalling RMB493,000 (2024: RMB493,000) arising from the Group's obligation to reinstate the lease of an office premise in Tianjin and the leasehold land and building in Singapore to its original state at the end of the lease maturity. As at 31 December 2025, the carrying amount of the provision for restoration costs is RMB595,000 (2024: RMB529,000) (Note 20).

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) As at 31 December 2025 and 2024, the Group has pledged its leasehold land and building to a bank to secure the bank loan to partly finance the outright lease payments of the leasehold land and building, which is for the use of membrane manufacturing facility belonging to a subsidiary (Note 17).

(c) Included in construction-in-progress ("CIP") of RMB372,000 (2024: RMB19,728,000) is plant and equipment under construction of RMB Nil (2024: RMB18,387,000) for the demonstration of and study on continuous thermal hydrolysis and pyrolysis for sludge management and pyrolytic carbon application with a grantor for the period from 1 November 2024 to 30 April 2025. During the financial year ended 31 December 2025, the Company has received government grants totalling RMB6,143,000 (2024: RMB9,324,000), mainly from the Living Lab (Water) Scheme and is required to maintain the assets for a further 5 years from 1 May 2025. The CIP was completed during the financial year ended 31 December 2025.

(d) Impairment assessment of property, plant and equipment

The management has made an assessment on the recoverable amounts of leasehold land and building with carrying amount of RMB34,802,000 (2024: RMB36,458,000), together with the leasehold improvements of RMB5,301,000 (2024: RMB5,719,000) and machinery and equipment of RMB5,594,000 (2024: RMB7,027,000). These assets mainly relates to a subsidiary, NTi Memtech Pte. Ltd., a 66.67% (2024: 66.67%) subsidiary of the Group. The recoverable amount of the property, plant and equipment is determined based on value-in-use calculations disclosed in Notes 5 to the financial statements. The calculation uses pre-tax cash flow projections based on financial budget approved by the management covering a five year period disclosed in Notes 5 to the financial statements. The cash flow projections included specific estimates for five years. Based on the assessment, the Group recognised impairment loss allowance of RMB63,000 (2024: RMB507,000) for the financial year ended 31 December 2025.

The Group assessed the recoverable amount of the CIP based on a valuation performed by an independent professional valuation firm using the replacement cost method. Accordingly, an impairment loss of RMB835,000 (2024: Nil) was recognised in profit or loss for the financial year ended 31 December 2025.

(e) ROU assets

ROU of assets under leasing arrangements are presented together with property, plant and equipment with carrying amounts of RMB36,536,000 (2024: RMB38,402,000) as at 31 December 2025.

	2025 RMB'000	2024 RMB'000
The Group		
Leasehold land and building	**34,802**	36,458
Office premises on leases	**1,734**	1,944
	36,536	38,402

Nature of the Group's leasing activities

(i) Office premises on lease

As at 31 December 2025 and 2024, the Group has:

– Two leases of office premises for back-office operations of the PRC subsidiaries; and

– One lease of office premise for back-office operation in Singapore to support the PRC subsidiaries.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) ROU assets (Cont'd)

Nature of the Group's leasing activities (Cont'd)

(ii) Leasehold land and building

In 2021, the Group's subsidiary made upfront payments of RMB41,355,000 from its internal resources of RMB13,956,000 and a loan disbursement of RMB27,399,000 directly from a bank to Jurong Town Corporation to secure the right-of-use asset of the 20-year leasehold land and building for the use of membrane manufacturing facility.

The subsidiary is subject to externally imposed bank covenant as it needs to maintain at all times a tangible net worth of not less than SGD 6.0 million (Note 17).

Saved as disclosed above, there is no externally imposed restriction or covenant on these lease arrangements on the commercial properties and office premises.

(iii) Carrying amounts

The carrying amount of right-of-use assets and lease liabilities recognised and the movements during the financial year ended 31 December 2025 are disclosed in Note 3 and Note 19 to the financial statements respectively.

(iv) Interest expense

	2025 RMB'000	2024 RMB'000
The Group		
Interest expense on lease liabilities		
– Continuing operations	**100**	117
– Discontinued operations	**–**	2

(v) Lease payment not capitalised in lease liabilities

	2025 RMB'000	2024 RMB'000
The Group		
Short term lease expenses		
– Continuing operations	**2**	82
– Discontinued operations	**120**	206

(vi) Total cash outflows for all the leases, including short-term leases, for the Group were RMB1,215,000 (2024: RMB2,011,000) for the financial year ended 31 December 2025.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

4. INTANGIBLE ASSETS

	Patents RMB'000	Software development costs RMB'000	Total RMB'000
The Group			
Cost			
At 1 January 2024	2,163	2,743	4,906
Addition	–	1,303	1,303
Transfer to disposal group classified as held-for-sale	–	(4,046)	(4,046)
At 31 December 2024 and at 31 December 2025	2,163	–	2,163
Accumulated amortisation			
At 1 January 2024	624	–	624
Amortisation for the year	252	–	252
At 31 December 2024	876	–	876
Amortisation for the year	254	–	254
At 31 December 2025	**1,130**	**–**	**1,130**
Net book value			
At 31 December 2025	**1,033**	**–**	**1,033**
At 31 December 2024	1,287	–	1,287

	2025 RMB'000	2024 RMB'000
The Group		
Amortisation expenses are allocated to:		
Cost of sales	**74**	72
Administrative expenses	**180**	180
	254	252

The Group has the following 2 patents:

(a) In October 2022, the Group's wholly-owned subsidiary, United Greentech (Guangzhou) Co., Ltd., acquired 70% of the issued share capital of Zhejiang Bofeng Environmental Technology Co., Ltd. (浙江铂沣环保科技有限公司). The acquired patents will provide the Group with the exclusive right to enhance and expand the capabilities and functionalities for oil sludge treatment. The patents are amortised over a 5-year period and have a remaining useful life of 22 months (2024: 34 months) as at 31 December 2025.

(b) In January 2021, the Group's wholly-owned subsidiary, United Greentech (Guangzhou) Co., Ltd., acquired 100% of the issued share capital of Bituo Environmental Technologies (Tianjin) Co., Ltd. (碧拓环境技术(天津)有限公司) ("Bituo"), which carried the rights to two patents for sludge treatment technologies. These patents have the capability to enhance the Group's ability to tender and secure sludge treatment projects. The patents are amortised over a 10-year period and have a remaining useful life of 60 months (2024: 72 months) as at 31 December 2025.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

5. INVESTMENT IN SUBSIDIARIES

	2025 RMB'000	2024 RMB'000
The Company		
Unquoted equity shares, at cost		
– At 1 January	**149,287**	128,467
– Additions	**3,331**	20,820
– At 31 December	**152,618**	149,287
Less: Allowance for impairment of investment in subsidiaries		
– At 1 January	**(40,766)**	(15,815)
– Allowance made during the year	**–**	(24,951)
– At 31 December	**(40,766)**	(40,766)
Net investment in subsidiaries	**111,852**	108,521

Allowance for impairment

The Company has assessed the carrying amounts of its investment in subsidiaries for indicators of impairment and carried out a review on the recoverable amount of the investment in subsidiaries. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units or "CGU").

(i) NTi Memtech

For the purpose of assessing impairment, NTi Memtech is identified as a CGU for impairment assessment. The recoverable amount of the investment is determined based on value-in-use calculations. The calculation uses pre-tax cash flow projections based on financial budget approved by the management covering a five year period. The cash flow projections included specific estimates for five years.

The key assumptions underlying the Company's impairment assessment of its CGU are:

– Cash flow projections covering a 5-year period; and

– Cash flow beyond the 5-year period were extrapolated using an estimated long-term growth rate which did not exceed the long-term average growth rate of the country in which the subsidiary investments are located.

In FY2025, the significant inputs are set out in the table as follows:

Average annual revenue growth rate	42% – 50%
Terminal growth rate	1%
Discount rate	13%

Management assessed and concluded no further impairment loss to be recognised. The management has also considered possible reasonable changes in the respective key assumptions and concluded that it will not result in any significant changes.

In FY2024, the Company recognised an impairment loss of RMB6,583,000.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Allowance for impairment (Cont'd)

(ii) United Greentech

For the purpose of assessing impairment, all subsidiaries (excluding AIWater Group) held by United Greentech are identified as a CGU for impairment assessment. The recoverable amount of the investment is determined based on value-in-use calculations. The calculation uses pre-tax cash flow projections based on financial budget approved by the management covering a five year period. The cash flow projections included specific estimates for five years.

The key assumptions underlying the Company's impairment assessment of its CGU are:

– Cash flow projections covering a 5-year period; and

– Cash flow beyond the 5-year period were extrapolated using an estimated long-term growth rate which did not exceed the long-term average growth rate of the country in which the subsidiary investments are located.

In FY2025, the significant inputs are set out in the table as follows:

Average annual revenue growth rate	3% – 52%
Terminal growth rate	1%
Discount rate	13%

Management assessed and concluded no further impairment loss to be recognised.

In FY2024, the Company recognised an impairment loss of RMB18,368,000.

Name	Country of incorporation/ principal place of business	Percentage of ownership interest and voting rights held 2025 %	2024 %	Principal activities
Held by the Company				
United Greentech Holdings Pte. Ltd. ("United Greentech")[1]	Singapore	**100.00**	100.00	Investment holding
NTi Memtech Pte. Ltd. ("NTi Memtech")[1]	Singapore	**66.67**	66.67	Manufacture and production of membrane fibres and products
Leader Investment Pte. Ltd. ("Leader Investment")[1]	Singapore	**80.00**[4]	100.00	Investment holding

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	**Country of incorporation/ principal place of business**	**Percentage of ownership interest and voting rights held 2025 %**	**2024 %**	**Principal activities**
Held by United Greentech Holdings Pte. Ltd.				
United Greentech (Guangzhou) Co., Ltd. ("Greentech Guangzhou")[2]	People's Republic of China	**100.00**	100.00	Investment holding
AIWater (Anhui) Co., Ltd. ("AIWater")[2,3]	People's Republic of China	–	70.00	In the business of artificial intelligent technology in water treatment system
UG Water Pte. Ltd. ("UG Water")[1,3]	Singapore	–	50.00	Investment holding
Held by United Greentech (Guangzhou) Co., Ltd.				
United Greentech (Tianjin) Co., Ltd. ("Greentech Tianjin")[2]	People's Republic of China	**100.00**	100.00	Municipal sludge treatment and management, industrial wastewater treatment and recycling, and other environmental related projects
Bituo Environmental Technologies (Tianjin) Co., Ltd. ("Bituo")[2]	People's Republic of China	**100.00**	100.00	Patents owner of continuous hydrolysis technology for Municipal sludge treatment projects
United Greentech (Bazhou) Co., Ltd. ("Greentech Bazhou")[2]	People's Republic of China	**79.98**	79.98	Investments and operations of sludge treatment facilities
Zhejiang Bofeng Environmental Technology Co., Ltd. ("Zhejiang Bofeng")[2]	People's Republic of China	**70.00**	70.00	Oil sludge treatment
Held by UG Water Pte. Ltd.				
Xinwo AIWater (Hubei) Co., Ltd. ("Xinwo AI")[2,3]	People's Republic of China	–	50.00	In the business of the management of wastewater treatment plants (utilising the wastewater treatment plant management system developed by AIWater)

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

1. Audited by Forvis Mazars, Singapore.
2. Audited by Forvis Mazars, Beijing for consolidation purposes.
3. Transferred to disposal group classified as held-for-sale in FY2024. The disposal was completed during the financial year ended 31 December 2025.
4. As at 31 December 2025, the Group accounted this as a 80% subsidiary. Subsequent to the year end, the NCI has made its rightful capital injection of RMB1.8 million (SGD0.3 million or equivalent to 20% of the paid-up capital).

	Proportion of ownership interest and voting right by NCI		**Profit/(Loss) for the year allocated to NCI**		**Total comprehensive (loss)/income for the year allocated to NCI**		**NCI accumulated at the reporting date**	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
	%	**%**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
NTi Memtech	**33.33**	33.33	**(2,732)**	(2,976)	**(2,483)**	(3,020)	**9,631**	12,114
AIWater	**–**	30.00	**–**	(2,190)	**–**	(2,190)	**–**	4,787
Xinwo AI	**–**	50.00	**–**	2,691	**–**	2,691	**–**	2,691
Other subsidiaries with immaterial NCI			**(773)**	(1,974)	**(773)**	(1,974)	**(4,138)**	(2,874)
			(3,505)	(4,449)	**(3,256)**	(4,493)	**5,493**	16,718

* NCI: Non-Controlling Interest

During the financial year ended 31 December 2025, the Group has received capital contributions of RMB2,000,000 (2024: RMB6,707,000) from non-controlling interests of NTi Memtech (2024: NTi Memtech, AIWater and UG Water).

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of non-wholly owned subsidiaries that have material non-controlling interests ("NCI") to the Group are set out below:

	Continuing operations		Discontinued operations			
	NTi Memtech		AI Water		Xinwo AI	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Non-current assets	**55,096**	58,179	–	15,342	–	19
Current assets	**9,748**	12,591	–	13,342	–	12,734
Non-current liabilities	**(16,749)**	(19,560)	–	(379)	–	(1,793)
Current liabilities	**(6,998)**	(6,452)	–	(7,116)	–	(5,478)
Net assets	**41,097**	44,758	–	21,189	–	5,482
Revenue	**2,006**	322	–	8,983	–	16,221
Expenses	**(10,224)**	(9,270)	–	(16,284)	–	(10,839)
(Loss)/profit for the year	**(8,218)**	(8,948)	–	(7,301)	–	5,382
Other comprehensive income/(loss) for the year	**768**	(133)	–	–	–	–
Total comprehensive (loss)/ income for the year	**(7,450)**	(9,081)	–	(7,301)	–	5,382
(Loss)/profit for the year attributable to:						
– owners of the Company	**(5,486)**	(5,972)	–	(5,111)	–	2,691
– non-controlling interest	**(2,732)**	(2,976)	–	(2,190)	–	2,691
	(8,218)	(8,948)	–	(7,301)	–	5,382
Total comprehensive (loss)/ income for the year attributable to:						
– owners of the Company	**(4,967)**	(6,061)	–	(5,111)	–	2,691
– non-controlling interest	**(2,483)**	(3,020)	–	(2,190)	–	2,691
	(7,450)	(9,081)	–	(7,301)	–	5,382
Net (decrease)/increase in cash and cash equivalents	**(1,639)**	(224)	–	(4,821)	–	189

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

6. INVESTMENT IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
The Group		
Unquoted equity shares	**11,207**	11,207
Add: Share of post-acquisition (loss)/profits	**(863)**	349
Carrying amounts	**10,344**	11,556

Details of the Group's associates as at the reporting dates were as follows:

Name	Country of incorporation/ principal place of business	Percentage of ownership interest and voting rights held 2025 %	2024 %	Principal activities
Held by NTi Memtech				
NTi Technology Pte. Ltd.[1]	Singapore	**50**[3]	50[3]	Manufacture and repair of water/wastewater treatment equipment
Held by NTi Technology				
Nano-Jin Membrane Manifacturing (Ningbo) Co., Ltd.[2]	People's Republic of China	**33**	–	Manufacture and production of membrane fibres and products
Held by Greentech Guangzhou				
Zhongsheng United Environmental Protection Equipment Manufacturing (Jiangsu) Co., Ltd.	People's Republic of China	**50**	50	Fabrication of sludge treatment equipment

1 Audited by Forvis Mazars, Singapore.

2 Audited by Forvis Mazars, Beijing for consolidation purposes.

3 Effective interest held by the Group is 33.34%.

The associates was accounted for using the equity method in the Group's consolidated financial statements.

Summarised financial information in respect of the Group's material associates are set out below. The information below reflect the amounts presented in the financial statements of the associates (and not the Group's share of those amounts).

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

6. INVESTMENT IN ASSOCIATES (CONT'D)

	NTi Technology	
	2025	**2024**
	RMB'000	**RMB'000**
Total assets	**19,647**	21,554
Total liabilities	**(157)**	(34)
Revenue	**252**	–
(Loss)/Profit from continuing operations for the year/period	**(3,046)**	159
Total comprehensive (loss)/income for the year/period	**(3,046)**	159
Group's share of results of the associate	**(1,015)**	53

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates recognised in the Group's consolidated financial statements are as follows:

	NTi Technology	
	2025	**2024**
	RMB'000	**RMB'000**
Issued and fully paid share capital	**21,414**	21,414
Percentage of ownership interest and voting rights held by investor	**50%**	50%
	10,707	10,707
Group's share of accumulated results of the associate	**(962)**	53
Carrying amount of the Group's interest in the associate	**9,745**	10,760

Aggregate information of the Group's associates that is individually immaterial is as follows:

	2025	**2024**
	RMB'000	**RMB'000**
Total assets	**14,512**	3,015
Total liabilities	**(13,078)**	(1,423)
Net assets	**1,434**	1,592
Group's share of associates' net assets at end of year	**599**	796
Revenue	**1,083**	4,207
(Loss)/profit from continuing operations for the year	**(1,030)**	591
Group's share of results of the associates	**(361)**	296

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

7. DEFERRED TAX ASSETS/(LIABILITIES)

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

The carrying amounts of deferred tax assets and liabilities, determined after appropriate offsetting, are shown on the statement of financial position, as follows:

	2025 RMB'000	2024 RMB'000
The Group		
Deferred tax assets		
To be recovered after one year from the reporting date	**2,640**	272
Deferred tax liabilities		
To be recovered after one year from the reporting date	**(548)**	(1,486)
Deferred tax assets/(liabilities) – net	**2,092**	(1,214)

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) are as follows:

	Tax losses RMB'000	Provisions RMB'000	Lease liabilities RMB'000	Total RMB'000
Deferred tax assets[(a)]				
At 1 January 2024	–	–	–	–
Credited to profit or loss	232	11	29	272
At 31 December 2024	232	11	29	272
Credited to profit or loss	2,298	(11)	81	2,368
At 31 December 2025	**2,530**	**–**	**110**	**2,640**

	Contract assets RMB'000	Right-of-use assets RMB'000	Total RMB'000
Deferred tax liabilities			
At 1 January 2024	–	–	–
Charged to profit or loss	(1,436)	(50)	(1,486)
At 31 December 2024	(1,436)	(50)	(1,486)
Charged to profit or loss	1,002	(64)	938
At 31 December 2025	**(434)**	**(114)**	**(548)**

(a) Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

8. CONTRACT ASSETS AND LIABILITIES

	2025 RMB'000	2024 RMB'000
The Group		
Contract assets		
Public-Private-Partnership sludge treatment project	**13,455**	46,376
Specialised equipment	**7,374**	71
Technical services	**2,821**	3,280
	23,650	49,727
Less: Loss allowance		
– At 1 January	**(38,233)**	(16,903)
– Impairment loss [Note 23(c)]	**(13,421)**	(21,330)
– Written off	**37,200**	–
– At 31 December	**(14,454)**	(38,233)
Contract assets – total	**9,196**	11,494

The contract assets relate primarily to the Group's right to recognise revenue for work completed but not billed at the reporting date on its industrial wastewater and sludge treatment project. Upon fulfilling certain agreed performance milestones with customers or commissioning and handing over of projects to customers, the amounts recognised as contract assets are reclassified to trade receivables when the rights become unconditional. The information regarding the credit exposures are disclosed in Note 32.

In assessing for impairment of contract assets, the directors of the Group has considered the effect of the cashflows arising from the contract assets.

Contract liabilities

	2025 RMB'000	2024 RMB'000
The Group		
Advances from customers for equipment	**–**	469

Contract liabilities relate to advances received from customers for on-going contracts, for which revenue is recognised for achieving certain contract milestones.

(i) There is no revenue recognised that was included in the contract liabilities balance as at 1 January 2025 or 1 January 2024.

(ii) Unsatisfied performance obligations

	2025 RMB'000	2024 RMB'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December	**–**	469

As at 1 January 2025, the Group's gross contract assets related to revenue from contracts with customers amounted to RMB49,727,000 (2024: RMB70,692,000).

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

9. INVENTORIES

	2025 RMB'000	2024 RMB'000
The Group		
At cost		
Raw materials	**1,782**	4,678
Finished goods	**768**	242
Work-in-progress	**286**	1,438
Less: Allowance for impairment	**(304)**	–
	2,532	6,358
Movement in the allowance for impairment:		
Balance at beginning of the year	**–**	–
Charged to profit or loss	**304**	–
Balance at end of the year	**304**	–
Income statement:		
Cost of inventories included in cost of sales:		
– Continuing operations	**142**	565
– Discontinued operations	**3,336**	7,436

Allowance for impairment

The Group reviews its inventories at each reporting date and records an allowance for impairment when items become obsolete, slow-moving, or when their estimated selling prices fall below cost. The allowance reflects management's assessment of inventory conditions based on factors such as ageing, usage trends, and market conditions, and is adjusted as needed to ensure inventories are stated at the lower of cost and net realisable value.

Write-off defective inventories

The Group performs assessment on the condition of its inventories at the end of each reporting period and written off defective inventories identified. Management considers future demand, expected selling prices and aging analysis of the inventories as part of its assessment process to arrive at their best estimate of the net realisable value of inventories. Such evaluation process requires significant judgement and may affect the carrying amount of inventories at the balance sheet date.

The Group does not have defective materials in the financial year ended 31 December 2025 (2024: RMB236,000).

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

10. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2025	**2024**	**2025**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade receivables (Gross)	**8,722**	6,906	**–**	–
Less: Allowance for impairment				
– At 1 January	**(180)**	(240)	**–**	–
– (Impairment)/reversal	**(1,510)**	60	**–**	–
– At 31 December	**(1,690)**	(180)	**–**	–
Trade receivables (Net)	**7,032**	6,726	**–**	–
Retention receivables (Gross)	**–**	18	**–**	–
Less: Allowance for impairment	**–**	(18)	**–**	–
Retention receivables (Net)	**–**	–	**–**	–
Other receivables				
– Amounts due from subsidiaries	**–**	–	**79,473**	22,677
– Amount due from a related party	**316**	1,428	**628**	–
– Advances to trade suppliers	**2,716**	–	**–**	–
– Advances to non-trade suppliers	**7,501**	467	**–**	–
– Advances to an associate	**–**	366	**–**	–
– Grant receivable	**2,445**	–	**2,445**	–
– VAT and other tax receivable	**1,123**	3,890	**–**	–
– Others	**671**	1,287	**99**	220
	14,772	7,438	**82,645**	22,897
Total	**21,804**	14,164	**82,645**	22,897

The Group

Trade receivables relate to the industrial wastewater project and sales of equipment and parts, are non-interest bearing and their credit terms are generally within 30 days (FY24: 30 days) whereas the trade receivables for the past secured industrial wastegas and wastewater projects are 150 days' (FY24: 30 days) terms and longer. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

In 2024, the amount due from a related party relates to the amount due from a non-controlling interests for the subscription of shares in NTI Memtech.

Advances to an associate is non-trade in nature, unsecured, interest-free and repayable on demand.

The Company

The amounts due from subsidiaries are non-trade in nature, unsecured and non-interest bearing, repayable on demand and is to be settled in cash when the entities' cash flow permits. Grant receivable amounting to RMB2.4 million was received by the Company in February 2026.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

11. PREPAYMENTS

	The Group		The Company	
	2025	**2024**	**2025**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Prepayments	**616**	404	**121**	54

Prepayments mainly pertain to the prepaid to suppliers for goods ordered and office expenses.

12. CASH AND BANK BALANCES

	The Group		The Company	
	2025	**2024**	**2025**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bank balances	**90,852**	29,052	**8,401**	5,963
Fixed deposits with maturity less than 3 months	**–**	14,599	**–**	14,599
Bank deposits pledged	**4,134**	6,356	**–**	–
Total	**94,986**	50,007	**8,401**	20,562
Add: cash and bank balance in disposal group held for sale	**–**	6,132		
Less: Bank deposits pledged	**(4,134)**	(6,356)		
Less: Restricted cash	**(690)**	(690)		
Cash and cash equivalents as presented in the consolidated statement of cash flows	**90,162**	49,093		

The Group's bank balances bear interest at interest rates ranging between 0.03% and 0.71% (2024: 0.05% and 0.10%) per annum.

As at 31 December 2025, the bank deposits pledged of RMB4,134,000 (2024: RMB6,356,000) represents:

(a) funds of RMB4,134,000 (2024: RMB3,959,000) earmarked in a debt service reserve account as mandated by a bank to secure the bank borrowings (Note 17) for the purpose of financing purchase of leasehold land and building in relation to the membrane manufacturing facility; and

(b) No deposit pledged (2024: RMB2,397,000) to the bank in the PRC for the performance bond issued for the Group to undertake sludge and water treatment projects.

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

As at 31 December 2024, the Group's and the Company's fixed deposits bear interest at 3.62% per annum and matured on 20 January 2025.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

13. DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

In September 2024, the Board of Directors has approved the proposed disposal of the Group's interests in AIWater, UG Water and Xinwo AI (AIWater Group), held through its wholly-owned subsidiary.

As at 31 December 2024, the assets and liabilities relating to the AIWater Group were classified as a disposal group held-for-sale and were presented separately in the consolidated statement of financial position as "assets of disposal group classified as held-for-sale" and "liabilities of disposal group classified as held-for-sale". The results of the AIWater Group were presented separately in the consolidated statement of profit or loss and other comprehensive income as "loss from discontinued operations, net of tax". The AIWater Group constitutes the Group's water treatment and operation and maintenance ("O&M") segment.

On 25 July 2025, the Group had completed the disposal of the AIWater Group for an aggregate consideration of RMB370,000,000, comprising RMB240,847,363, in cash and the balance RMB129,152,637 being satisfied by the buyer through the set-off Arrangements.

In addition, a capital reduction, to reduce the Company's issued and paid-up share capital (Note 14), had been lodged with the relevant authorities. Accordingly, a cash distribution of S$27,307,912 (equivalent to RMB154,207,777), being S$0.0287 per share, was paid to the Shareholders of the Company on 11 August 2025.

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

	31 July 2025 RMB'000	**31 December 2024 RMB'000**
Assets		
Property, plant and equipment	**12,576**	11,315
Intangible assets	**4,357**	4,046
Contract assets	**13,801**	11,534
Inventories	**1,387**	707
Trade receivables	**8,635**	6,098
Prepayments	**471**	145
Cash and bank balances	**1,835**	6,132
	43,062	39,977
Liabilities		
Trade and other payables	**(12,975)**	(7,341)
Other liabilities	**(726)**	(1,011)
Lease liabilities	**(552)**	(605)
Deferred tax liabilities	**(1,794)**	(1,794)
	(16,047)	(10,751)
Net assets of disposal group	**27,015**	29,226

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

13. DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS (CONT'D)

The results of the discontinued operations in addition to the gain on disposal for the financial year ended 31 December 2025 are as follows:

	January to July 2025 RMB'000	**2024 RMB'000**
Revenue	**18,433**	23,442
Cost of sales	**(13,118)**	(14,329)
Gross profit	**5,315**	9,113
Finance income	**–**	17
Other income	**103**	23
Selling and distribution expenses	**(368)**	(919)
Administrative expenses	**(9,749)**	(10,088)
Impairment loss of financial assets and contract assets	**(909)**	(187)
Finance costs	**(16)**	(8)
Other expenses	**–**	(22)
Loss from discontinued operations, before taxation	**(5,624)**	(2,071)
Taxation	**–**	(1,794)
Loss from discontinued operations, net of taxation	**(5,624)**	(3,865)
Gain on disposal	**318,618**	–
Profit/(Loss) from discontinued operation	**312,994**	(3,865)

Details of the disposal are as follows:

	2025 RMB'000
Gain on disposal:	
Consideration received	**370,000**
Net assets derecognised	**(27,015)**
Non-controlling interest derecognised	**9,969**
Withholding tax	**(34,336)**
Gain on disposal	**318,618**
Net cash inflow arising from disposal:	
Total consideration	**370,000**
Consideration under set-off arrangements (non-cash)	**(129,153)**
Sale proceeds	**240,847**
Cash and cash equivalents of disposed subsidiaries	**(1,835)**
Net proceeds from disposal	**239,012**
Capital reduction and cash distribution to shareholders	**(154,208)**
Cash retained in the Group	**84,804**

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

13. DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS (CONT'D)

Cashflow statement disclosures:

	January to July 2025[1] RMB'000	2024 RMB'000
Operating activities	**(5,470)**	(5,261)
Investing activities	**(2,172)**	(6,967)
Financing activities	**(69)**	1,874
Net cash outflows	**(7,711)**	(10,354)

1: The above excludes the gain on disposal of RMB318.6 million.

14. SHARE CAPITAL

	No of ordinary shares		Amount	
	2025	2024	2025 RMB'000	2024 RMB'000
The Company				
Issued and fully paid ordinary shares with no par value				
Balance at beginning of year	**1,534,878,360**	1,534,878,360	**375,049**	375,049
Capital reduction	**–**	–	**(248,650)**	–
Balance at end of year	**1,534,878,360**	1,534,878,360	**126,399**	375,049

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Outstanding shares

1. Share options to subscribe for 26,700,000 (FY2024: 26,700,000) ordinary shares were outstanding under the LET ESOS.

2. During the year, the AIWater Group was disposed (Note 13) and a corresponding capital reduction, to reduce the Company's issued and paid-up share capital, had been lodged with the relevant authorities. Accordingly, a reduction of the paid-up share capital amounted to SGD 76,493,235 (equivalent to RMB248,650,294) was made. Following the capital reduction and in line with LET ESOS, the respective exercise price of the share options previously issued under LET ESOS have been adjusted by S$0.0287 in line with the "Adjustment Events" clause.

3. The Convertible bonds ("CB") of USD15 million issued in 2023 had a maturity date of 3 years, and an extension option by the Company of further 2 years. The CB potentially can be convertible into 214,260,000 new shares. Details of the CB are disclosed in the Note 18 to the financial statements.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

15. PRC STATUTORY RESERVE

According to the PRC Company Law, the subsidiaries in PRC are required to transfer between 10% – 50% of their profit after taxation to statutory common reserve until the common reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under the PRC accounting standards. The transfer to this reserve must be made before the distribution of dividends to shareholders.

Statutory common reserve can be used to make good previous years' losses and for conversion to capital, if any, provided that the balance remains not less than 25% of the registered capital.

	2025 RMB'000	2024 RMB'000
Balance at beginning and at end of year	**1,168**	1,168

16. CURRENCY TRANSLATION RESERVE

	2025 RMB'000	2024 RMB'000
The Group		
Balance at beginning of year	**2,484**	2,573
Translation differences	**747**	(133)
Non-controlling interest's share of reserve	**(249)**	44
Balance at end of year	**2,982**	2,484

Currency translation reserve represents exchange differences arising from the translation of the financial statements of operation whose functional currency is different from that of the Group.

17. BANK BORROWINGS

	2025 RMB'000	2024 RMB'000
The Group		
Non-current		
Bank loan – secured	**16,279**	18,936
Current		
Bank loan – secured	**2,950**	2,837
Bank loan – unsecured	**3,000**	4,539
	5,950	7,376
Total borrowings	**22,229**	26,312

Bank loan – unsecured

In 2024, the Group's subsidiary obtained and drawn down a short-term loan facility of RMB4,539,000 for a 1-year tenor commencing from 29 January 2024. The short-term loan was secured by corporate guarantee provided by a subsidiary of the Group, Greentech Guangzhou. The effective interest rate for the short-term loan facility is 3.15% (2024: 4.35%) per annum. The loan was fully repaid during the financial year ended 31 December 2025.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

17. BANK BORROWINGS (CONT'D)

Bank loan – unsecured (Cont'd)

In 2025, the Group's subsidiary obtained and drawn down a new short-term loan facility of RMB3,000,000 for a 1-year tenor commencing from 3 March 2025. The short-term loan is unsecured and subject to floating interest of 0.18% per annum above 1-year Loan Prime Rate (LPR) published by the National Interbank Funding Center of China. As at 31 December 2025, the effective interest rate is 3.9% (2024: Nil %) per annum. The loan was settled by the Group's subsidiary in March 2026.

Bank loan – secured

In 2021, a new 10-year loan facility of RMB27,399,000 was secured from a bank to partly finance the outright lease payments of the leasehold land and building belonging to a subsidiary for purpose of the membrane manufacturing facility. The term loan is secured by:

(i) legal mortgage of leasehold property at 8 Tuas West Avenue, Singapore 638431 (Note 3);

(ii) corporate guarantees for all money owing to be provided by the Company and non-controlling shareholder of the subsidiary; and

(iii) bank deposit of RMB4,134,000 (2024 – RMB6,356,000) (Note 12) earmarked in a debt service reserve account with the bank to make payments in the event of disruption of cash flows to the extent that the repayments cannot be made.

The bank loan is subject to floating interest of 0.88% per annum above 3-month Compounded Singapore Overnight Rate Average ("3M Compounded SORA") for the first year, 1.00% per annum above 3M Compound SORA and 4.00% per annum above 3M Compounded SORA thereafter. The effective interest rate for the bank loan ranging from 3.29% to 5.24% (2024: 4.35% to 5.11%) per annum.

The subsidiary is subject to externally imposed bank covenant as it needs to maintain at all times a tangible net worth of not less than SGD 6.0 million (approximately RMB32.1 million). For the financial years ended 31 December 2024 and 2025, there are no known instances of any breaches of bank covenants by the subsidiary.

The table below analyses the maturity profile of the Group's bank borrowings based on contractual undiscounted cash flows:

	2025		2024	
	Carrying amount	**Contractual cash flows**	**Carrying amount**	**Contractual cash flows**
Amount repayable in				
Less than one year	**5,950**	**7,985**	7,376	8,380
Between two to five years	**13,470**	**15,734**	12,821	15,305
More than five years	**2,809**	**3,368**	6,115	6,377
	16,279	**19,102**	18,936	21,682
	22,229	**27,087**	26,312	30,062

The Group has unutilised bank facility of approximately RMB8.2 million (2024: RMB3.5 million) as at 31 December 2025.

The carrying amounts of the bank borrowings are approximate their fair value.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

18. CONVERTIBLE BONDS

On 28 February 2023, the Company obtained shareholders' approval in respect of an aggregate principal amount of up to USD15 million zero coupon convertible bonds at a nominal value of USD15 million. On 2 March 2023 and 31 July 2023, the Company issued convertible bonds at a nominal value of USD6 million (equivalent to approximately RMB42 million) and USD9 million (equivalent to approximately RMB64 million) respectively to the Bondholder.

The bonds recognised in the consolidated financial statements are analysed as follows:

	2025 RMB'000	2024 RMB'000
The Group and the Company		
Nominal value of convertible bonds issued	**105,787**	105,787
Less: transactions costs	**(2,294)**	(2,294)
Face value of convertible bonds issued, at initial recognition	**103,493**	103,493
Accumulated amortisation of interest expense	**29,140**	19,664
Accumulated fair value gain on embedded derivatives on convertible bonds	**(23,429)**	(35,634)
Accumulated currency translation differences	**(1,114)**	3,458
Balance at end year	**108,090**	90,981

The bonds recognised in the consolidated financial statements are analysed as follows:

	2025 RMB'000	2024 RMB'000
Represented by:		
Host liability component, at amortised cost	**108,090**	103,186
Embedded derivative liability component, at fair value through profit or loss	**–**	(12,205)
	108,090	90,981
Charged to the profit or loss:		
– Amortisation of interest expense	**9,476**	12,896
– Fair value loss/(gain) on embedded derivatives on convertible bonds	**12,205**	(13,629)

The fair values of the bonds (including embedded derivatives) at inception on 2 March 2023 and 31 July 2023 were determined by an independent valuer, Cushman & Wakefield VHS Pte. Ltd., using Binomial Option Pricing Model. The embedded derivative component of the convertible bonds is derived using Binomial Option Pricing Model. The significant input into the model is the conversion price of SGD 0.01. The fair value is within Level 3 of the fair values hierarchy [Note 34.1].

Embedded derivatives comprise of share conversion option and extension option. The fair value of the extension option embedded derivative is derived from the difference in convertible bonds values with or without the maturity extension option feature using the binomial model while the fair value of the equity conversion option embedded derivative is derived in the binomial model based on the optimal payoff from converting the bonds into shares, after considering the issuer's option to repay at maturity or to extend the maturity date. The fair value of the host debt component is derived as the residual amount from the fair value of the bonds (including the embedded derivatives) deducted by the fair values of both embedded derivatives abovementioned, where at inception on 2 March 2023 and 31 July 2023, the fair value of the host debt component is amortised at an effective interest rate ranging from 12.51% and 13.61% per annum respectively.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

18. CONVERTIBLE BONDS (CONT'D)

The Company has received the duly signed confirmation dated 27 February 2025 from the Bondholder for the extension option of its convertible bonds. The original maturity dates of both CB tranches which were 3 March 2026 and 31 July 2026 are now extended to final maturity dates of 3 March 2028 and 31 July 2028 respectively and resulted fair value loss on embedded derivatives amounted to RMB12,205,000 is recognised in "other expenses" in the Company's statement of profit or loss and other comprehensive income during the financial year ended 31 December 2025.

During the financial year ended 31 December 2025, following the distribution made out of proceeds arising from the disposal of subsidiaries, an amount of RMB34,710,000 became payable to the holder of the convertible bonds pursuant to the terms of the Bonds. This amount does not represent an ordinary dividend declared to the bondholder in its capacity as shareholder, but a contractual payment arising under the terms of the Bonds and forming part of the contractual cash flow mechanism of the host liability component.

The embedded derivatives are indexed to both the share price denominated in SGD and the SGD/USD exchange rate per the Investment Agreement. The exercise price of the equity conversion option is denominated in SGD but the functional currency of the Company is RMB. The management of the Company is of the view that they should be bundled together as a whole and to be treated as a single compound derivative.

19. LEASE LIABILITIES

Lease liabilities have been recognised for the remaining lease payments for the rental of office premises. The movements of the lease liabilities are as follows:

	The Group		The Company	
	2025	**2024**	**2025**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Balance at beginning of year	**1,858**	1,813	**902**	132
Additions	**1,003**	865	**–**	–
Re-measurement adjustments	**(110)**	1,792	**–**	1,069
Interest expense	**100**	119	**30**	44
Payment of lease liabilities	**(1,093)**	(1,723)	**(391)**	(343)
Derecognition due to early termination	**–**	(403)	**–**	–
Transfer to disposal group classified as held-for sale	**–**	(605)	**–**	–
Balance at end of year	**1,758**	1,858	**541**	902
Undiscounted lease payment due				
– Year 1	**1,076**	892	**401**	396
– Year 2	**702**	901	**157**	396
– Year 3	**65**	155	**–**	155
	1,843	1,948	**558**	947
Less: Unearned interest	**(85)**	(90)	**(17)**	(45)
Lease liabilities	**1,758**	1,858	**541**	902
Presented as:				
Current	**1,011**	827	**386**	367
Non-current	**747**	1,031	**155**	535
	1,758	1,858	**541**	902

As at 31 December 2025 and 2024, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

20. PROVISION FOR RESTORATION COSTS

Provision for restoration costs is the estimated costs of restoring the lease of an office premise in Tianjin and a leasehold land and building in Singapore, which are capitalised and included in the cost of the property, plant and equipment. The provision is expected to be utilised at the end of the lease term.

The movement of the provision for restoration costs is as follows:

	2025 RMB'000	2024 RMB'000
The Group		
Balance at beginning of year	**529**	518
Unwinding interest [Note 23(a)]	**59**	13
Currency translation differences	**7**	(2)
Balance at end year	**595**	529

21. OTHER LIABILITIES

	The Group		The Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Accrued purchases	**–**	14,488	**–**	–
Accrued salary and related expenses	**334**	917	**142**	347
Accrued operating expenses	**1,541**	1,671	**1,088**	1,521
Accrued capital expenditure	**778**	767	**–**	–
	2,653	17,843	**1,230**	1,868
Deferred capital grant	**–**	9,561	**–**	9,324
	2,653	27,404	**1,230**	11,192
Presented as:				
Current	**2,653**	17,911	**1,230**	1,868
Non-current	**–**	9,493	**–**	9,324
	2,653	27,404	**1,230**	11,192

In 2024, the accrued purchases mainly relate to unbilled invoices from the suppliers in respect of the equipment and systems received for the Public-Private-Partnership project in Bazhou of RMB13.9 million and industrial wastewater projects of RMB0.6 million. During the financial year ended 31 December 2025, these have been invoiced by suppliers and reclassified to "Trade Payables".

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

22. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2025	**2024**	**2025**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade payables	**18,897**	4,540	**–**	–
Other payables	**9,512**	876	**50**	179
Deposits from customer	**245**	888	**–**	–
VAT and other payables	**130**	94	**–**	–
Amount due to associates	**1,514**	1,749	**–**	–
Amount due to subsidiaries	**–**	–	**8,095**	12,486
Amount due to related parties	**197**	703	**–**	–
Accruals for withholding tax	**34,335**	–	**–**	–
	64,830	8,850	**8,145**	12,665

The Group

Trade payables are non-interest bearing and are normally settled on 30 – 90 days' terms. The profile of the liability owing to contractors and suppliers for the services rendered and supply of goods to the projects are in a way match to the timing of receipts and the extent of completion of the projects as stipulated in the contracts. Such liabilities are only due for payment when the extent of the project completion is accepted and acknowledged by the customer of the Group.

Amounts due to associates and related parties are unsecured, interest-free and repayable on demand.

Accruals for withholding tax relate to the tax expenses incurred in connection with the disposal of subsidiaries. The withholding tax accrual is expected to be settled within 12 months.

The Company

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

23. REVENUE

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

	Continuing operations		Discontinued operations		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
The Group						
Over time						
Engineering and technical revenue	**9,494**	5,385	**–**	–	**9,494**	5,385
Treatment revenue	**–**	–	**6,398**	2,379	**6,398**	2,379
Operation and maintenance revenue	**–**	–	**12,035**	18,957	**12,035**	18,957
	9,494	5,385	**18,433**	21,336	**27,927**	26,721
At a point in time						
Sale of equipment and parts	**2,006**	1,643	**–**	2,106	**2,006**	3,749
	11,500	7,028	**18,433**	23,442	**29,933**	30,470

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

23(a) Finance income and costs

	The Group	
	2025	**2024**
	RMB'000	**RMB'000**
From continuing operations		
Finance income:		
Interest income from bank balances	**209**	1,641
Finance costs		
Interest expense on lease liabilities	**(100)**	(117)
Interest expense on convertible bonds	**(9,476)**	(12,896)
Unwinding interest from provision of restoration costs	**(59)**	(13)
Interest expense on bank borrowings	**(1,049)**	(1,476)
	(10,684)	(14,502)

23(b) Other income

	The Group	
	2025	**2024**
	RMB'000	**RMB'000**
From continuing operations		
Government grants	**76**	199
Exchange gain	**2,192**	–
Gain on early termination of lease liabilities	**–**	52
Tax refund	**–**	10
Rental income from associate	**660**	–
Others	**–**	36
	2,928	297

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

23(c) Profit/(Loss) before taxation

	Continuing operations		Discontinued operations		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
The Group						
Profit/(Loss) before taxation has been arrived at after charging/(crediting):						
Directors' remunerations	**3,497**	5,144	**–**	–	**3,497**	5,144
Key management personnel's remuneration	**4,844**	6,332	**1,218**	–	**6,062**	6,332
Staff salary and other benefits	**10,750**	14,532	**4,164**	10,972	**14,914**	25,504
Audit fee						
– In respect of current year	**968**	1,142	**–**	13	**968**	1,155
– Under/(over) provision in prior year	**121**	(240)	**–**	–	**121**	(240)
Non audit fee	**–**	73	**–**	–	**–**	73
Non audit related services	**11**	20	**–**	–	**11**	20
Other auditors – non-networks firms						
– Audit fee	**–**	14	**–**	11	**–**	25
– Non audit related services	**74**	80	**–**	4	**74**	84
Property, plant and equipment written off	**–**	–	**–**	56	**–**	56
Depreciation of property, plant and equipment	**6,785**	6,825	**600**	836	**7,385**	7,661
Amortisation of intangible assets	**254**	252	**–**	–	**254**	252
Allowance/(Reversal) for impairments, net						
– contract assets	**13,421**	21,330	**–**	187	**13,421**	21,517
– trade receivables	**1,510**	(60)	**–**	–	**1,510**	(60)
– inventories	**304**	–	**–**	–	**304**	–
– property, plant and equipment	**898**	541	**–**	–	**898**	541
	16,133	21,811	**–**	187	**16,133**	21,998
Gain on termination of lease liabilities	**–**	–	**–**	(52)	**–**	(52)
Loss on re-measurement of lease liabilities	**–**	–	**88**	–	**88**	–
Inventories written off	**–**	236	**–**	–	**–**	236
Share of results of associates, net of tax	**(1,376)**	349	**–**	–	**(1,376)**	349
Fair value loss/(gain) of embedded derivatives on convertible bonds	**12,205**	(13,629)	**–**	–	**12,205**	(13,629)
Special payment to convertible bonds holder	**34,710**	–	**–**	–	**34,710**	–

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

24. TAXATION

	2025 RMB'000	2024 RMB'000
The Group		
From continuing operations		
Current taxation		
– Current year	**6,494**	22
– Over provision in respect of prior year	**–**	(4,073)
	6,494	(4,051)
Deferred taxation		
– Current year	**(2,092)**	(3,352)
– (Over)/under provision in respect of prior year	**(1,214)**	4,566
	(3,306)	1,214
	3,188	(2,837)
From discontinued operations		
Deferred taxation		
– Current year	**–**	1,794
Tax expense	**3,188**	(1,043)

The tax expense/credit on the results of the financial year varies from the amount of income tax determined by applying the relevant statutory rate of income tax on Group's losses before tax due to the following:

	2025 RMB'000	2024 RMB'000
The Group		
Profit/(Loss) before taxation from:		
– Continuing operations	**(103,734)**	(61,110)
– Discontinued operations	**312,994**	(2,071)
	209,260	(63,181)
Income tax calculated at the applicable tax rate in PRC where the Group's taxable income is mainly derived at 25% (2024: 25%)	**52,315**	(15,795)
Difference in tax rate[1]	**(16,338)**	4,506
Tax effect on non-deductible expenses	**8,729**	2,980
Tax effect on non-taxable income	**(54,400)**	(2,661)
Effect of loss not available for offset against future profits	**5,154**	6,419
Deferred tax assets not recognised	**5,922**	3,524
Utilisation of deferred tax asset previously not recognised	**(3,356)**	(129)
Over provision of current taxation in respect of prior year	**–**	(4,073)
(Over)/Under provision of deferred taxation in respect of prior year	**(1,214)**	4,566
Tax incentives	**–**	(380)
Tax expense	**3,188**	(1,043)

1 Other than Greentech Tianjin where the income tax rate is at a concessionary rate of 15%, the income tax rate applicable to all the PRC entities within the Group is at 25% and all Singapore entities are at 17%.

The Group has unutilised tax losses, provisions and accelerated tax depreciation from subsidiaries amounted to RMB11,834,000 (FY24: RMB8,605,000) which can be carried forward indefinitely and used to offset against future taxable income subject to meeting certain statutory requirements. The following items were not recognised as deferred tax assets due to uncertainty of its recoverability.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

25. PROFIT/(LOSS) PER SHARE

(a) Basic profit/(loss) per share

Basic profit/(loss) per share is calculated based on the consolidated profit/(loss) attributable to ordinary shareholders of the Company (for the purpose of basic profit/(loss) per share) divided by the weighted average number of shares in issue of shares during the financial year.

The following table reflects the profit or loss and share data used in the computation of profit/(loss) per share for the years ended 31 December:

	Continuing operations		Discontinued operations		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
The Group						
(Loss)/Profit attributable to owners of the Company (RMB'000)	**(104,145)**	(53,336)	**313,722**	(4,353)	**209,577**	(57,689)
Weighted average number of ordinary shares outstanding for the purpose of basic loss per share	**1,534,878,360**	1,534,878,360	**1,534,878,360**	1,534,878,360	**1,534,878,360**	1,534,878,360
Basic (loss)/profit per share (RMB cents)	**(6.79)**	(3.47)	**20.44**	(0.28)	**13.65**	(3.76)

(b) Diluted profit/(loss) per share

	Continuing operations		Discontinued operations		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
The Group						
(Loss)/Profit attributable to owners of the Company and Net profit/(loss) used to determine diluted earnings per share (RMB'000)	**(104,145)**	(53,336)	**313,722**	(4,353)	**209,577**	(57,689)
Weighted average number of ordinary shares outstanding for the purpose of basic loss per share and Weighted Average numbers of ordinary shares outstanding for the purpose of diluted profit/(loss) per share*	**1,534,878,360**	1,534,878,360	**1,534,878,360**	1,534,878,360	**1,534,878,360**	1,534,878,360
Diluted (loss)/profit per share (RMB cents)	**(6.79)**	(3.47)	**20.44**	(0.28)	**13.65**	(3,76)

* computation of diluted profit/(loss) per share does not assume the effect on the conversion of the convertible bonds and share options because they are anti-dilutive.

For the purpose of calculating diluted earnings per share, consolidated profit/(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.

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For the financial year ended 31 December 2025

25. PROFIT/(LOSS) PER SHARE (CONT'D)

(b) Diluted profit/(loss) per share (Cont'd)

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

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

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

26. EMPLOYEE BENEFITS

	The Group	
	2025	**2024**
	RMB'000	**RMB'000**
Employee benefits expenses (including directors)		
Directors' fees	**1,437**	1,305
Salaries, bonuses and other short-term benefits	**19,310**	20,893
Contribution to defined contribution plans	**3,463**	2,660
Share-based payments (Note 27)	**263**	1,152
	24,473	26,010
Charged to:		
– cost of sales	**3,150**	981
– administrative expenses	**20,820**	24,596
– selling and distribution expenses	**503**	433
	24,473	26,010

27. SHARE OPTION RESERVE

Equity-settled share option scheme

The Company's LET ESOS was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 23 December 2022.

On 4 March 2022, the Company granted 11,600,000 share options to Executive Director, CEO and employees of the Group (Tranche 1) and 750,000 share options to the 3 Independent Non-Executive Directors of the Company (Tranche 2). The vesting periods for Tranche 1 and Tranche 2 are 2 years from the grant date. The vesting conditions for Executive Director, CEO and employees; and Independent Non-Executive Directors is to remain in service for 2 years from the grant date.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

27. SHARE OPTION RESERVE (CONT'D)

Equity-settled share option scheme (Cont'd)

On 13 March 2023, the Company granted 15,200,000 share options to Executive Director, CEO and employees of the Group (Tranche 1) and 1,050,000 share options to the 3 Independent Non-Executive Directors of the Company (Tranche 2). The vesting periods for Tranche 1 and Tranche 2 are 2 years and 1 year from the grant date respectively. The vesting conditions for Executive Director, CEO and employees is to remain in service for 2 years from the grant date while the vesting conditions for Independent Non-Executive Directors is to remain in service for 1 year from the grant date.

There is no share options granted during the financial year ended 31 December 2025.

The movement in the number of shares under LET ESOS is as follows:

	Number of share options	
	2025	**2024**
	RMB'000	**RMB'000**
The Group and the Company		
At 1 January	**26,700,000**	27,900,000
Forfeited	**–**	(1,200,000)
At 31 December	**26,700,000**	26,700,000

Nil (2024: 1,200,000) share options were forfeited during the year mainly due to the resignation of employees (2024: resignation of employees and retirement of an independent director).

Fair value of share options granted in 2022 and 2023

The fair value of share options as at the date of grant, is estimated by an external valuer using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options have been granted. The inputs to the option pricing model used for the financial years ended 31 December 2022 and 2023 are shown below:

	Share options granted in 2023		**Share options granted in 2022**	
	Tranche 1	**Tranche 2**	**Tranche 1**	**Tranche 2**
Share price	SGD 0.070	SGD 0.070	SGD 0.070	SGD 0.070
Exercise price	SGD 0.0293	SGD 0.0433	SGD 00233	SGD 0.0363
Expected volatility	42.19%	39.89%	37.49%	41.24%
Expected option life	10 years	5 years	6 years	3.5 years
Risk-free rate	3.14%	3.13%	1.66%	1.41%
Expected dividend yield	Nil	Nil	Nil	Nil

* Tranche 1 refers to the share options granted to Executive Director, CEO and employees, whereas, tranche 2 refers to the share options granted to the Independent Non-Executive Directors.

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For the financial year ended 31 December 2025

27. SHARE OPTION RESERVE (CONT'D)

Fair value of share options granted in 2022 and 2023 (Cont'd)

The expected life of the share options is based on the contractual life of the option, and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Other than stated, no other features of the option grant were incorporated into the measurement of fair value.

As at the grant date, the estimated fair values of the options granted in 2023 were approximately SGD 592,000 (approximately RMB3,004,000) and in 2022 were SGD 345,000 (approximately RMB1,600,000).

For the financial year ended 31 December 2025, the Group recognise an expense of RMB263,000 (2024: RMB1,466,000) (Note 26) relate to the share options granted.

The movement of the share option reserves is as follows:

	2025 RMB'000	**2024 RMB'000**
The Group and the Company		
Balance at beginning of year	**4,102**	2,636
Fair value adjustment recognised	**263**	1,466
Balance at end of year	**4,365**	4,102

There is no share options granted during the financial year ended 31 December 2025 and 2024.

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	2025 RMB'000	**2024 RMB'000**
The Group		
Sales of membrane products to a related party*	**(1,981)**	(312)
Operation and maintenance services ("O&M") rendered to related parties[1]	**(12,035)**	(16,693)
Rental income from associate	**(660)**	–
Services received from related party company[2]	**224**	–
Purchased of equipment from an associate	**–**	44
Labour cost relating to O&M services paid on behalf by related parties[3]	**–**	734

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

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

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of directors and key management personnel

The remunerations of directors and other members of key management during the year were as follows:

	2025 RMB'000	2024 RMB'000
The Group		
Directors' remunerations		
– Directors fees	**1,437**	1,305
– Salaries, bonuses and other short-term benefits	**1,922**	3,499
– Contribution to defined contribution plans	**101**	156
– Share-based payments	**37**	184
	3,497	5,144
Continuing operations:		
Key management personnel (other than directors)		
– Salaries, bonuses and other short-term benefits	**4,457**	5,441
– Contributions to defined contribution plans	**293**	471
– Share-based payments	**94**	420
	4,844	6,332
	8,341	11,476
Discontinued operations:		
Key management personnel (other than directors)		
– Salaries, bonuses and other short-term benefits	**1,218**	–
	9,559	11,476

The Group's Key Management Personnel mainly comprises Deputy Chief Executive Officer (Technical), Deputy Chief Executive Officer (Sales & Marketing) and Group Financial Controller. The remuneration of directors and key executives are reviewed by the Remuneration Committee having regard to the performance of individuals and market trend.

29. OTHER MATTERS LETTER OF UNDERTAKING

The Company has provided letters of undertaking to certain subsidiaries. Management has assessed that the Company has adequate financial resources to provide such support, taking into account its available cash resources and funding arrangements as at 31 December 2025:

	2025		2024	
	Net liabilities/ (assets) RMB'000	Net current liabilities RMB'000	Net liabilities RMB'000	Net current liabilities RMB'000
Bituo Environmental Technologies (Tianjin) Co., Ltd.	**183**	**183**	183	183
United Greentech Holdings Pte. Ltd.	**(17,570)**	**62,863**	–	34,287
Zhejiang Bofeng Environmental Technologies Co., Ltd.	**(1,178)**	**3,648**	–	3,579
UG Water Pte. Ltd.	**–**	**–**	–	14
	(18,565)	**66,694**	183	38,063

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

30. FINANCIAL GUARANTEES

The Company has provided a financial guarantee to a bank for a loan of RMB37.2 million granted to a subsidiary to finance partly the outright lease payments of the leasehold land and building for the purpose of the membrane manufacturing facility and working capital for the subsidiary. The leasehold property is pledged to the bank, and the bank balances of RMB4.1 million (2024: RMB4.0 million) (Note 12) is earmarked in a debt service reserve account to make payments in the event of disruption of cash flows to the extent that the repayments cannot be made. With the corporate pledge and the earmarked bank balances provided, the Company is exposed to liability of RMB27.4 million. As at the reporting date, the banking facility utilised stood at RMB19.2 million (2024: RMB21.8 million).

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

31. OPERATING SEGMENTS

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

<u>Continuing operations</u>:

(i) engineering solution services in respect of sludge and water treatment;

(ii) manufacturing of high-performance membrane products; and

(iii) others.

<u>Discontinued operations:</u>

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

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

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

The Executive Chairman, Chief Executive Officer and Deputy Chief Executive Officers 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 cost is allocated to operating segments according to the revenue generated.

The chief operating decision maker reviews the results of the segment using segment's EBITDA and loss after taxation. Segment assets, liabilities, non-current assets and other expenses are not disclosed as they are not regularly provided to the chief operating decision maker.

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For the financial year ended 31 December 2025

31. OPERATING SEGMENTS (CONT'D)

(a) By business

	Continuing operations				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	Elimination RMB'000	Total continuing and discontinued operations RMB'000
The Group							
2025							
Revenue							
Sales to external customers	9,494	2,006	–	11,500	18,433	–	29,933
Inter-segment sales	2,701	–	–	2,701	1,167	(3,868)	–
	12,195	2,006	–	14,201	19,600	(3,868)	29,933
Results							
Segmental results	22,450	(1,621)	(77,335)	(56,506)	314,519	–	258,013
Fair value loss from convertible bond	–	–	(12,205)	(12,205)	–	–	(12,205)
Impairment loss on non-financial assets	(898)	–	–	(898)	–	–	(898)
Impairment loss on financial assets and contract assets, net	(14,931)	(304)	–	(15,235)	(909)	–	(16,144)
EBITDA	6,621	(1,925)	(89,540)	(84,844)	313,610	–	228,766
Depreciation and amortisation	(2,018)	(4,018)	(1,003)	(7,039)	(600)	–	(7,639)
Finance costs	(125)	(1,035)	(9,524)	(10,684)	(16)	–	(10,700)
Finance income	3	1	205	209	–	–	209
Share of results of associates	(63)	(1,313)	–	(1,376)	–	–	(1,376)
Profit/(Loss) before taxation	4,418	(8,290)	(99,862)	(103,734)	312,994	–	209,260
Taxation	(3,188)	–	–	(3,188)	–	–	(3,188)
Profit/(Loss) for the year	1,230	(8,290)	(99,862)	(106,922)	312,994	–	206,072

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For the financial year ended 31 December 2025

31. OPERATING SEGMENTS (CONT'D)

(a) By business (Cont'd)

	Continuing operations				Discontinued operations		
	Engineering and sludge treatment services RMB'000	Manufacturing of high-performance membrane products RMB'000	Other RMB'000	Total RMB'000	AIWater treatment services RMB'000	Elimination RMB'000	Total continuing and discontinued operations RMB'000
The Group							
2024							
Revenue							
Sales to external customers	6,706	322	–	7,028	23,442	–	30,470
Inter-segment sales	3,132	–	–	3,132	1,761	(4,893)	–
	9,838	322	–	10,160	25,203	(4,893)	30,470
Results							
Segmental results	(10,187)	(3,384)	(19,768)	(33,339)	(1,057)	–	(34,396)
Fair value gain of embedded derivatives on convertible bonds	–	–	13,629	13,629	–	–	13,629
Impairment loss on non-financial assets	–	(541)	–	(541)	–	–	(541)
Impairment loss on financial assets and contract assets, net	(21,270)	–	–	(21,270)	(187)	–	(21,457)
EBITDA	(31,457)	(3,925)	(6,139)	(41,521)	(1,244)	–	(42,765)
Depreciation and amortisation	(2,738)	(3,880)	(459)	(7,077)	(836)	–	(7,913)
Finance costs	(359)	(1,204)	(12,939)	(14,502)	(8)	–	(14,510)
Finance income	158	2	1,481	1,641	17	–	1,658
Share of results of associates	296	53	–	349	–	–	349
Loss before taxation	(34,100)	(8,954)	(18,056)	(61,110)	(2,071)	–	(63,181)
Taxation	2,837	–	–	2,837	(1,794)	–	1,043
Loss for the year	(31,263)	(8,954)	(18,056)	(58,273)	(3,865)	–	(62,138)

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

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For the financial year ended 31 December 2025

31. OPERATING SEGMENTS (CONT'D)

(b) Geographical information

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

	2025 RMB'000	2024 RMB'000
The Group		
PRC	**27,927**	29,529
Taiwan	**2,006**	941
	29,933	30,470

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

	2025 RMB'000	2024 RMB'000
The Group		
Singapore(2)	**60,612**	74,764
PRC(1)	**6,052**	9,838
	66,664	84,602

(1) included intangible assets amounting to RMB1,033,000 (2024: RMB1,287,000).

(2) included non-current assets of RMB55,096,000 (2024: RMB58,179,000), belonging to a subsidiary, whose operation is classified under manufacturing of high-performance membrane products segment.

(c) Information about major customers

Revenue of RMB29.9 million (2024: RMB16.7 million) is derived from three (2024: two) major PRC customers, and is attributable to the AIWater and Sludge treatment segment for the financial year ended 31 December 2025.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial risk management policies set out the overall business strategies and risk management philosophy. The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance through a system of internal controls set by the management.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

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For the financial year ended 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their bank balances and borrowings. The Group and the Company do not enter into derivative financial instruments contracts to hedge interest rate risk. The Group's and the Company's policy is to obtain the most favourable interest rates available.

<u>Sensitivity analysis for interest rate risk</u>

At the end of reporting period, if the interest rates had been 50 (2024: 50) basis points higher/lower with all other variables held constant, the Group's loss for the year would have been RMB83,000 lower/higher (2024 – RMB96,000 lower/higher), arising mainly as a result of higher/lower interest income on bank balances, net of interest expense on bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility compared to prior years.

32.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables and contract assets. The Group adopts the policy of dealing only with:

– Customers of appropriate credit standing and history, and obtaining sufficient collateral where appropriate to mitigate credit risk; and

– High credit quality counterparties rating by external credit rating companies.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

In all sales contracts entered into with the Group's customers for engineering, procurement and construction projects, the payment terms are based on each stage or milestone of the project. Generally, the payment terms are as follows:

(a) upon signing of a contract, an advance payment between nil and 30% of the total contract value;

(b) upon delivery of equipment and systems to customers, between nil and 60% of the contract value;

(c) after the installation and commissioning of equipment and systems, the issue of the project completion report by the Group and acceptance by customers which usually include the issue of a detailed inspection report by the Environmental Protection Quality Inspection Station, between 90% and 95% of the contract value; and

(d) retention sum of generally between 5% and 10% of the contract value withheld by the customer for a one-year period against any defects. For more complex projects, the retention sum could increase to 20% of the contract value.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.2 Credit risk (Cont'd)

Majority of the secured contracts to-date are under the above payment terms. Depending on negotiations with the customers, the other contracts also provide for payment terms based on fixed number of instalments, and specified amounts and dates for each of the instalment payments; or payment terms which are based on fixed agreed amounts for each of the progressive payments payable upon completion of each stage or milestone of a contract. In addition, depending on negotiations with and requests from the customers, some of the contracts also provide for retention receivables to be based on an agreed sum with the customers and/or the defects liability period to be extended to two years, or defects liability period of certain components of the systems (such as the fabric filter bags) to be extended to up to three years.

For small scale projects which are less complex, the credit term extended to the customers for the advance payments and progress claims is generally 60 to 90 days from the date of issuance of the notification of payment and progress billings respectively. For large scale projects which require more than a year to complete or projects which are technically more complex, longer credit terms of up to 150 days to the customers will be extended as more time is required by the customers to process the payments.

Going forward, the Group has reviewed its credit policy and will work closely with customers on their payments. As a result, the Group has tightened its policy for new projects to be undertaken.

<u>Measures to curtail credit risk</u>

New or existing customers are subject to assessment of financial condition prior to contract acceptance and collection of customer deposits has become a precondition for the undertaking of new contracts to minimise credit risk. The management has also prescribed any advances to suppliers unless they are able to ascertain that any resultant credit risk is remote. The Board has also resolved that all payments, whether in advance or in arrears, to any single supplier above RMB10 million will require prior approval from the Board. The Group will also adopt uniform policies and standards when assessing new contracts, regardless of whether they are government or privately funded projects. The adoption of a more cautious business strategy should help to mitigate the Group's exposure to credit risks and market risks in the longer term.

The Group provided a corporate guarantee to NTi Memtech Pte. Ltd. to secure a bank loan (Note 17) to partly finance the outright lease payments for the leasehold land and building mainly for the purpose of membrane manufacturing facility. Accordingly, the Group's exposure, after taking into considerations the pledge and the earmarked bank balances, is the outstanding loan amount at the reporting date (Note 17).

At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee. The Group and the Company exposure to credit risks arise primarily from trade and other receivables, contract assets, deposits pledged to bank and bank balances.

For trade receivables, the Group and the Company adopt the policy of dealing only with customers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties. Bank balances are deposits with reputable banks

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.2 Credit risk (Cont'd)

Measures to curtail credit risk (Cont'd)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12 month ECL
Doubtful	Amount is 30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit impaired	Lifetime ECL – credit -impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficult and the Group has no realistic prospect of recovery	Amount is written off

Expected credit loss

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the PRC unemployment rate to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The Group allocates each exposure to a credit risk category based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk category are defined using qualitative and quantitative factors that are indicative of the risk of default.

The Group applied the 12-month ECL model in assessing the loss allowance for the contract assets as at the reporting date. The key assumptions are as below:

	Expected Credit Loss rates applied	
	FY2025	**FY2024**
Contract assets		
Aging category		
91-180 days	**4%**	2%
181-365 days	**16%**	5%-12%
More than 1 year but less than 2 years	**40%**	16%-35%
More than 2 years but less than 3 years	**40%**	35%

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For the financial year ended 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.2 Credit risk (Cont'd)

Expected credit loss (Cont'd)

In measuring the expected credit losses, trade receivables, retention receivables and contract assets are grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. Advances to employees, advances to trade and non-trade suppliers, and tender and security deposits are grouped based on shared credit risk characteristics.

Impairment losses on financial assets and contract assets recognised in profit or loss were disclosed in Note 23(c).

The movement in the allowance for impairment for trade receivables, contract assets and retention receivables during the year was as follows:

	Trade receivables, contract assets and retention receivables			
	12-month ECL RMB'000	Lifetime ECL not credit impaired RMB'000	Lifetime ECL credit impaired RMB'000	Total RMB'000
The Group				
2025				
Balance as at 1 January	**–**	**38,233**	**198**	**38,431**
Loss allowance recognised in profit or loss during the year on:				
– Changes in credit risk	**–**	**14,931**	**–**	**14,931**
– Written off	**–**	**(37,200)**	**–**	**(37,200)**
Balances as at 31 December	**–**	**15,964**	**198**	**16,162**
2024				
Balance as at 1 January	–	16,903	258	17,161
Loss allowance recognised in profit or loss during the year on:				
– Reversal of unutilised amount	–	–	(60)	(60)
– Changes in credit risk	–	21,330	–	21,330
Balances as at 31 December	–	38,233	198	38,431

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.2 Credit risk (Cont'd)

Expected credit loss (Cont'd)

There is no allowance for impairment for advances to trade and non-trade suppliers and employees, and tender and security deposits as at 31 December 2025 and 2024.

The Group's and the Company's major classes of financial assets are cash and bank balances, bank deposits pledged, trade and other receivables and contract assets. Bank deposits pledged and cash and bank balances are subject to immaterial credit loss

The following tables provide information about the exposure to credit risk and ECLs for trade receivables, contract assets and retention receivables:

	Trade receivables, contract assets and retention receivables			
	Weighted average RMB'000	**Gross carrying RMB'000**	**Loss allowance RMB'000**	**Credit impaired RMB'000**
The Group				
2025				
Category: Performing	**–**	**–**	**–**	**No**
Category: doubtful	**49.31**	**32,372**	**15,964**	**Yes**
Category: in default	**100.00**	**198**	**198**	**Yes**
		32,570	**16,162**	
2024				
Category: Performing	–	–	–	No
Category: doubtful	76.89	49,727	38,233	Yes
Category: in default	100.00	198	198	Yes
		49,925	38,431	

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For the financial year ended 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.2 Credit risk (Cont'd)

The Company

The Company is not exposed to significant expected credit losses on its bank balances and trade and other receivables. The Company has issued financial guarantees to a bank for borrowing of its subsidiary. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have the financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's net trade receivables (for continuing operations) at the reporting date is as follows:

	2025		2024	
The Group	**RMB'000**	**% of total**	**RMB'000**	**% of total**
By industry sector				
Wastewater treatment	**6,050**	**86.0**	5,913	87.9
Others	**982**	**14.0**	813	12.1
	7,032	**100.0**	6,726	100.0

As at 31 December 2025 and 2024, none of the trade receivables individually exceed 15% of the Group's total assets.

32.3 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or other financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.3 Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows:

	Note	On demand or within 1 year RMB'000	Within 2 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
The Group					
2025					
Non-derivative financial liabilities					
Bank borrowings	17	**7,985**	**15,734**	**3,368**	**27,087**
Lease liabilities	19	**1,076**	**767**	**–**	**1,843**
Convertible bonds (excluding derivative liabilities)	18	**–**	**120,372**	**–**	**120,372**
Trade and other payables (excluding VAT and other tax payables)	22	**30,365**	**–**	**–**	**30,365**
Other liabilities (excluding deferred capital grant)	21	**2,653**	**–**	**–**	**2,653**
Total undiscounted financial liabilities		**42,079**	**136,873**	**3,368**	**182,320**
Corporate guarantee		**1,133**	**–**	**–**	**1,133**
		43,212	**136,873**	**3,368**	**183,453**
2024					
Non-derivative financial liabilities					
Bank borrowings	17	8,380	15,305	6,377	30,062
Lease liabilities	19	892	1,056	–	1,948
Convertible bonds (excluding derivative liabilities)	18	–	161,271	–	161,271
Trade and other payables (excluding VAT and other tax payables)	22	8,756	–	–	8,756
Other liabilities (excluding deferred capital grant)	21	17,843	–	–	17,843
Total undiscounted financial liabilities		35,871	177,632	6,377	219,880
Corporate guarantee		–	3,514	–	3,514
		35,871	181,146	6,377	223,394

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.3 Liquidity risk (Cont'd)

	Note	On demand or within 1 year RMB'000	Within 2 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
The Company					
2025					
Non-derivative financial liabilities					
Lease liabilities	19	**401**	**157**	**–**	**558**
Convertible bonds (excluding derivative liabilities)	18	**–**	**120,372**	**–**	**120,372**
Trade and other payables (excluding VAT and other tax payables)	22	**8,145**	**–**	**–**	**8,145**
Other liabilities (excluding deferred capital grant)	21	**1,230**	**–**	**–**	**1,230**
Total undiscounted financial liabilities		**9,776**	**120,529**	**–**	**130,305**
Corporate guarantee		**69,644**	**13,470**	**2,809**	**85,923**
		79,420	**133,999**	**2,809**	**216,228**
2024					
Non-derivative financial liabilities					
Lease liabilities	19	396	551	–	947
Convertible bonds (excluding derivative liabilities)		–	161,271	–	161,271
Trade and other payables (excluding VAT and other tax payables)	22	12,665	–	–	12,665
Other liabilities (excluding deferred capital grant)	21	1,868	–	–	1,868
Total undiscounted financial liabilities		14,929	161,822	–	176,751
Corporate guarantee		40,899	12,821	6,115	59,835
		55,828	174,643	6,115	236,586

Except for bank borrowings and lease liabilities, the balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.4 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group's operations are primarily conducted in the PRC in RMB. Currently, the PRC government imposes control over foreign currencies. RMB, the official currency in the PRC, is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions.

The Group and the Company hold cash and bank balances denominated in foreign currencies (mainly in SGD and USD) for working capital purposes. There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

The currency exposure of the Group and the Company based on the information provided to key management was as follows:

	SGD RMB'000	USD RMB'000	Total RMB'000
The Group			
At 31 December 2025			
Financial assets			
Trade and other receivables (excluding VAT and other tax receivables)	2,641	–	2,641
Cash and bank balances	76,115	6,561	82,676
	78,756	6,561	85,317
Financial liabilities			
Bank borrowings	19,228	–	19,228
Lease liabilities	542	–	542
Trade and other payables (excluding VAT and other tax payables)	2,164	–	2,164
Other liabilities (excluding deferred capital grant)	2,137	–	2,137
Convertible bonds	–	108,090	108,090
	24,071	108,090	132,161
Net financial assets/(liabilities)	54,685	(101,529)	(46,844)
Less: Net assets denominated in the Company's Functional currency	(16,286)	–	(16,286)
Foreign currency exposure	38,399	(101,529)	(63,130)

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.4 Foreign currency risk (Cont'd)

	SGD RMB'000	USD RMB'000	Total RMB'000
At 31 December 2024			
Financial assets			
Trade and other receivables (excluding VAT and other tax receivables)	1,772	–	1,772
Cash and bank balances	6,172	19,365	25,537
	7,944	19,365	27,309
Financial liabilities			
Bank borrowings	(21,774)	–	(21,774)
Lease liabilities	(902)	–	(902)
Trade and other payables (excluding VAT and other tax payables)	(1,847)	(889)	(2,736)
Other liabilities (excluding deferred capital grant)	(2,837)	–	(2,837)
Convertible bonds	–	(90,981)	(90,981)
	(27,360)	(91,870)	(119,230)
Net financial liabilities	(19,416)	(72,505)	(91,921)
Less: Net assets denominated in the Company's functional currency	18,495	–	18,495
Foreign currency exposure	(921)	(72,505)	(73,426)

	SGD RMB'000	USD RMB'000	Total RMB'000
The Company			
At 31 December 2025			
Financial assets			
Trade and other receivables (excluding VAT and other tax receivables)	**60,545**	**21,472**	**82,017**
Cash and bank balances	**2,650**	**5,751**	**8,401**
	63,195	**27,223**	**90,418**
Financial liabilities			
Lease liabilities	**(541)**	**–**	**(541)**
Trade and other payables (excluding VAT and other tax payables)	**(5,808)**	**–**	**(5,808)**
Other liabilities	**(1,230)**	**–**	**(1,230)**
Convertible bonds	**–**	**(108,090)**	**(108,090)**
	(7,579)	**(108,090)**	**(115,669)**
Net currency exposure on financial assets and liabilities	**55,616**	**(80,867)**	**(25,251)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.4 Foreign currency risk (Cont'd)

	SGD RMB'000	USD RMB'000	Total RMB'000
At 31 December 2024			
Financial assets			
Trade and other receivables (excluding VAT and other tax receivables)	348	22,399	22,747
Cash and bank balances	1,565	18,997	20,562
	1,913	41,396	43,309
Financial liabilities			
Lease liabilities	(902)	–	(902)
Trade and other payables (excluding VAT and other tax payables)	(11,209)	–	(11,209)
Other liabilities	(1,868)	–	(1,868)
Convertible bonds	–	(90,981)	(90,981)
	(13,979)	(90,981)	(104,960)
Net currency exposure on financial assets and liabilities	(12,066)	(49,585)	(61,651)

Sensitivity analysis for currency risk

The following tables demonstrate the sensitivity to a reasonably possible change in the SGD and USD exchange rates (against RMB), with all other variables held constant, of the Group's and the Company's loss net of tax and other comprehensive income.

The Group	2025 Profit for the year RMB'000	2025 Other comprehensive income RMB'000	2024 Loss for the year RMB'000	2024 Other comprehensive income RMB'000
SGD				
– strengthened 1%	**384**	**(163)**	9	(185)
– weakened 1%	**(384)**	**163**	(9)	185
USD				
– strengthened 1%	**1,015**	**–**	725	–
– weakened 1%	**(1,015)**	**–**	(725)	–

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.4 Foreign currency risk (Cont'd)

Sensitivity analysis for currency risk (Cont'd)

The Company	2025 Profit for the year RMB'000	2025 Other comprehensive income RMB'000	2024 Loss for the year RMB'000	2024 Other comprehensive income RMB'000
SGD				
– strengthened 1% (2024: 1%)	**556**	**–**	121	–
– weakened 1% (2024: 1%)	**(556)**	**–**	(121)	–
USD				
– strengthened 1% (2024: 1%)	**809**	**–**	496	–
– weakened 1% (2024: 1%)	**(809)**	**–**	(496)	–

32.5 Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group and the Company does not hold any quoted or marketable financial instruments, hence, is not exposed to any movements in market prices.

33. CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as going concern;

(b) To support the Group's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure, taking into consideration the future capital requirements of the Group capital efficiency, prevailing and projected revenue, projected operating cash flows and projected capital expenditures. The Group currently does not adopt any formal dividend policy.

Gearing has a significant influence on the Group's capital structure and the Group monitor capital using a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as the sum of bank borrowings, lease liabilities, trade and other payables, other liabilities and convertible bonds less cash and cash equivalents. With the business environment in China still posing a challenge to the Group, management is conscious of the need to be prudent in its investment in environmental projects.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

33. CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The Group hopes that its prudent approach, coupled with the timely executions and deliveries of the existing and new contracts plus new potential contracts to be secured in the coming months due to the re-opening in China, it will help to further strengthen its cash and cash equivalents of the Group.

Total Capital is calculated as equity plus net debt.

	Note	2025 RMB'000	2024 RMB'000
The Group			
Bank borrowings	17	**22,229**	26,312
Lease liabilities	19	**1,758**	1,858
Trade and other payables	22	**64,830**	8,850
Other liabilities (exclude deferred capital grant)	21	**2,653**	17,843
Convertible bonds	18	**108,090**	90,981
Less: Cash and bank balances			
– (exclude pledged deposits and restricted cash)	12	**(90,162)**	(49,093)
Net debt	**[A]**	**109,398**	96,751
Equity attributable to owners of the Company		**(16,392)**	21,920
Less: PRC statutory common reserve	15	**(1,168)**	(1,168)
Net equity	**[B]**	**(17,560)**	20,752
Capital and net debt	**[C]=[A]+[B]**	**91,838**	117,503
Gearing ratio	**[A]/[C]**	**1.19**	0.82

There are no changes in the Group's approach to capital management during the financial year.

Saved as disclosed in Note 17, the Company and its other subsidiaries are not subject to externally imposed capital requirements.

34 FAIR VALUE MEASUREMENT

SFRS(I) 13 *Fair Value Measurement* ("SFRS(I) 13") define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

The carrying amounts of the Group's and Company's current financial assets and current financial liabilities approximate their fair values as at the end of the reporting periods due to the relatively short period of maturity of these financial instruments. The management considers that the fair values of Group's and Company's non-current financial liabilities were not materially different from their carrying amounts at the end of the reporting years.

The Group and the Company do not anticipate that the carrying amounts recorded at the end of the reporting year would be significantly different from the values that would eventually be received or settled.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

34 FAIR VALUE MEASUREMENT (CONT'D)

34.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3	Unobservable inputs for the asset or liability

See Note 18 for disclosures of convertible bonds that are measured at fair value.

The Group	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
31 December 2025				
Liabilities				
Convertible bonds	**–**	**–**	**108,090**	**108,090**
31 December 2024				
Liabilities				
Convertible bonds	–	–	90,981	90,981

There was no transfer between Levels 1 and 2 during the year

Level 3 fair value measurements

a) Information about significant unobservable inputs used in Level 3 fair value measurements.

The following table shows the information about fair value measurements using unobservable market data (Level 3):

Description	**Valuation techniques**	**Unobservable inputs**	**Range of inputs**	**Relationship of unobservable inputs to fair value**
31 December 2025				
Fair value measurements of embedded derivatives on convertible bonds	Binomial Option Model	Volatility Risk Free rate Credit yield	35.23% 1.62% – 1.68% 11.27% – 11.45%	The estimated fair value would increase if: – the share price was lower – the risk free rate was lower – the credit spread was higher
31 December 2024				
Fair value measurements of embedded derivatives on convertible bonds	Binomial Option Model	Volatility Risk Free rate Credit yield	25.18% – 25.87% 2.73% 12.65% – 12.72%	The estimated fair value would increase if: – the share price was lower – the risk free rate was lower – the credit spread was higher

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

34 FAIR VALUE MEASUREMENT (CONT'D)

34.1 Fair value measurement of financial instruments (Cont'd)

Level 3 fair value measurements (Cont'd)

b) Valuation policies and procedures

The Group's Executive Director ("ED"), who is assisted by the Group Financial Controller (collectively referred to as the "CFO office") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the CFO office reports to the Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The CFO office documents and reports its analysis and results of the external valuations to the Audit Committee on a quarterly basis. The Audit Committee performs a high-level independent review of the valuation process and results and recommends if any revisions need to be made before presenting the results to the Board of Directors for approval.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

35. FINANCIAL INSTRUMENTS

Accounting classifications of financial assets and financial liabilities

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

	Note	The Group 2025 RMB'000	The Group 2024 RMB'000	The Company 2025 RMB'000	The Company 2024 RMB'000
Financial assets, at amortised costs					
Trade and other receivables (excluding VAT and other tax receivables and advances to trade and non trade suppliers)	10	**10,464**	9,807	**82,645**	22,897
Cash and bank balances	12	**94,986**	50,007	**8,401**	20,562
		105,450	59,814	**91,046**	43,459
Financial liabilities, at amortised costs					
Bank borrowings	17	**22,229**	26,312	**–**	–
Convertible bonds (host liability)	18	**108,090**	103,186	**108,090**	103,186
Lease liabilities	19	**1,758**	1,858	**541**	902
Trade and other payables (excluding VAT, accruals for withholding tax and other tax payables)	22	**30,365**	8,756	**8,145**	12,665
Other liabilities (excluding deferred capital grant)	21	**2,653**	17,843	**2,653**	1,868
		165,095	157,955	**119,429**	118,621
Financial liability, at fair value through profit or loss					
Embedded derivatives on Convertible bonds	18	**–**	(12,205)	**–**	(12,205)

36. COMMITMENTS

Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

The Group	2025 RMB'000	2024 RMB'000
Construction of pilot sludge treatment plant	**–**	2,990
Installation of equipment for AIWater implementation contracts	**–**	6,290

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2025

37. EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to the financial year ended 31 December 2025, geopolitical tensions in the Middle East involving Israel, the United States and Iran have increased global economic uncertainty.

As the situation is still evolving, management will continue to monitor and evaluate any possible impact to the Group's operations and financial results in future periods.

SHAREHOLDINGS **STATISTICS**

As at 16 March 2026

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 16 MARCH 2026

Class of shares	:	Ordinary shares
Number of ordinary shares in issue	:	1,534,878,360
Number of treasury shares held	:	Nil
Number of Subsidiary Holdings held	:	Nil
Number of ordinary shares held by shareholders	:	1,266
Voting rights	:	1 vote for 1 share

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	2	0.16	130	0.00
100 – 1,000	61	4.82	17,750	0.00
1,001 – 10,000	195	15.40	1,489,800	0.10
10,001 – 1,000,000	919	72.59	145,479,800	9.48
1,000,001 AND ABOVE	89	7.03	1,387,890,880	90.42
TOTAL	**1,266**	**100.00**	**1,534,878,360**	**100.00**

Based on information available to the Company as at 16 March 2026, 60.28% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TWENTY LARGEST SHAREHOLDERS AS AT 16 MARCH 2026

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	LIN YUCHENG (DECEASED)	414,779,500	27.02
2	PAN SHUHONG	168,199,000	10.96
3	DBS NOMINEES PTE LTD	155,887,970	10.16
4	OCBC SECURITIES PRIVATE LTD	80,623,150	5.25
5	RAFFLES NOMINEES (PTE) LIMITED	65,441,500	4.26
6	NG HUI JIN(HUANG HUIJIN)	46,474,200	3.03
7	CITIBANK NOMINEES SINGAPORE PTE LTD	33,408,240	2.18
8	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	30,579,880	1.99
9	PHILLIP SECURITIES PTE LTD	27,009,600	1.76
10	MAYBANK SECURITIES PTE. LTD.	26,052,000	1.70
11	IFAST FINANCIAL PTE LTD	20,400,500	1.33
12	NGOO LIN FONG	18,717,000	1.22
13	YEO CHUNG SUN	15,000,000	0.98
14	TEO YI-DAR (ZHANG YIDA)	12,500,000	0.81
15	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	12,219,500	0.80
16	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	11,500,000	0.75
17	MA XUYONG	11,338,900	0.74
18	GOH YONG GIM	10,313,900	0.67
19	UOB KAY HIAN PTE LTD	9,137,120	0.60
20	ABN AMRO CLEARING BANK N.V.	8,948,300	0.58
	TOTAL	**1,178,530,260**	**76.79**

SHAREHOLDINGS **STATISTICS**

As at 16 March 2026

SUBSTANTIAL SHAREHOLDERS

As recorded in the Registrar of Substantial Shareholders as at 16 March 2026

	No. of Shares Direct Interests	%
Please refer to the register of substantial Shareholders		
Lin Yucheng (Deceased)	414,779,500	27.02
Pan Shuhong	168,199,000	10.96

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **Leader Environmental Technologies Limited** (the "Company") will be held physically at Novotel Singapore on Stevens, Draco Room, 28 Stevens Road, Singapore 257878 on Tuesday, 28 April 2026 at 10.00 a.m. (Singapore time) to transact the following businesses:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2025 together with the Auditors' reports thereon. **(Resolution 1)**

2. To re-elect Mr Lim Kuan Meng, who is retiring by rotation in accordance with Regulation 104 of the Company's Constitution, as Director of the Company. **(Resolution 2)**
(See Explanatory Note (i))

3. To note the retirement of Dr Ng Wun Jern, who is retiring as a Director of the Company pursuant to Regulation 104 of the Company's Constitution. **Not applicable**
(See Explanatory Note (ii))

4. To approve the payment of Directors' fees of up to S$200,000/- for the financial year ending 31 December 2026 (FY2025: S$260,000/-), and to be paid in arrears on a quarterly basis. **(Resolution 3)**

5. To re-appoint Forvis Mazars LLP as the external auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modification, the following resolutions as Ordinary Resolutions:

6. **Authority to allot and issue shares** **(Resolution 5)**

That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF **ANNUAL GENERAL MEETING**

provided that:

(1) the aggregate number of Shares to be issued (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to the Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

    (i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

    (ii) any subsequent bonus issue or consolidation or subdivision of Shares;

(3) subject to such calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

    (a) new shares arising from the conversion or exercise of any convertible securities which were issued and are outstanding or subsisting at the time of the passing of this Resolution;

    (b) new shares arising from vesting of share awards which were issued and are outstanding or subsisting at the time of the passing of this Resolution; and

    (c) any subsequent bonus issue, consolidation or subdivision of shares;

    and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

NOTICE OF **ANNUAL GENERAL MEETING**

(5) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iii)]

7. **Authority to issue shares under Leader Environmental Technologies Share Option Scheme** **(Resolution 6)**

That pursuant to Section 161 of the Companies Act 1967, the Directors of the Company be and are hereby authorised to:

(i) offer and grant options in accordance with the provisions of Leader Environmental Technologies Share Option Scheme ("**Share Option Scheme**") and

(ii) allot and issue from time to time such number of Shares in the capital of the Company to the holders of options granted by the Company under the Share Option Scheme established by the Company upon the exercise of such options in accordance with the terms and conditions of the Share Option Scheme,

provided always that the aggregate number of Shares to be allotted and issued and/or issuable pursuant to the Share Option Scheme, when added to the aggregate number of Shares issued and issuable in respect of all options granted under the Share Option Scheme, Leader Environmental Technologies Share Award Plan and any other any other share option or share schemes of the Company implemented by the Company shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the day preceding the date of grant of the option, as determined in accordance with the provisions of the Share Option Scheme. Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iv)]

8. **Authority to grant awards and issue shares pursuant to the Leader Environmental Technologies Share Award Plan** **(Resolution 7)**

That pursuant to Section 161 of the Companies Act 1967, authority be and is hereby given to the Directors to:

(i) offer and grant awards ("**Awards**") from time to time in accordance with the provisions of the Leader Environmental Technologies Share Award Plan ("**Share Award Plan**"); and

(ii) allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the vesting of Awards granted under the Share Award Plan

NOTICE OF **ANNUAL GENERAL MEETING**

provided always that the aggregate number of Shares issued and issuable pursuant to the Awards granted under the Share Award Plan, when added to (i) the number of Shares issued and issuable and/or transferred or transferable in respect of all Awards granted thereunder; and (ii) all other Shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share option or share schemes or share plans adopted by the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time on the day preceding the grant of the relevant Awards and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (v)]

9. To transact any other business that may be transacted at the AGM.

By Order of the Board

Dominic Tan
Low Mei Mei, Maureen
Joint Company Secretaries
Date: 13 April 2026

EXPLANATORY NOTES:

(i) Mr Lim Kuan Meng, if re-elected, will assume the role of Chairman of Audit Committee, a member of the Nominating Committees and Remuneration Committee respectively. The Board considers Mr Lim Kuan Meng to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Mr Lim Kuan Meng has no relationship with the Company, its related corporations, its substantial shareholders or its officers. Detailed information of Mr Lim Kuan Meng could be found under the "Corporate Governance Report" in the Annual Report.

(ii) Dr Ng Wun Jern has informed the Board that he will not be seeking re-election at the AGM in order to devote more time to his other professional commitments. His retirement from the Board will take effect upon conclusion of the AGM. Accordingly, Dr Ng will relinquish his position as the Chairman of the Remuneration Committee ("RC") and a member of the Audit Committee and Nominating Committee. Following Dr Ng Wun Jern's retirement, Ms Ng Sook Zhen, another Independent Director of the Company, will assume the role of Chairperson of the RC.

(iii) Resolution 5 in item 6, if passed, will empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50 per cent. (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company, of which up to twenty per cent. (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) may be issued other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company at the time that Resolution 5 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 5 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

(iv) Resolution 6 in item 7 if passed, will empower the Directors of the Company to issue Shares in the capital of the Company up to an amount in aggregate not exceeding fifteen per centum (15%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company pursuant to the Share Option Scheme, and such other share-based incentive scheme or share plan, on the date preceding the date of the relevant grant. This authority is in addition to the general authority to issue Shares sought under Resolution 5.

(v) Resolution 7 in item 8, if passed, will empower the Directors to offer and grant Awards under the Share Award Plan, and to allot and issue Shares pursuant to the vesting of Awards granted under the Share Award Plan, provided that the aggregate number of Shares issued and issuable pursuant to the Share Award Plan, when added to (i) the number of Shares issued and issuable and/or transferred or transferable in respect of all Awards granted thereunder; and (ii) all other Shares issued and issuable and/or transferred or transferable in respect of all options granted or Awards granted under any other share incentive schemes or share plans adopted by the Company, shall not exceed 15% of the total number of issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time. This authority is in addition to the general authority to issue Shares sought under Resolution 5.

NOTICE OF **ANNUAL GENERAL MEETING**

Notes:

1. The members of the Company are invited to attend physically at the AGM. There will be no option for members to participate virtually. Printed copies of this Notice, Proxy Form and the Annual Report 2025 request form ("**Request Form**") will be sent to members. These documents are available to members by electronic means via publication on the Company's corporate website at the URL http://www.leaderet.com, and is also made available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements. A member will need an internet browser and PDF reader to view these documents.

   Shareholders who wish to receive a printed copy of the Annual Report 2025 may do so by completing the Request Form and sending it via email to hello@leaderet.com. to the Company by 10.00 a.m. on 24 April 2026.

2. Arrangement for participation in the AGM physically.

   Members (including CPF and SRS Investors) may participate in the AGM by:

   2.1 attending the AGM in person;

   2.2 submitting questions to the Chairman of the AGM in advance of, or at, the AGM; and/or

   2.3 voting at the AGM (i) themselves personally; or (ii) through their duly appointed proxy(ies). CPF and SRS Investors who wish to appoint the Chairman of the AGM (and not third party proxy(ies)) as proxy are to approach their respective CPF Agent Banks or SRS Operators to submit their votes. Please see item 6 below for details.

   Members who are feeling unwell on the date of AGM are strongly encouraged not to attend the AGM.

3. A member who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead at the AGM.

4. For any member who acts as a relevant intermediary pursuant to Section 181(6) of the Companies Act 1967 who is either:

   (a) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act 2001 and holds shares in that capacity; and

   (c) Central Provident Fund ("CPF") Board established by the Central Provident Fund Act 1953, in respect of shares purchased on behalf of CPF investors,

   you are entitled to appoint one or more proxies to attend and vote at the AGM. The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the relevant intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at AGM.

5. Where a member appoints more than one proxy, the member shall specify the proportion of his Shares to be represented by each such proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of Shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

6. CPF/SRS Investors who hold Shares through CPF Agent Banks/SRS Operators:

   (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their CPF Agent Banks/SRS Operators at least 7 working days before the AGM to submit their votes by 10.00 a.m. on 16 April 2026.

7. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), at 9 Raffles Place #26-01, Republic Plaza 1, Singapore 048619; or sent via email to sg.is.proxy@vistra.com in each case, by 10.00 a.m. on 26 April 2026. The Company shall be entitled to and will treat any valid instrument appointing a proxy as a valid instrument for the member's proxy to attend, speak and vote at the AGM.

8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof shall if required by law, be duly stamped must be lodged with the instrument.

NOTICE OF **ANNUAL GENERAL MEETING**

9. A member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory.

   If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the Chairman of the AGM will vote or abstain from voting at his discretion.

10. In view of the guidance note issued by the Singapore Exchange Regulation, a member may ask question relating to the items on the agenda of the AGM by:

    (a) submitting questions via mail to the Company's registered office at 5 Shenton Way, #12-01 UIC Building, Singapore 068808; or

    (b) email to queries@leaderet.com; or

    (c) if a member is attending the AGM in person, live at the AGM.

11. All questions being submitted ahead of the AGM must be submitted by no later than 10.00 a.m. on 16 April 2026. When submitting the questions via mail or email, please provide the Company with the following details, for verification purposes:

    (i) full name;

    (ii) NRIC number;

    (iii) current residential address;

    (iv) contact number; and

    (v) number of Shares held.

    Please also indicate the manner in which you hold Shares in the Company (e.g. via CDP, CPF or SRS).

    Please note that the Company will address substantial and relevant questions relating to the resolution to be tabled for approval by 24 April 2026 ("Responses to Q&A"). The Company endeavour to address (i) subsequent clarifications sought, (ii) follow-up questions, or (iii) subsequent substantial and relevant questions which are received after its Responses to Q&A at the AGM itself. Where substantially similar questions are received, we will consolidate such questions and consequently not all questions may be individually addressed.

    The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNet, and the minutes will include the responses to the questions which are addressed during the AGM, if any.

12. The Company shall be entitled to reject an instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

13. **Important reminder**. Members are reminded to check SGXNet for any latest updates on the status of the AGM.

Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of Chairman of the Meeting as proxy appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name) may be recorded by the Company for such purpose.

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LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 200611799H

Important:
1 The Annual General Meeting ("AGM") will be held physically. Members have no option to participate virtually.
2. The notice of AGM together with this proxy form and Annual Report Request Form will be printed and sent by post to members. Unless otherwise defined herein, all capitalised terms used in this Proxy Form shall bear the same meanings ascribed to them in the Circular. These documents will also be made available to members by electronic means via publication on the Company's corporate website at the URL https://www.leaderet.com and is also made available on SGXNet website.
3. A relevant intermediary may appoint more than two proxies to attend the AGM and vote (please see Note 4 for the definition of "relevant intermediary").
4. For investors who have used their Central Provident Fund ("CPF") and/or Supplementary Retirement Scheme ("SRS") monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
5. Please read the notes to this Proxy Form.

ANNUAL GENERAL MEETING
PROXY FORM

*I/We ______________________________ (Name) ____________________ (NRIC/Passport Number)

of ____ (Address)
being a *member/members of LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED ("**Company**") hereby appoint

Name	Address	NRIC/Passport Number	Proportion of shareholdings

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of shareholdings

or failing *him/her/them, the Chairman of the AGM as *my/our *proxy/proxies to attend, speak and to vote for *me/us on *my/our behalf at the AGM to be held at Novotel Singapore on Stevens, Draco Room, 28 Stevens Road, Singapore 257878 on, **28 April 2026 at 10.00 a.m.**, and at any adjournment thereof. *I/We have directed *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the AGM indicated hereunder. If no specific directions as to voting on the resolutions are given, the *proxy/proxies may vote or abstain from voting at *his/her/their discretion and any other matters arising at the AGM.

Note: Please indicate with an "X" or number of votes in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of AGM. In the absence of specific directions or in the event of any item arising not summarised below, the *proxy/proxies may vote or abstain as *he/she/they may think fit.

		Number of Votes		
No.	**Resolutions relating to:**	**For**	**Against**	**Abstain**
1	Adoption of the Directors' Statement and audited financial statements for the financial year ended 31 December 2025 together with the Auditors' report thereon.			
2	Re-election of Mr Lim Kuan Meng as a Director of the Company.			
3	Approval of proposed Directors' fees up to S$200,000/- for the financial year ending 31 December 2026 to be paid quarterly basis in arrears.			
4	Re-appointment of Forvis Mazars LLP as external auditors of the Company.			
5	Authority for Directors to allot and issue shares pursuant to Section 161 of the Companies Act 1967.			
6	Authority for Directors to issue shares under Leader Environmental Technologies Share Option Scheme.			
7	Authority for Directors to grant awards and issue shares pursuant to the Leader Environmental Technologies Share Award Plan.			

Dated this ________ day of ________________ 2026

TOTAL NUMBER OF SHARES IN:	
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Shareholder(s) or
Common Seal of Corporate Shareholder

Notes

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you (in both the Depository Register and the Register of Members).

2. A member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote on his behalf at the AGM. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of Shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid. A proxy need not be a member of the Company.

3. A member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory. If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the Chairman of the AGM will vote or abstain from voting at his discretion.

4. Pursuant to Section 181 of the Companies Act 1967, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Relevant intermediary is either:

   (i) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (ii) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act 2001 and holds shares in that capacity; or

   (iii) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased on behalf of CPF investors.

5. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), at 9 Raffles Place #26-01, Republic Plaza 1, Singapore 048619; or sent via email to sg.is.proxy@vistra.com in each case by **10.00 a.m. on 26 April 2026** (being not less than 48 hours before the time appointed for the AGM).

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967.

General:

The Company shall be entitled to reject an instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of the AGM dated 13 April 2026.

LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED

(Company Registration No.: 200611799H)

SINGAPORE OFFICES

41 Science Park Road, #04-11

The Gemini, Singapore 117610

8 Tuas West Avenue

Singapore 638431

CHINA OFFICES

11F Yanlord Land International Center, 129 Dongma Road, Nankai District, Tianjin, China

No. 6 Block E Unit 608, Guangyuan Dong Road Bohui Street, Tianhe District, Guangzhou, China